



**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

VALLEY HOMES

KILI DRIVE  
MAKAHA, OAHU, HAWAII

Registration No. 1889 (PARTIAL CONVERSION)

Issued: November 20, 1987  
Expires: December 20, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 23, 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:

- 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.

No prior report has been issued.

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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.

**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.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
2.  Residential  Commercial  
 Mixed Residential and Commercial  
 Other \_\_\_\_\_
3.  High Rise (5 stories or more)  Low Rise
4.  Single or  Multiple Buildings
5. Apartment Description

| <u>Apt. Type</u> | <u>Qty</u> | <u>BR/Bath</u> | <u>Net Living Area*</u> | <u>Lanai/Patio</u>                 |
|------------------|------------|----------------|-------------------------|------------------------------------|
| A-1 (House)      | 44         | 2/2            | 864                     | -                                  |
| A-2 (House)      | 61         | 2/2            | 960                     | -                                  |
| B (House)        | 14         | 2/2            | 960                     | -                                  |
| C (Apartment)    | 22         | 2/1            | 815                     | 120(ground floor)/30(upper floors) |
| _____            | _____      | _____          | _____                   | _____                              |
| _____            | _____      | _____          | _____                   | _____                              |

Total Apartments: 141

\*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:**

|                                     | <u>Number of Stalls</u> |
|-------------------------------------|-------------------------|
| Assigned Stalls (Individual Units)  | <u>141</u>              |
| Guest Stalls                        | <u>-</u>                |
| Unassigned Stalls                   | <u>-</u>                |
| Extra Stalls Available for Purchase | <u>-</u>                |
| Other: <u>119</u>                   | <u>119*</u>             |
| <b>Total Parking Stalls</b>         | <u>260</u>              |

**7. Recreational amenities: None**

\* One stall is part of each House Type Apartment. Apartment type units will have only one assigned stall while House types will have two.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: GRENCO, INC. Phone: 949-3479  
Name \_\_\_\_\_ (Business)  
Suite 880, 1580 Makaloa Street \_\_\_\_\_  
Business Address \_\_\_\_\_  
Honolulu, Hawaii 96814 \_\_\_\_\_

Names of officers or general partners of developers who are corporations or partnerships:  
EDWIN K.Q. YEE, VICE PRESIDENT AND TREASURER

D. GLENN YEE, PRESIDENT \_\_\_\_\_  
GREGG J. YEE, VICE PRESIDENT \_\_\_\_\_  
CARLA YEE, SECRETARY \_\_\_\_\_  
CLARA H. YEE, VICE PRESIDENT \_\_\_\_\_

Real Estate Sales Agent: TOM POWERS & ASSOCIATES, INC. Phone: 696-5555  
Name \_\_\_\_\_ (Business)  
85-993 Farrington Hwy., Suite 201 \_\_\_\_\_  
Business Address \_\_\_\_\_  
Waianae, Oahu, Hawaii \_\_\_\_\_

Escrow: GUARDIAN ESCROW SERVICES, INC. Phone: 538-6991  
Name \_\_\_\_\_ (Business)  
Suite 2090, 737 Bishop Street \_\_\_\_\_  
Business Address \_\_\_\_\_  
Honolulu, Hawaii 96813 \_\_\_\_\_

Managing Agent: CHANEY, BROOKS & COMPANY Phone: 544-1600  
Name \_\_\_\_\_ (Business)  
606 Coral Street, P.O. Box 212 \_\_\_\_\_  
Business Address \_\_\_\_\_  
Honolulu, Hawaii 96810 \_\_\_\_\_

Attorney for Developer: Robert E. Warner, Atty 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:

- 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:

- Proposed  
 Recorded – Bureau of Conveyance Condo Map No. \_\_\_\_\_  
 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 \_\_\_\_\_ 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:

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<br/>Set by Law</u> | <u>This Condominium</u> |
|--------------------------------|-------------------------------|-------------------------|
| Declaration<br>(and Condo Map) | 75%                           | <u>75%</u>              |
| Bylaws                         | 65%                           | <u>65%</u>              |
| House Rules                    | —                             | <u>—</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: 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:

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: Kili Drive Tax Map Key: 1st Division 8-4-2-64  
Makaha, Oahu, Hawaii (TMK)

Address  TMK is expected to change because N/A

Land Area: 13,530  square feet  acre(s) Zoning: A-2

Fee Owner: H.C.C. Resorts  
name  
Suite 880, 1580 Makaloa Street  
address  
Honolulu, Hawaii 96814

