



**REAL ESTATE COMMISSION
STATE OF HAWAII**
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

THE RESIDENCE AT PUNAHOU
1512 Halekula Way
Honolulu, Oahu, Hawaii

Registration No. 1735

Issued: May 22, 1987
Expires: June 22, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 19, 1987 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY:** (pink) Updates information contained in the
 Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required -- disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

1. The number of apartments in the Project has been reduced from 24 to 23. There are now only 7 apartments on the fourth floor of the building. The revised floor plans of those apartments are shown on the Condominium Map.
2. The net living floor areas of the apartments have changed.
3. The common interests appurtenant to the apartments have changed.
4. Certain parking stall assignments have changed.
5. The storage lockers have been deleted from the Project.
6. The apartments will not be provided with dishwashers.
7. The Developer's estimated date of commencement of construction of the Project has been changed.
8. The Disclosure Abstract has been updated.
9. The By-Laws have been modified to incorporate certain provisions required by the Horizontal Property Act.
10. In addition to the Reservation and Sales Agreement and the V.A. Addendum to Reservation and Sales Agreement (applicable only to buyers who are eligible and apply for Veterans' Administration guaranteed loans), buyers will be required to execute an Amendment to Reservation and Sales Agreement.

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Some condominium projects are leasehold. This means that the land or the land, building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: The Residence at Punahou, Inc. Phone: 536-6917
Name (Business)
1188 Bishop Street, Suite 2002
Business Address
Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:

Dickie H. Goh - President
L. Richard Fried, Jr. - Vice President
Russell H. Lee - Secretary and Treasurer

Real Estate Sales Agent: SEE EXHIBIT B Phone: _____
Name (Business)
Business Address

Escrow: T. I. of Hawaii, Inc. Phone: 526-3571
Name (Business)
700 Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: Century 21 Realty Specialists Corp. Phone: 949-6322
Name (Business)
1585 Kapiolani Blvd., Suite 1530
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Goodsill Anderson Quinn & Stifel
(Attention: Robert F. Hirano)
Name
130 Merchant Street, 16th Floor
Business Address
Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. **Declaration of Horizontal Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed
 Recorded — Bureau of Conveyances — Book 20605 Page 132
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded — Bureau of Conveyance Condo Map No. 1063
 Filed — Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded — Bureau of Conveyances — Book 20605 Page 164
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

D. House Rules. The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u> 65%, except when a higher percentage is required in specific provisions of the By-Laws
Bylaws	65%	<u>65%</u>
House Rules	-	<u>Majority of Board of Directors</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not a signatory to the Declaration; (b) to make any amendment required by law, by the Real Estate Commission, by any title insurance company issuing title insurance on the Project or any apartment, by any institutional lender lending funds on the security of the Project or any apartment, or by any governmental agency of any other jurisdiction as a condition to marketing the Project in such jurisdiction; and (c) to record the "as built" verified statement required by Section 514A-12, HRS.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners -- tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Other:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled Foreclosed.

- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: 1512 Halekula Way
Honolulu, Hawaii 96822

1st Division:
Tax Map Key: 2- 8-12-57 & 65
(TMK)

Address TMK is expected to change because _____

Land Area: 17,389 square feet acre(s)

Zoning: A-3

Fee Owner: The Residence at Punahou, Inc.
name
1188 Bishop Street, Suite 2002
address
Honolulu, Hawaii 96813

Sublessor: _____
name

address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Buildings: 1 Floors Per Building: 4

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Plasterboard and allied construction materials

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>23</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

No animals allowed, except that dogs, cats and other house-

Pets: hold pets in reasonable number and size (as determined by Board of Directors) may be kept by owners and occupants.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 23

Elevators 1

Stairways 2

Trash Chutes 0

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>SEE EXHIBIT A</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining floor area may have been used.

Boundaries of Each Apartment:

SEE EXHIBIT C

Permitted Alterations to Apartments:

SEE EXHIBIT D

7. Parking Stalls:

Total Parking Stalls: 35

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>7</u>	<u>5</u>	<u>12</u>	<u>0</u>	2 regular <u>7 compact</u>	<u>2 compact</u>	<u>35</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Extra Available for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Total Covered & Open	<u>12</u>	<u> </u>	<u>12</u>	<u> </u>	<u>11</u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit E contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: park area as shown on
the Condominium Map

9. Present Condition of Improvements NOT APPLICABLE
 (For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

If a variance has been granted or if uses, improvements, or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit F describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit _____

as follows:

Each of the parking stalls shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit E describes the common interests for each apartment.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit G describes the encumbrances against the title contained in the title report dated May 5, 1987.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

There are no blanket liens affecting title to the individual apartments.

