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 CLIFFSIDE VILLAGES AT WAIPIO

PHASE I

94-1149 Waipio Uka Street, Waipio, Oahu, Hawaii

Registration No. 1849

Issued: May 18, 1987
Expires: June 18, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 8, 19 87 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:

X 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 [X] Not Required -- disclosures covered in this report.

FORM: RECO-30 286/986-350W, 150Y, 50P

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.

NOT APPLICABLE. This is the first Public Report issued on this Project.

TABLE OF CONTENTS

page

Report Purpose 1
Type of Report 1
Summary of Changes from Earlier Public Reports 2
Table of Contents 3
General Information on Condominiums 4
Summary of the Condominium Project 5

I. PEOPLE CONNECTED WITH THE PROJECT 6

Developer
Real Estate Sales Agent
Escrow Company
Managing Agent
Attorney for Developer

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS
A. Declaration 7
B. Condominium Map (File Plan) 7
C. Bylaws 7
D. House Rules 8
E. Changes to Condominium Documents 8

III. THE CONDOMINIUM PROJECT
A. Interest to be Conveyed to Buyer 9
B. Underlying Land 10
C. Buildings and Other Improvements 10
D. Common Elements, Limited Common Elements, Common Interest 14
E. Encumbrances Against Title 15
F. Management of the Common Elements 15
G. Maintenance Fees 16
H. Utility Charges 16
I. Construction Warranties 16
J. Status of Construction 17
K. Project Phases 17
L. Sales Documents Filed with the Real Estate Commission 17

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE 18

Buyer's Right to Cancel Sales Contract 19
Signature of Real Estate Commission Chairman 20

EXHIBIT A: Common Elements
EXHIBIT B: Limited Common Elements, Including Parking Stalls
EXHIBIT C: Common Interest
EXHIBIT D: Encumbrances Against Title
EXHIBIT E: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements
EXHIBIT F: Phased Development and Merger of Phases; Developer's Special Rights, Including to Change the Condominium Documents
EXHIBIT G: Summary of Sales Contract and Escrow Agreement
EXHIBIT H: Special Use Restrictions
EXHIBIT I: Warranties
EXHIBIT J: Boundaries of Each Apartment; Permitted Alterations to Apartments

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.

SUMMARY OF THE CONDOMINIUM PROJECT

(cite to appropriate pages in text of report)

Interest to be Conveyed to Buyer: A fee simple interest in an apartment and in that apartment's common interest in the common elements will be deeded to each buyer. The deed will also include the right to use at least one assigned parking stall.

Type of Project:

1. [X] New Building(s) [ ] Conversion
   [ ] Both New Building(s) and Conversion

2. [X] Residential [ ] Commercial
   [ ] Mixed Residential and Commercial
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A-1	16	2/1+1/2	750	75
A-2	4	2/1+1/2	750	120
A-3	4	2/1+1/2	750	95
B-1	16	2/2	742	50
B-2	16	2/2	742	70

Total Apartments: 56

*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.

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	65
Guest Stalls	7
Unassigned Stalls	-
Extra Stalls Available for Purchase	-
Other: _____	-
Total Parking Stalls	72

7. Recreational amenities: None.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: James K. Schuler & Associates, Inc. — Phone: 521-5661 (Business)
Name
1001 Bishop Street, Suite 1060, Pacific Tower
Business Address
Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:
James K. Schuler - President, Vice President, Secretary & Treasurer
E. W. Gordon, Jr. - Vice President, Assistant Secretary & Treasurer
James G. Lee - Executive Vice President
Joanne Halsey - Vice President & Assistant Secretary
Carl G. Schuler - Vice President

Real Estate Sales Agent: Maui Sea Cliffs Development, Inc. dba South Pacific Properties — Phone: 521-5661 (Business)
Name
1001 Bishop Street, Suite 1060, Pacific Tower
Business Address
Honolulu, Hawaii 96813

Escrow: First Hawaiian Bank — Phone: 525-7109 (Business)
Name
165 South King Street, 8th Floor
Business Address
Honolulu, Hawaii 96813

Managing Agent: Certified Management — Phone: 836-0911 (Business)
Name
3179 Koapaka Street, Second Floor
Business Address
Honolulu, Hawaii

Attorney for Developer: Robert E. Warner, Attorney at Law, A Law Corp.
Name
1001 Bishop Street, Suite 1190, Pacific Tower
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:
[X] Proposed
[ ] Recorded — Bureau of Conveyances — Book _____ Page _____
[ ] 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:
[X] Proposed
[ ] Recorded — Bureau of Conveyance Condo Map No. _____
[ ] Filed — Land Court Condo Map No. _____

Amendment date(s) and recording/filing information: N/A

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:
[X] Proposed
[ ] Recorded — Bureau of Conveyances — Book _____ Page _____
[ ] 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:
[X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	–	–

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: See Exhibit F.

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:

[X] Fee Simple: Individual apartments and the underlying land will be in fee simple.

N/A [ ] 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.

N/A [ ] 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.