Sublessor: N/A  
name  
address

**C. Buildings and Other Improvements:**

1.  New Building(s)  Conversion of Existing Building(s)  
 Both New Building(s) and Conversion Houses (Buildings 1 thru 119) are  
1-story; Buildings 120 and 121 are  
2. Buildings: 126 Floors Per Building: 2-story; Buildings 122 thru 127  
inclusive are 3-story.  
 Exhibit N/A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other \_\_\_\_\_

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>141</u>          | <input type="checkbox"/> Agricultural | _____               |
| <input type="checkbox"/> Timeshare/Hotel   | _____               | <input type="checkbox"/> Recreational | _____               |
| <input checked="" type="checkbox"/> Other: <u>Developer reserves the right to conduct extensive sales activities on the Condominium, and has other special rights. See Exhibit "F"</u> |                     |                                       |                     |

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:

See proposed House Rules regarding registration of and restrictions

- Pets: on pets.  
 Number of Occupants: 2 per bedroom in C Apts., excluding children younger than 5, but in all apts., no more than 3 per bedroom, inclusive of those less than 5.  
 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 141

Elevators None Stairways 2 in each of Buildings 120-127 Trash Chutes None

| Apt. Type     | Qty       | BR/Bath    | Net Living Area* | Lanai/Patio                                 |
|---------------|-----------|------------|------------------|---|
| A-1 (House)   | <u>44</u> | <u>2/2</u> | <u>864</u>       | <u>-</u>                                    |
| A-2 (House)   | <u>61</u> | <u>2/2</u> | <u>960</u>       | <u>-</u>                                    |
| B (House)     | <u>14</u> | <u>2/2</u> | <u>960</u>       | <u>-</u>                                    |
| C (Apartment) | <u>22</u> | <u>2/1</u> | <u>815</u>       | <u>120 (ground floor)/30 (upper floors)</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 H.

Permitted Alterations to Apartments: SEE EXHIBIT H.



9. Present Condition of Improvements

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

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       | <u>  X  </u>      | <u>      </u>         | <u>      </u>  |
| Structures | <u>  X  </u>      | <u>      </u>         | <u>      </u>  |
| Lot        | <u>  X  </u>      | <u>      </u>         | <u>      </u>  |

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.

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

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.

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 September 15, 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.

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest<br/>If Developer Defaults</u>   |
|---------------------|---|
| Mortgages           | Buyers interest under a Sales Contract is subordinate to the interests of holders of 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:

- |                                      |   |
|--------------------------------------|---|
| <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:** NONE. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENTS, THEIR CONTENTS, AND THE PROJECT, INCLUDING BUT NOT LIMITED TO NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY, WORKMANLIKE CONSTRUCTION, OR SUFFICIENCY OF DESIGN. THE DEVELOPER IS SELLING EACH APARTMENT, AND ALL FURNISHINGS, FIXTURES AND APPLIANCES, THEREIN, AND THE COMMON ELEMENTS "AS IS".
  
- 2. Appliances:** NONE, SAME AS ABOVE.

- J. **Status of Construction and Estimated Completion Date:** The 22 Type C Apartments were completed prior to this proposed condominium project. The Developer estimates that construction on the other portions of the Project will commence about June, 1988, and gives September 30, 1989, as the completion date.

A letter from the City's Building Department dated October 15, 1987, indicates that the 22 existing units were built according to code at the time and that no variances were granted.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development: N/A

L. **Sales Documents Filed with the Real Estate Commission:**

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated   June 12, 1987  

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

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 \_\_\_\_\_

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.

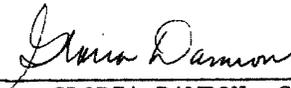
This Public Report is a part of Registration No. 1889 filed with the Real Estate Commission on October 23, 1987.

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GLORIA DAMRON, 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"

COMMON ELEMENTS

The common elements will include all portions of the land and improvements, other than the apartments, including the buildings and all those elements mentioned in the Condominium Act as common elements which are actually constructed on the Land. The common elements shall include, but are not limited to:

1. The Land in fee simple.
2. In the multi-unit buildings: all foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), and roofs; all exterior stairs, stairways, landings, and railings (except lanai railings); and other building appurtenances.
3. All yards, grounds, landscaping, fences, and mail and trash areas and facilities.
4. All roads, roadways, sidewalks, pathways, parking areas, parking stalls [except these that are part of each Type A-1, A-2 and B Apartments (Houses)], driveways within the Condominium.
5. 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.
6. All the benefits, if any, inuring to the Land or the Condominium of all easements shown on the Condominium Map or listed in Exhibit "A" to the Condominium Declaration.
7. All other portions of the property not specifically heretofore 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.