There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage lien(s) of Developer's lender(s)	Buyer's interest is specifically made subject and subordinate to such liens.

NOTE: The Developer has notified the Commission that at the time of the first conveyance of each apartment, each of Developer's lender(s)' lien(s) will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

DISCLOSURE ABSTRACT

Exhibit H / contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

I. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. **Building and Other Improvements:**

See Section 3 of Exhibit H (the Disclosure Abstract)

2. **Appliances:**

See Section 3 of Exhibit H (the Disclosure Abstract)

J. Status of Construction and Estimated Completion Date:

The Developer estimates that construction of the Project will commence in April, 1987 and will be completed on or about March, 1988.

K. Project Phases:

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed with the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract, specimen V.A. Addendum to Reservation and Sales Agreement, and specimen Amendment to Reservation and Sales Agreement
Exhibit I contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated January 7, 1986

Exhibit J contains a summary of the pertinent provisions of the escrow agreement.

[] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

PARK DECLARATION: The Declaration of Horizontal Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Restrictive Covenants (Private Park) recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20605 at Page 108 (the "Park Declaration"). The Park Declaration, provides, among other things, that the park area, as shown on the Condominium Map, shall be improved, maintained and used exclusively for private park, playground and recreational purposes by the owners, occupants, and tenants of the apartments in the Project.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;
AND
 - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Declaration of Restrictive Covenants (Private Park)

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1735 filed with the Real Estate Commission on January 31, 1986.

Reproduction of Report. When reproduced, this report must be on:

yellow paper stock white paper stock pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.


G.A. "RED" MORRIS, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

CONDOMINIUM PUBLIC REPORT ON
THE RESIDENCE AT PUNAHOU
REGISTRATION NO. 1735

EXHIBIT A

APARTMENT DESCRIPTION

<u>Apt.</u> <u>Type</u>	<u>Quantity</u>	<u>Bedroom/ Bath</u>	<u>Approx.</u> <u>Net</u> <u>Living</u> <u>Floor</u> <u>Area in</u> <u>Sq. Ft.*</u>	<u>Lanai/ Patio</u>
A	1	2/1	667	N/A
B	3	2/1	750	N/A
BR	2	2/1	750	N/A
C	1	2/1	712	N/A
D	1	2/1	668	N/A
E	1	2/1	609	N/A
F	3	2/1	678	N/A
FR	2	2/1	678	N/A
G	1	2/1	644	N/A
H	1	2/1	609	N/A
I	1	1/1	524	N/A
J	1	1/1	519	N/A
K	1	2/1	790	N/A
L	1	1/1	503	N/A
M	1	2/2	825	N/A
N	1	2/2	971	N/A
O	1	1/1	524	N/A

Total Apartments: 23

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

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EXHIBIT B

REAL ESTATE SALES AGENTS

DOLMAN ASSOCIATES INC. Phone: 531-6488
210 Ward Avenue, Suite 100
Honolulu, Hawaii 96814

SPACES, LTD. Phone: 946-7921
1522 Makaloa Street, Suite 206
Honolulu, Hawaii 96814

BUDGET REALTY, LTD. Phone: 847-6531
1405 N. King Street, Suite 200
Honolulu, Hawaii 96817

CENTURY 21 REALTY SPECIALISTS CORP. Phone: 949-6322
1585 Kapiolani Boulevard, Suite 1530
Honolulu, Hawaii 96814

D. H. GOH AND ASSOCIATES INC. Phone: 536-6917
1188 Bishop Street, Suite 2002
Honolulu, Hawaii 96813

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EXHIBIT C

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls, floors and ceilings of the respective apartment as shown on the Condominium Map. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roof and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roof and ceilings; all windows, window frames, louvers (if any), shutters (if any), doors and door frames along the perimeter of the apartment; and all of the fixtures and appliances originally installed therein, including the floor coverings (if any), refrigerator, range/oven, sinks, disposal, water heater and bathroom fixtures.