N/A [ ] Other:

N/A 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: 94-1149 Waipio Uka Street
Waipio, Oahu, Hawaii

Tax Map Key: (TMK) 1st Division 9-4-115 12/13/14/15 (portion)

[X] Address [x] TMK is expected to change because The land is a portion of a larger parcel of land that is being subdivided

Land Area: 144,060 [X] square feet [ ] acre(s) Zoning: A-1 Residential

Fee Owner: James K. Schuler & Associates, Inc.
name
1001 Bishop Street, Suite 1060, Pacific Tower
address
Honolulu, Hawaii 96813

Sublessor: N/A
name

address

C. Buildings and Other Improvements:

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

2. Buildings: 6 Floors Per Building: 2 Stories

N/A [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[ ] Other _____

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[X] Residential	56	[ ] Agricultural	
[ ] Timeshare/Hotel		[ ] Recreational	

[X] Other: Developer reserves the right to conduct extensive sales activites on the Condominium, and has other special rights. See Exhibit F.

5. Special Use Restrictions: See Exhibit H.

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:

[X] Pets: No pets except a reasonable number of dogs, cats or other household pets. Pets must be leashed or carried. Pets causing a nuisance may be permanently removed. Other restrictions also apply.

[X] Number of Occupants: 2 persons per bedroom, excluding children under five, except no more than 3 persons per bedroom including all children.

[X] Other: See Condominium Declaration and By-Laws generally, specifically Article V of the By-Laws; also the house rules.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 56

Elevators None Stairways _____ Trash Chutes None

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A-1	16	2/1+½	750	75
A-2	4	2/1+½	750	120
A-3	4	2/1+½	750	95
B-1	16	2/2	742	50
B-2	16	2/2	742	70

*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 J.

Permitted Alterations to Apartments: See Exhibit J.

7. Parking Stalls:

Total Parking Stalls: 72

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		65					65
Guest		7					7
Unassigned							-
Extra Available for Purchase							-
Other:							
Total Covered & Open		72					

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.

[X] Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[x] Other: Sewage Treatment Plant located on Phase I will be shared among Phase I, II and III of the Cliffside Villages, as well as by another project to be located on land adjoining Phase I. Share use and expenses will be governed by a Declaration for Joint Use.

9. Present Condition of Improvements

N/A (For conversions of residential apartments in existence for five years):

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

N/A

N/A 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.

[X] Variance(s) to zoning code was/were granted as follows: by Agreement for Issuance of Conditional Use Permit Under Section 4.40-17, of the Land Use Ordinance (LUO) dated February 19, 1987, to be filed in the Land Court upon Land Court approval of subdivision.

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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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 A 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.

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

   [X] described in Exhibit B

   [ ] as follows:

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.

   [X] Exhibit C 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 D describes the encumbrances against the title contained in the title report dated April 13, 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.

[X] 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.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
Mortgages	Buyers interest under a Sales Contract is subordinate to the interests of the Holder of the Mortgages. Among other things, this means that if the Developer defaults, the holder may take over the property so that the buyer would lose his or her rights and claims to the apartment. If this happens, the buyer would get his or her money back from escrow. Before the apartment is conveyed to the Buyer, it must be free from the Mortgages.

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:

[X] 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.

Exhibit E 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:

[ ] Electricity [ ] Television Cable

[ ] Gas [X] Water & Sewer

[ ] 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 Exhibit I.

2. Appliances: See Exhibit I.

J. **Status of Construction and Estimated Completion Date:**

A building permit for the Condominium has not yet been obtained and construction has not yet commenced. The estimated date of commencement of construction is July, 1987 and the estimated date of substantial completion of the Condomium is given as February, 1988.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development: See Exhibit F.

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

Exhibit G contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October 29, 1986

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

[X] Other Specimen Apartment Deed

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

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 for Joint Use, Apartment Deed, Agreement for issuance of Conditional Use Permit.

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. 1849 filed with the Real Estate Commission on April 29, 1987.

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

[X] 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.

Peter N Yamazaki
for 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

EXHIBIT A

THE CLIFFSIDE VILLAGES AT WAIPIO - PHASE I

COMMON ELEMENTS

The Condominium Declaration states that the common elements consist of:

(a) Said land in fee simple.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the interior decorated surfaces of such walls), and roofs of the buildings; all exterior stairs, stairways, landing and railings (except lanai railings); and other building appurtenances, including but not necessarily limited to, the electrical cabinets and the compartments for water heaters located on the exteriors of the buildings.

(c) All yards, grounds, landscaping fences, and refuse areas and facilities.

(d) All sidewalks, pathways, parking areas, parking stalls (including 7 visitor parking stalls nos. 7, 8, 16, 49, 54, 67 and 68), driveways and roads within the Condominium.

(e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations including power, light, water, sewer, gas and telephone, if installed; all pipes, plumbing, wires, conduits or other utility or service lines, which are utilized by or serve more than one apartment, including those which run through any apartment; and central air conditioning and like utilities, if installed.

(f) All the benefits, if any, inuring to the Land or the Condominium of: (a) all easements shown on the Condominium Map or listed in the Condominium Declaration; and (b) the covenants, agreements, obligations, conditions, exceptions, reservations, easements, rights and other matters and provisions of Declaration for Joint Use for the shared use and expense of the sewage treatment plant and related facilities.

(g) All other portions of the land and improvements that are not specifically designated as apartments, but which are intended for common use, and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium.

NOTE: The common elements will include the common elements of any one or more condominiums that may be developed on any of the adjoining parcels of land, upon any one or more merger of phases as explained later in Section K. Project Phases and in Exhibit F - Phased Development and Merger of Phases; Developer's Special Rights, Including to Change the Condominium Documents.

EXHIBIT B

THE CLIFFSIDE VILLAGES AT WAIPIO - PHASE I

LIMITED COMMON ELEMENTS, INCLUDING PARKING STALLS

Certain parts of the common elements, called "limited common elements", are set aside and reserved for the exclusive use of certain apartments. The limited common elements are as follows:

(a) Each apartment will have appurtenant to it at least one parking stall. The Condominium Map identified each stall by a number from 1 thru 72. The particular apartment stall that will initially be appurtenant to a particular apartment is listed in the Condominium Declaration, is as follows:

PARKING SCHEDULE

Apartment No.	Stall No.
A-101	2
A-102	18
A-103	3
A-104	6
A-105	10
A-106	11
A-201	1
A-202	17
A-203	4
A-204	5
A-205	9
A-206	12
B-101	19,21
B-102	22
B-103	25
B-104	13,26
B-201	15,20
B-202	23
B-203	24
B-204	14,27
C-101	28,48
C-102	46
C-103	32
C-104	33
C-105	36
C-106	37,44
C-201	29,47
C-202	30
C-203	31
C-204	34
C-205	35
C-206	38,45
D-101	42
D-102	39,41
D-201	43
D-202	40
E-101	52
E-102	51
E-103	57
E-104	58
E-105	60
E-106	62
E-201	53
E-202	50
E-203	55
E-204	56
E-205	59
E-206	61
F-101	63
F-102	65
F-103	72
F-104	70
F-201	64
F-202	66
F-203	71
F-204	69
Visitor Stalls:	
7,8,16,49,54,67, and 68	

[Note: Those stalls listed as "visitor" stalls will remain common elements. The other stalls may be transferred between apartments, as provided in the Condominium Declaration, so long as at least one stall is appurtenant to each apartment. The parking stall or stalls assigned to each purchaser shall be listed in the apartment deed from the Developer.]

(b) Each private patio or yard area is a limited common element to first floor apartments adjoining such area, as shown on the site plan in the Condominium Map, as is the interior surface of the fence (i.e., facing that apartment around each such area.

(c) Each compartment designed to contain hot water heaters and located on the exterior of the buildings are limited common elements to the apartments served by the hot water heaters located in that compartment.

(d) Each concrete pad (other than a lanai) outside the entry door of an apartment located on the first level is a limited common element appurtenant to that apartment. Each exterior stairway, landing and entry lanai providing access to a second level apartment is a limited common element appurtenant to that apartment; provided, that those stairways which lead to two second level apartments shall be limited common elements to both those apartments, but the second story landing adjacent to the entrance to each such apartment is a limited common element to that apartment only.

(e) The mailbox bearing the same designation as the apartment is a limited common element to that apartment.

NOTE: All costs and expenses pertaining to limited common elements charged to be charged to the apartment to which the limited common element appertains, pursuant to the Condominium Declaration and Section 514A-15(a) of the Condominium Act. If a limited common element is appurtenant to two or more apartments, such costs and expenses shall be charged proportionately to each. Thus, if a limited common element is appurtenant to two apartments, one-half of such costs and expenses are to be charged to each such apartment. However, the Board of Directors of the Association may, as permitted in the Condominium Declaration, determine that certain of such costs and expenses may instead be charged in accordance with the common interest. Apartment owners are responsible for the maintenance and repair of their limited common elements.

EXHIBIT C

THE CLIFFSIDE VILLAGES AT WAIPIO - PHASE I

COMMON INTEREST

The Condominium Declaration states that the undivided interest in the common elements, called the "common interest", belonging to each apartment for voting and all other purposes are as follows:

TYPE AND NUMBER OF APARTMENTS	APARTMENT NUMBERS	PERCENTAGE OF UNDIVIDED INTEREST FOR EACH APARTMENT	TOTAL PERCENTAGE OF UNDIVIDED INTEREST FOR EACH APARTMENT
A-1 (16):	E-101, E-102, E-105, E-106, F-101, F-102, F-103, F-104, E-201, E-202, E-205, E-206, F-201, F-202, F-203, F-204	.0177	.2832
A-2 (4):	A-101, A-102, A-105, A-106	.0187	.0748
A-3 (4):	A-201, A-202, A-205, A-206	.0181	.0724
B-1 (16)	A-103, A-104, B-101, B-102, B-103, B-104, C-101, C-102, C-103, C-104, C-105, C-106, D-101, D-102, E-103, E-104	.0176	.2816
B-2 (16):	A-203, A-204, B-201, B-202, B-203, B-204, C-201, C-202, C-203, C-204, C-205, C-206, D-201, D-202, E-203, E-204	.0180	.2880
Grand Total			1.0000%

Each apartment owner will be assessed a share, equal to the common interest of his or her apartment, of all common expenses of the Condominium, except all expenses of relating to limited common elements will be charged as noted in Exhibit B.