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EXHIBIT D

PERMITTED ALTERATIONS TO APARTMENTS

1. Except as otherwise provided in the Declaration, restoration, repair or replacement of the Project or the building or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraphs 6 and 7 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association) and such alterations or additions may be undertaken without an

amendment to the Declaration or recording of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

2. Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the recording by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Horizontal Property Act (but in no event later than December 31, 1997), the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section S of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recording in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

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EXHIBIT E

<u>Apartment No.</u>	<u>Parking Stall No(s).</u>	<u>Common Interest</u>
201	1 & 2	4.25%
202	3 & 4	4.77%
203	5 & 6	4.77%
204	30 & 31	4.77%
205	28 & 29	4.77%
206	13 & 14	4.77%
207	24 & 25	4.53%
208	32	4.24%
301	19	3.88%
302	9	4.32%
303	11 & 12	4.32%
304	18	4.32%
305	10	4.32%
306	15	4.32%
307	7 & 8	4.10%
308	16	3.88%
401	21	3.34%
402	33	3.31%
403	22 & 23	5.03%
404	34	3.21%
405	26 & 27	5.26%
406	17 & 20	6.18%
407	35	3.34%

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EXHIBIT F

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including, specifically, but not limited to:

- (a) The Land in fee simple;
- (b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roof, stairways, walkways, corridors, elevator, lobby areas, ramps, fences (if any), entrances, entryways and exits of the Project;
- (c) All walkways, roadways, sidewalks, retaining walls (if any), fences, gates, driveways, parking areas, loading zones, yards, grounds, landscaping, refuse areas, and mailboxes;
- (d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);
- (e) The five (5) regular size, uncovered parking stalls, the two (2) compact size, uncovered parking stalls, the nine (9) regular size, covered parking stalls, and the nineteen (19) compact size, covered parking stalls located in the Project, all as shown on the Condominium Map; and
- (f) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

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EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The restrictions on use and other restrictions and all others of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated January 5, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20605 at Page 132, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1063.)
4. By-Laws of the Association of Apartment Owners of the Condominium Project known as "THE RESIDENCE AT PUNAHOU" dated January 5, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20605 at Page 164, as the same may hereafter be amended.
5. Declaration of Restrictive Covenants (Private Park) dated November 24, 1986, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20605 at Page 108.
6. Mortgage, Security Agreement and Financing Statement dated April 14, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20610 at Page 611.

NOTE: The Developer has notified the Commission that at the time of the first conveyance of each apartment, the mortgage instrument described in item 6 above will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

EXHIBIT H

THE RESIDENCE AT PUNAHOU

DISCLOSURE ABSTRACT

1. (a) PROJECT: THE RESIDENCE AT PUNAHOU
1512 Halekula Way
Honolulu, Hawaii
- (b) DEVELOPER: The Residence at Punahou, Inc.
1188 Bishop Street, Suite 2002
Honolulu, Hawaii 96813
Telephone: (808) 536-6917
- (c) PROJECT MANAGER: Century 21 Realty Specialists
Corporation dba Management Specialists Co.
1585 Kapiolani Boulevard,
Suite 1530
Honolulu, Hawaii 96814
Telephone: (808) 949-6322

2. USE OF APARTMENTS:

- (a) Number of Apartments in Project for Residential
Use: 23
- (b) Proposed Number of Apartments in Project for Hotel
Use: -0-
- (c) Extent of Commercial or Other Nonresidential
Development in Project: None

3. WARRANTIES:

(a) Seller warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs). For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the Apartment. Items of maintenance relating to the Apartment are not covered by the foregoing warranty.

(b) Seller warrants the materials and workmanship of the common elements of the Project against defects for a period of two (2) years from the date each of the common elements is completed and available for use by apartment owners, or two (2) years from the date the first apartment in the Project is conveyed to an apartment owner other than Seller, whichever is later. For purposes of the foregoing

warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the common elements of the Project. Items of maintenance relating to the common elements of the Project are not covered by the foregoing warranty.

(c) Seller's obligations under the foregoing warranties are expressly conditioned on prompt notification by Buyer to Seller of any defects in the materials or workmanship, and are expressly limited to the repair or replacement of defects.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Century 21 Realty Specialists Corporation, a Hawaii corporation, as of January, 1987, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of real property taxes and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

* NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF *
* MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE *
* VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH *
* MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, *
* SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY *
* ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE *
* CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY *
* APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE *
* CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED *
* IN THE SCHEDULE. *

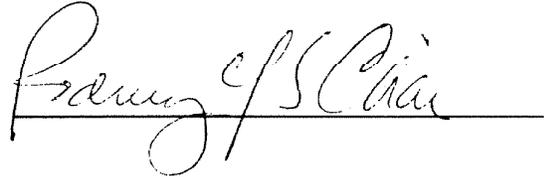
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President of Century 21 Realty Specialists Corporation, a Hawaii corporation, designated by the Developer of The Residence at Punahou condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, are reasonable estimates as of January 27, 1987, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 27th day of January, 1987.