The common interest is based upon the net living area, plus lanai area, in square feet for that apartment divided by the total net living area, plus lanais, of all apartments, rounded off so the common interest for all apartments equals 100%.

NOTE: The common interest for each apartment will change upon nay merger of this Condominium with one or more condominiums that may be built on the adjoining parcels of land, see the information under Section K. Project Phases and in Exhibit F - Phased Development and Merger of Phases; Developer's Special Rights, Including to Change the Condominium Documents.

EXHIBIT D

THE CLIFFSIDE VILLAGES AT WAIPIO - PHASE I

ENCUMBRANCES AGAINST TITLE

Preliminary Title Report dated April 13, 1987 issued by Title Guaranty of Hawaii, Inc. reveal the following encumbrances:

1. For any taxes that are due and owing, reference is made to the Office of the Finance Director,city and County of Honolulu.

2. The terms and provisions of that certain Unilateral Agreement and Declaration for Conditional Zoning dated August 26, 1977, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 832326, made by and between Thomas Henry Gentry, husband of Nora Silvia Gentry and GENTRY-PACIFIC LTD., a Hawaii corporation.

3. Declaration of Covenants, Conditions and Restrictions dated November 17, 1978, filed in said Office of the Assistant Registrar as Document No. 909239.

(a) By instrument dated November 17, 1980, filed in said Office of the Assistant Registrar as Document No. 1042252, the foregoing Declaration was amended by Certificate of Amendment of the Declaration of Covenants, Conditions and Restrictions for the Gentry-Waipio Community Area.

(b) By instrument dated November 4, 1980, filed in said Office of the Assistant Registrar as Document No. 1042710, the foregoing Declaration was further amended by Declaration of Addition of Real property to Gentry-Waipio Community Area.

4. Easements 2787, 2788 and 2789, as shown on Map 506, as set forth by Land Court Order No. 51748, filed November 17, 1978. (Affecting Lot 10208 only.)

5. Grant dated January 17, 1979, filed in said Office of the Assistant Registrar as Document No. 925685, in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, granting easement across Easements 2787 and 2788, within Lot 10208. (Also affects other property.)

6. Easement 3154, as shown on Map 547, as set forth by Land Court Order No. 56212, filed April 7, 1980. (Affecting Lot 10208.) (Also affects other property.)

7. Easement 4036, for flowage purposes, as shown on Map 635, as set forth by Land Court Order No. 69326, filed April 4, 1984. (Affecting Lots 10208 and 7652-A.) (Also affects other property.)

8. Restriction of vehicle access along Interstate Highway F.A.P. I-H2-1(3), as shown on Map 635. (Affecting Lot 10208.)

9. Easement 4035, for flowage purposes, as shown on Map 635, as set forth by Land Court Order No. 69326, filed April 4, 1984. (Affecting Lot 10208.)

10. Reserving unto the Grantor (GENTRY-WAIPIO, A JOINT VENTURE, a Hawaii registered general partnership), its successors, but not its assigns, such easements for access, electrical, gas, communications and other utility purposes and for sewer, drainage and water facilities over, under, along across and through the granted premises, together with the right to dedicate and grant to the State of Hawaii, City and County of Honolulu, Board of Water Supply of the City and County of Honolulu, or any other appropriate governmental agency or to any public utility, or other corporation, such easements for such purposes over, under, across, along and through the granted premises under the usual terms and conditions required by the grantee for such easement rights; PROVIDED, HOWEVER, that (1) such easement rights must be exercised in such manner as not to interfere unreasonably with the use of the granted premises by the Grantee and those claiming by, through or under the Grantee; and (2) in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements, the premises shall be restored by and at the expenses of the person owning and exercising such easement rights to the condition of the premises immediately prior to the exercise thereof, as reserved in that certain Deed dated May 1,1984, filed in said Office of the Assistant Registry as Document No. 1233280.

11. Terms, provisions and agreements contained in that certain Agreement dated April 30, 1984, filed in said Office of the Assistant Registrar as Document No. 1233281, made by and between GENTRY-WAIPIO, A JOINT VENTURE, a Hawaii registered general partnership, and GREAT STATE CORPORATION, a Utah corporation.

12. Terms, provisions and agreements contained in that certain Development Loan Real Property Mortgage and Financing Statement undated, filed in said Office of the Assistant Registrar as Document No. 1444179, made by and between JAMES K. SCHULER & ASSOCIATES, INC., a Hawaii corporation, and First Hawaiian Bank, a Hawaii corporation.

13. Terms, provisions and agreements contained in that certain Financing Statement undated, recorded in said Bureau in Liber 20424, Beginning at Page 404, made by and between JAMES K. SCHULER & ASSOCIATES, INC., a Hawaii corporation, and First Hawaiian Bank, a Hawaii corporation.

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

CLIFFSIDE PHASE I

Estimate of Initial Maintenance Fees:

Apartment	% Int.	Monthly Fee	x 12 months =	Yearly Total
A-1 (16)	0.0177	$79.65		$955.80
A-2 (4)	0.0187	$84.15		$1,009.80
A-3 (4)	0.0181	$81.45		$977.40
B-1 (16)	0.0176	$79.20		$950.40
B-2 (16)	0.180	$81.00		$972.00

[ ] Revised on _____

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

	Monthly	x 12 months =	Yearly Total
Utilities and Services			
Air Conditioning			
Electricity			
[X] common elements only	$252.00		$3,024.00
[ ] common elements and apartments			
Gas			
Refuse Collection	$420.00		$5,040.00
Telephone			
Water and Sewer	$930.00		$11,160.00
Maintenance, Repairs and Supplies			
Building	$70.00		$840.00
Grounds	$1,200.00		$14,400.00
Management			
Management Fee	$500.00		$6,000.00
Payroll and Payroll Taxes			
Office Expenses	$25.00		$300.00
Insurance	$920.00		$11,040.00
Reserves			
Taxes and Government Assessments	$15.00		$180.00
Other			
Security	$168.00		$2,016.00
TOTAL			

I/We, CERTIFIED MANAGEMENT, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Robley W. Smith

ROBLEY W. SMITH

Date: January 6, 1987

EXHIBIT F

THE CLIFFSIDE VILLAGES AT WAIPIO - PHASE I

PHASED DEVELOPMENT AND MERGER OF PHASES; DEVELOPER'S SPECIAL RIGHTS, INCLUDING TO CHANGE THE CONDOMINIUM DOUMENTS

In addition to this Project, which is Phase "I", the Developer is planning to develop adjacent or nearby lots in phases. Each of these phases may be developed as a condominum project. The present plan calls for the condominium development of these lots (Phases "II" and "III") to include a total of 128 additional apartments of generally the same type as the apartments in this Phase; and also subjecting: (a) Phases I and II with an agreement in favor of the City and County of Honolulu so that the land on all of the lots may be treated as one lot for zoning purposes; and (b) all Phases with a Declaration for Joint Use to provide for joint use of and access to the sewage treatment plant to be located on Phase I and related facilities, and for the maintenance and sharing of expenses among the various Phases and a project on land adjacent to Phase I, which may be developd by a different developer.

This plan also provides for the merger of this Phase with one or both of the other Phases in any order, at the same or different times, and a merger with respect to one of these Phases will not affect the right of the Developer to merge this Phase with another Phase or Phases at a later time. The Developer would have the right to merge Phases up to December 31, 1992, upon the happening of certain events listed in the Condominium Declaration. These events include: the filing of the Condominium Documents for this Phase and substantially identical documents for each other Phase being merged with it, and the substantial completion of the construction of this Phase and each such other Phase, free and clear of mechanics' and materialmens' liens. To effect any merger the Developer would file in the Office of the Assistant Registrar of the Land Court of the State of Hawaii a "Certificate of Merger", which, among other things would revise the common interest appurtenant to the apartments in this Phase. [NOTE: If all these Phases are merged and Phases "I", "II" and "III" are built as presently planned, the revised common interest for the apartments shall be as follows:

Type of Apartment	Percentage of Undivided Interest for Each Apartment
A-1	.005510
A-2	.005750
A-3	.005605
B-1	.005290
B-2	.005420]

Upon any merger, the common interest for each apartment in the merged Phases would be as revised; each apartment in a merged Phase would have the right to use the common elements of all such Phases; and the merged Phases would have

one association and one board of directors, to be elected after the merger. The financial affairs of the merged Phases would also be administered together, except that: Apartments in any one such Phase would not be liable for the debts and obligations of the other merged Phase existing at or accrued prior to the date of the merger. Also capital improvement reserve funds accumulated prior to the merger would remain intact, and the new board would have the authority to make special assessments for such reserves, for the purpose of minimizing later assessments to apartments in one merged Phase for repairs and replacements in the other merged Phases attributable to depreciation occuring prior to the merger. The Condominium Documents for each of the merged Phases would be interpreted together as a single set of documents applicable to the all merged Phases. However, the Developer has the right (but not the obligation) to provide a single Declaration, By-Laws and Condominium Map governing the merged Phases and showing a consolidated description of the land, buildings, apartments, common elements, limited common elements and common interests, but not otherwise changing the form or content of the Condominium Documents for any Phase, except for amendments required by law, and except that after the last merger of phases, to delete the merger provisions and other rights reserved by the Developer to provide for the development, construction and sale of property in each of the Phases.