Subscribed and sworn to before me this 27th day of January, 1987.

Wikki A. Durich
Notary Public
State of Hawaii

My commission expires: 12-9-88

EXHIBIT "A"

THE RESIDENCE AT PUNAHOU

Estimated Annual Common Expenses as of
January 1987

Utilities

Electricity	\$ 3900.00
Water	2400.00
Sewer	2280.00
Refuse	1560.00

Repair and Maintenance

Building	1200.00
Extermination	300.00
Fire Control Equipment	180.00
Grounds/Parking Area	4800.00
Plumbing	300.00
Elevator	5400.00
Painting/Roofing	300.00

Administration

Accounting/Tax Preparation	240.00
Legal Costs	240.00
Management Fee	2880.00
Office Expense	180.00
Insurance - Fire/Liability	<u>1440.00</u>

TOTAL \$27,600.00

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated maintenance charge for each apartment, by apartment type, is as follows:

	<u>Monthly</u>	<u>Annual</u>
Type A	\$ 97.75	\$1173.00
Type B	\$109.71	\$1316.52
Type BR	\$109.71	\$1316.52
Type C	\$104.19	\$1250.28
Type D	\$ 97.52	\$1170.24

	<u>Monthly</u>	<u>Annual</u>
Type E	\$ 89.24	\$1070.88
Type F	\$ 99.36	\$1192.32
Type FR	\$ 99.36	\$1192.32
Type G	\$ 94.30	\$1131.60
Type H	\$ 89.24	\$1070.88
Type I	\$ 76.82	\$ 921.84
Type J	\$ 76.13	\$ 913.56
Type K	\$115.69	\$1388.28
Type L	\$ 73.83	\$ 885.96
Type M	\$120.98	\$1451.76
Type N	\$142.14	\$1705.68
Type O	\$ 76.82	\$ 921.84

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EXHIBIT I

SUMMARY OF SALES CONTRACT

A specimen Reservation and Sales Agreement, a specimen V.A. Addendum to Reservation and Sales Agreement (applicable only to buyers who are eligible and apply for Veterans' Administration guaranteed loans), and a specimen Amendment to Reservation and Sales Agreement (collectively the "Sales Agreement") have been submitted to the Real Estate Commission and are available in the Sales Office of the Developer. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE RESERVATION AND SALES AGREEMENT, THE V.A. ADDENDUM TO RESERVATION AND SALES AGREEMENT, AND THE AMENDMENT TO RESERVATION AND SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. A Sales Agreement executed prior to the issuance of a Final Public Report for the Project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment. Accordingly, the reservation may be canceled and terminated at any time at the option of either party (and buyer shall receive a refund) until a Final Public Report is issued on the Project, the buyer signs a receipt for the Final Public Report (or is deemed to have receipted for it under the Horizontal Property Act), and each of the conditions set forth in Section 514A-62(a) of the Horizontal Property Act have been satisfied. Therefore, the buyer should be aware that the execution of a Sales Agreement prior to the issuance of a Final Public Report does not necessarily mean that the buyer will be able to purchase the reserved apartment for the price or on the other terms stated in the Sales Agreement, or on any terms at all.

2. (a) Seller warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs). For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the

Apartment. Items of maintenance relating to the Apartment are not covered by the foregoing warranty.

(b) Seller warrants the materials and workmanship of the common elements of the Project against defects for a period of two (2) years from the date each of the common elements is completed and available for use by apartment owners, or two (2) years from the date the first apartment in the Project is conveyed to an apartment owner other than Seller, whichever is later. For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the common elements of the Project. Items of maintenance relating to the common elements of the Project are not covered by the foregoing warranty.

(c) Seller's obligations under the foregoing warranties are expressly conditioned on prompt notification by Buyer to Seller of any defects in the materials or workmanship, and are expressly limited to the repair or replacement of defects.