The Developer is not obligated to follow the present plan. However, if the plan for any additional Phase is not consistent with the present plan, as approved by the Administrator for the Veterans Administration ("VA Administrator"), then before the Developer may effect any merger, it must obtain a prior written approval of the VA Administrator.

The Developer also reserves the right, until December 31, 1992: (a) to amend the Condominium Documents, both before and after any merger, to conform these documents to VA and FHA requirements so that loans secured by mortgages of apartments in any Phase may be made, guaranteed or insured by VA or FHA. This includes the right to execute and record on behalf of the Association a Regulatory Agreement in form and substance meeting FHA requirements; (b) upon any merger to consolidate the lots on which the merged Phases are located as a single legal lot; and (c) to modify and realign the common elements, parking areas and utilities lines in this Phase to the extent necessary to connect with any other Phase. The Developer also has the right to enter on the common elements of the Condominium in order to perform development and construction work for each the additional Phases; provided that the Developer must first obtain a general liability policy to protect apartment owners in this Phase in an amount of at least $1,000,000, and must make reasonable efforts, consistent with maintaining the progress of such work, to minimize the disruption such work may cause owners.

The Developer is also not obligated to follow this plan for phased development and has no obligation to develop any one or more of these Phases or to merge this Phase with any one or more of them. The Developer may also modify the plan for each of the additional Phases.

The Developer reserves a right to conduct extensive sales activities on the Condominium. This includes the rights: (a) to use any apartments owned by the Developer as model apartments and sales and management offices; and (b) to

use such apartments and the common elements, excluding the limited common elements appurtenant to other apartments, for extensive sales displays and activites. These rights to conduct extensive sales activities will last until the sale of the last apartment in the Condominium and the sale of last apartment in any condominium that may be developed on any of the or nearby adjoining parcels of land, or until December 31, 1992, whichever first occurs. But these sales activities are to be conducted in an unobtrusive manner that will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Condominium.

The Condominium Declaration also states that the Developer reserves the rights: (a) to enter and work on the Condominium as may be reasonably necessary for the completion of the improvements to and corrections of defects in the Condominium (this right will terminate about 30 months after the improvements for the Condominium are completed); and (b) to use the common elements of the Condominium as may be reasonably necessary for the construction and completion of improvements on any of the or nearby adjoining parcels of land (this right will terminate no later than December 31, 1992).

EXHIBIT G

SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

Copies of the specimen Apartment Sales Contract, Apartment Deed and executed Escrow Agreement have been submitted as part of the registration. On examination, these documents are found to comply with the Condominium Act. Specifically, but without limitation, they comply with Section 514A-40(6) and Sections 514A-37, 514A-39, 514A-62, 514A-63 and 514A-65. The Escrow Agreement is dated October 29, 1986, and identifies First Hawaiian Bank as the Escrow Agent for the handling of purchase money for apartment sales.

It is incumbent upon the purchaser and prospective purchaser that he or she read with care these documents. The Escrow Agreement establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of this trust fund. According to this Agreement, downpayment funds may not be released from escrow for the payment of development and construction costs, even though such use is permitted in compliance with the above-noted sections of the Condominium Act. The specimen Sales Contract also determines the time for and the amount of installment payments on the purchase price, and for the payment for all closing costs which are the buyer's obligations.

Prior to the issuance of a final public report, the Contract operates as a reservation only and may be canceled by either the Developer or buyer. A separate written affirmation must be signed by both parties after the final public report is issued to convert the reservation into a binding contract. The documents also provide, in effect, that a buyer shall be entitled to a refund of his or her funds, and Escrow shall pay such funds to a buyer, if:

(a) Escrow receives a written request from Developer to return to buyer the funds of such buyer then held by Escrow; or

(b) If a buyer's funds were obtained prior to the issuance of a final public report and the request is prior to the time the final public report is issued or prior to the time the parties sign a separate written affirmation; or

(c) If a buyer's funds were obtained prior to the issuance of a final public report, then in the event that the parties do sign a separate written affirmation, the buyer nevertheless exercises his or her right to cancel at any time prior to the earlier of (1) the conveyance of the apartment to the buyer, or (2) midnight of the thirtieth (30th) day following the date of delivery of the final public report, provided that the buyer has not previously waived his or her right to cancel; or

(d) If a buyer's funds were obtained after the issuance of a final public report and the buyer exercises his or her right to cancel prior to the earlier of (1) the conveyance of the apartment to buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of the final public report, provided however, that the buyer has not previously waived his or her right to cancel; or

(e) Except for any addition, deletions, or modifications resulting from the meger or phasing of the Condominium as provided for in the Condominium Declaration, the Sales Contract, and Apartment Deed, the buyer shall have the right to rescind the Sales Contract if there is a material change in the Condominium which directly, substantially and adversely affects the use or value of (1) such buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Condominium available for such buyer's use, unless the buyer has waived his or her rights of rescission or deemed to have waived such rights.

In the specimen Sales Contract, the Developer also promises to complete the Condominium no later than two years from the date a final public report is issued. The 2-year period is subject to extensions of time only for the occurrence of any event outside of the Developer's control that makes performance by the Developer within this period impossible as a matter of Hawaii law.

By signing a Sales Contract, each buyer, among other things, will: (1) warrant that he or she has the ability to pay the purchase price for the apartment either from his or her own funds and/or the proceeds of a loan that the buyer promises he or she can obtain and that obtaining such a loan is the buyer's sole responsibility, even if the Developer has made arrangements with a lender generally to provide financing; and (2) acknowledge, consent and agree that all mortgage liens and other security interests obtain by the construction lender in connection with the construction loan (as well as any extensions, renewals and modifications of that loan) will be and remain at all times a lien or charge on the Condominium prior to and superior to any and all liens or charges arising from the Sales Contract or any other sale and/or reservation agreement with the buyer. In addition, among other things, the specimen Sales Contract contains provisions which: (3) permit the Developer to keep the buyer's payment deposits under certain circumstances if the Developer cancels a contract due to buyer's default; (4) provide for "preclosing" of the Sales Contract; (5) provide the right for the Developer to change the Condominium Documents; (6) provide that all interest earned on buyer's funds will belong to the Seller; (7) limit warranties the buyer will receive -- see Exhibit I; (8) limit assignment of the Sales Contract; and (9) cover many other important matters that are not described in this Report.

By signing a Sales Contract and an Apartment Deed, each Buyer, among other things, also will consent and agree to the phased development of adjoining lands and the merger of such phases with this Condominium, as discussed above in Section K. Project Phases and in Exhibit F. Phase Development and Merger of Phases: Developer's Special Rights, Including to Change the Condominium Documents, and at the Developer's request, to execute additional documents and to do such other things necessary or convenient therefor. Buyer also will appoint the Developer as the Buyer's attorney-in-fact to execute such documents and do such other things, and to hold the buyer's "Owner's duplicate certicate" for his or her apartment and to have such documents noted thereon.

Apartment unit purchasers and prospective purchasers should read all provisions of the specimen Sales Contract and Apartment Deed and the Escrow Agreement with care.

EXHIBIT H

SPECIAL USE RESTRICTIONS

The Condominium Declaration states that each apartment may be occupied and used only for residential purposes and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade, or profession. No apartment may be rented by owners for any period less than 30 days or where the occupants are provided customary hotel services such as room service for food and beverages, or maid or laundry and linen or bellboy services. Timesharing is prohibited.

The House Rules provide, in part: (1) No water beds of any nature are allowed in any apartment without prior written approval of the Board and written evidence of adequate liability insurance coverage; and (2) Cooking over an open flame with charcoal grills and hibachis is not permissible within the apartment or on common areas, except on lanais, on private patios or yard areas, and on those portions of the common elements as may be designated for such activities by the Board.

EXHIBIT I

WARRANTIES

The Developer is giving you the EXPRESS LIMITED WARRANTY attached hereto and that warranty only. Defects in any appliance or other consumer products installed or located on your Apartment or the Common Elements are not included in that warranty. THAT LIMITED EXPRESS WARRANTY IS GIVEN TO YOU INSTEAD OF ANY OTHER WARRANTY OF ANY KIND, EXPRESS OR IMPLIED. YOU DO NOT HAVE: (A) ANY OTHER WRITTEN WARRANTIES; OR (B) ANY WARRANTIES THAT THE LAW MIGHT OTHERWISE GIVE TO YOU, EXCEPT AS PROHIBITED BY EXPRESS PROVISION OF LAW. THE DEVELOPER IS NOT THE MANUFACTURER OR MANUFACTURER'S AGENT FOR ANY OF THE APPLIANCES, FURNISHINGS AND OTHER CONSUMER PRODUCTS INSTALLED OR LOCATED IN YOUR APARTMENT OR THE COMMON ELEMENTS.

THEREFORE, YOU UNDERSTAND AND AGREE THAT, EXCEPT FOR THE EXPRESS LIMITED WARRANTY REFERRED TO ABOVE, THE DEVELOPER IS NOT GIVING YOU ANY WARRANTIES, EXPRESS OR IMPLIED, ON YOUR APARTMENT, THE CONDOMINIUM, OR ANYTHING INSTALLED IN THEM. FOR SOME EXAMPLES, YOU DO NOT HAVE ANY WARRANTIES OF MERCHANTABILITY; OR FITNESS FOR A PARTICULAR PURPOSE; OR HABITABILITY; OR WORKMANLIKE CONSTRUCTION; OR SUFFICIENCY OF DESIGN; OR ANY OTHER WARRANTY.

Among other things, this also means that you cannot complain against the Developer or force the Developer to fix any other defects. It makes no difference what caused any other defect or when it was discovered. The Developer does not have to fix it or pay for it to be fixed.

YOU ALSO GIVE UP (IN LEGAL TERMS - RELEASE AND DISCHARGE) ALL CLAIMS AGAINST THE DEVELOPER OVER ANY DEFECTS. THIS INCLUDES ANY CLAIMS OF NEGLIGENCE. YOU ALSO AGREE THAT THE DEVELOPER HAS NO LIABILITY FOR ANY INJURY OR DAMAGE TO PEOPLE OR THINGS WHICH MIGHT BE CAUSED BY ANY DEFECT. YOU ALSO RELEASE AND DISCHARGE THE DEVELOPER FROM THIS KIND OF LIABILITY.