3. Seller may (but doesn't have to) cancel the Sales Agreement (a) if the buyer's mortgage loan application is rejected or not approved within 30 days after application, or (b) if the buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the buyer's ability to make the cash payments.

4. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

BUYER AGREES THAT SELLER MAY, AS A REQUIREMENT FOR CLOSING, REQUIRE BUYER, ANY SALES PERSON, OR ANYONE ELSE CONNECTED WITH THE OFFER TO SELL AND THE SALE OF THE APARTMENT, TO SIGN ADDITIONAL DOCUMENTS TO SATISFY SELLER THAT THE OFFER TO SELL AND THE SALE OF THE APARTMENT IS NOT IN VIOLATION OF ANY SECURITIES LAWS. BUYER AGREES THAT IF SELLER DETERMINES THAT THERE HAS BEEN A VIOLATION OF ANY SECURITIES LAWS, SELLER'S INJURY CAUSED BY SUCH VIOLATION WILL BE UNCERTAIN AS TO NATURE AND AMOUNT AND WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF

THIS, BUYER AGREES THAT SELLER MAY OBTAIN AN INJUNCTION (IN OTHER WORDS, A COURT ORDER) FROM A COURT PROHIBITING ANY ACTS BY BUYER WHICH GIVE RISE TO SUCH VIOLATION. SELLER MAY ALSO PURSUE ANY OTHER REMEDY AGAINST BUYER, INCLUDING SEEKING MONEY DAMAGES. ALL OF SELLER'S COSTS, INCLUDING REASONABLE LAWYERS' FEES, INCURRED BECAUSE OF BUYER'S ACTIONS IN VIOLATION OF ANY SECURITIES LAWS, WILL BE PAID BY BUYER.

BUYER ALSO AGREES THAT IF BUYER CLAIMS THAT THERE HAS BEEN ANY VIOLATION OF ANY FEDERAL OR STATE SECURITIES OR DISCLOSURE LAWS (INCLUDING HRS CHAPTER 514A) CONNECTED WITH THE OFFER OR SALE OF THE APARTMENT, THE INJURY CAUSED BY SUCH VIOLATION WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, BUYER AGREES THAT BUYER'S ONLY REMEDIES WILL BE TO SUE FOR SPECIFIC PERFORMANCE OR TO SUE FOR A REFUND OF THE TOTAL PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF 12% PER YEAR FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT. BUYER ALSO AGREES THAT IF BUYER SUES FOR A REFUND (A) THE REFUND WILL BE CONSIDERED AS LIQUIDATED DAMAGES AND NOT A PENALTY, AND (B) ANY ADDITIONAL AMOUNTS PAID BY BUYER FOR THE APARTMENT (SUCH AS MAINTENANCE CHARGES AND OTHER COMMON EXPENSES, REAL PROPERTY TAXES, MORTGAGE LOAN FEES AND INTEREST, AND THE START-UP FEE) WILL BE PAID BY BUYER AS THE REASONABLE USE VALUE OF THE APARTMENT FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT.

5. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all conveyance taxes, all appraisal fees, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all mortgage costs. Buyer will also pay a nonrefundable start-up fee which will be held and used by the Seller and the first Managing Agent of the Association as a working capital fund for the benefit of all the apartment owners. Buyer agrees that Seller doesn't have to pay any start-up fee for any apartment in the Project even if it is owned by Seller. Proration of maintenance charges and other common expenses, and real property taxes will be made as of the scheduled Closing Date.

6. The buyer agrees that buyer may not transfer the Sales Agreement or any of buyer's rights under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

7. Developer has given or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Developer's ownership rights in the Project, including the individual apartments. All of the rights and interests which Developer gives to the lender or lenders will have priority over the buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Developer's lenders until the final closing and delivery of signed apartment deeds to the buyers. If Developer's lender or lenders ask the buyers to do so, the buyers will sign other documents to confirm the promises and agreements mentioned above.

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

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EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

A copy of the Escrow Agreement between the Developer and T. I. of Hawaii, Inc. has been submitted to the Real Estate Commission and is available for inspection in the Sales Office of the Developer. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement will be deposited within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sums in a special account or accounts with a federally insured bank or savings and loan association in Honolulu, Hawaii. The accounts must provide for interest at the prevailing interest rate, and all interest paid on the accounts will belong to Seller.

2. Disbursements from the buyer's escrow fund shall be made by Escrow in accordance with the respective sales contracts upon the direction of Seller.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.