WARRANTY OF COMPLETION OF CONSTRUCTION IN SUBSTANTIAL CONFORMITY WITH APPROVED PLANS AND SPECIFICATIONS

Property Location: _____

Purchaser(s)/Owner(s): _____

_____

_____

_____

For good and valuable consideration the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his (their) successors or tranferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variation therein) which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans Affairs on which the Federal Housing Commissioner or the Administrator of Veterans Affairs based his valuation of the dwelling: Provided, however, that this warranty shall apply only to such instances of substantial nonconformity as to which the Purchasers(s)/Owner(s) or his (their) successors or transferees shall have given written notice to the Warrantor at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of the original conveyance of title to such Purchaser(s)/Owner(s) or the date of initial occupancy of the dwelling, whichever first occurs: Provided further, however, that in the event the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of completion or initial occupancy of such dewelling, whichever first occurs.

The term "dwelling" as used herein shall be deemed to include all improvements or appurtenances set forth in the plans and specifications upon which the Federal Housing Commissioner or the Administrator of Veterans Affairs has based his valuation of the property, excepting those constructed by a municipality or other governmental authority.

This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/Owner(s) may have under any other law or instrument, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Purchaser(s)/Owner(s), and shall be binding on the Warrantor notwithstanding any provision to the contrary contained in the contract of purchase or other writing executed by the Purchaser(s)/Owner(s) heretofore or contemporaneously with the execution of this agreement or prior fo final settlement.

IN TESTIMONY WHEREOF, the Warrantor has signed and sealed this warranty this _____ day of _____, 198___.

_____ _____

_____ By _____ (SEAL)

(Warrantor's Address) Warrantor (Signature and Title)

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Administrator of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and verified that he is authorized to execute the same by the Warrantor and by his signature the Warrantor is duly bound under the terms and conditions of said warranty.

W A R N I N G

Section 1010 of Title 18, U.S.C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of--influencing in any way the action of such Administration--makes, passes, utters, or publishes any statement, knowing the same to be false--shall be fined not more than $3,000 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud as intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Administrator of Veterans Affairs.

NOTICE TO PURCHASER: ANY NOTICE OF NONCONFORMITY MUST BE DELIVERED TO THE WARRANTOR NO LATER THAN _____, as to the dwelling unit, and _____, as to the common elements. (Warrantor shall insert date 1 year or 2 years from initial occupancy, date of conveyance of title or date of completion, whichever event is applicable.)

Receipt of this warranty is acknowledged this _____ day of_____, 198___.

_____

EXHIBIT J

BOUNDARIES OF EACH APARTMENT

Boundaries of Each Apartment: The perimeter of each of the apartments is established by the floor area computed in accordance with Condominium Rule 16-107-6. This floor area is: (i) the net living area of the enclosed portion of the apartment measured from the interior surface of the apartment perimeter walls, plus (ii) lanai area. Each unit includes all walls, partitions, floors ceilings and other improvements with this perimeter; the adjacent lanai shown on the Condominium Map; all air space within the perimeter (plus the lanai); the interior decorated or finished surfaces of the perimeter walls, floors and ceilings; all appliances originally furnished with each apartment, including a water heater and related piping services that apartment (even if located outside of the perimeter); all pipes, plumbing, wires, conduits or other utility or service lines servicing only that apartment; and all glass, windows and window frames, doors and door frames along the perimeter. But each apartment does not include all common elements in it.

PERMITTED ALTERATIONS TO APARTMENT

Permitted Alterations to Apartments: The By-Laws state that: No Owner of an apartment may make, except with the prior written permission of the Board, or in accordance with the Rules and Regulations, if applicable provisions are stated therein, any alteration, addition, repair or improvement (1) to his or her apartment which may affect the common elements or change the exterior appearance of the buildings, or (2) to any of the common elements including, without limitation, common or limited common elements within, encompassing or adjacent to his or her apartment.

Unless otherwise prohibited or conditioned by the provisions of the Condominium Declaration or By-Laws, or the Condominium Act, an Apartment Owner may make additions, alterations or improvements solely within his or her apartment or within a limited common element appurtenant to and for the exclusive use of his or her apartment at his or her sole cost and expense.

No Owner shall do any work to his or her Apartment which could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof, or impair any easement or hereditament, nor may any Owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five (75%) percent of the Owners being first obtained, together with the consent of all Owners whose apartments or limited common elements appurtenant thereto are directly affected. However, the installation of solar energy devices as defined by Section 468B-1, Hawaii Revised Statutes, or material additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval only by the Board. The Board shall not unreasonably withhold or delay its approval, and shall have the obligation to answer any written request by an Owner for its consent within thirty (30) days after its receipt of such a request describing the proposed alteration in reasonable detail.