EXHIBIT "B"

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 Type A-1, A-2 and A-3 Apartment (House) will have appurtenant to it, as a limited common element that uncovered parking stall shown on the Condominium Map as having the same number as such house, plus the letter "B". Each Type C apartment will initially have appurtenant to it, as a limited common element, that uncovered parking stall shown on the Condominium Map as having the following number:

PARKING SCHEDULE

| <u>Apartment<br/>No.</u> | <u>Stall<br/>No.</u> |
|--------------------------|----------------------|
| 120A                     | 120A                 |
| 120B                     | 120B                 |
| 121A                     | 121A                 |
| 121B                     | 121B                 |
| 122A                     | 122A                 |
| 122B                     | 122B                 |
| 122C                     | 122C                 |
| 123A                     | 123A                 |
| 123B                     | 123B                 |
| 123C                     | 123C                 |
| 124A                     | 124A                 |
| 124B                     | 124B                 |
| 124C                     | 124C                 |
| 125A                     | 125A                 |
| 125B                     | 125B                 |
| 125C                     | 125C                 |
| 126A                     | 126A                 |
| 126B                     | 126B                 |
| 126C                     | 126C                 |
| 127A                     | 127A                 |
| 127B                     | 127B                 |
| 127C                     | 127C                 |

[Note: These stalls listed as appurtenant to the Type C Apartment may be transferred between Type C 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 yard or lot are shown on the Condominium Map for each Type A-1, A-2 and B Type Apartment is a limited common element to such Apartments adjoining such area facing that Apartment.

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

(d) All common elements in each of the buildings in which the Type C Apartments are located shall be limited common elements appurtenant to the apartments in that building.

Note: All costs and expenses pertaining to limited common elements are 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"

VALLEY HOMES

COMMON INTERESTS

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

| <u>TYPE AND<br/>NUMBER OF</u>   | <u>APARTMENT NUMBERS</u>   | <u>PERCENTAGE<br/>OF UNDIVIDED<br/>INTEREST FOR<br/>EACH APARTMENT</u> | <u>TOTAL PERCENTAGE<br/>OF UNDIVIDED<br/>INTEREST FOR<br/>EACH APARTMENT</u> |
|---------------------------------|--|--|--|
| A-1 and A-2<br>(House)<br>(105) | 1 thru 39 inclusive;<br>42 thru 54 inclusive;<br>56, 57, 58, 59, 61, 62;<br>64 thru 71 inclusive;<br>73 thru 80 inclusive;<br>82 thru 94 inclusive;<br>97 thru 104 inclusive;<br>106, 107, 108, and 113<br>thru 119 inclusive. | 3/401<br>(i.e. 0.748+)   | 315/401<br>(i.e. 78.5526+)   |
| B (House)<br>(14)               | 40, 44, 55, 60, 63, 72,<br>81, 95, 96, 105, 109,<br>110, 111 and 112.  | 3/401<br>(i.e. 0.748+)   | 42/401<br>(i.e. 10.4736+)  |
| C (Apartment)<br>(22)           | 120A, 120B, 121A, 121B,<br>122A, 122B, 122C, 123A,<br>123B, 123C, 124A, 124B,<br>124C, 125A, 125B, 125C,<br>126A, 126B, 126C, 127A,<br>127B and 127C.  | 2/401<br>(i.e. 0.49875)  | 44/401<br>(i.e. 10.9725)   |
| GRAND TOTAL:                    |  |  | 401/401<br>100%  |

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 calculated as follows: Each Type A-1, A-2 and B House has the same undivided interest, as does each Type C Apartment, with each Type C Apartment, which is roughly two-thirds the size of the average House, having two-thirds of the common interest assigned to each House.

EXHIBIT "D"

Encumbrances Against Title

1. Tax Map Key: 8-4-2-64, County of Honolulu. Area Assessed: 13.530 acres, more or less. Real Property Taxes for the Fiscal Year 1987-1988 in the original amount of \$11,200.74.

|                 |            |                                 |
|-----------------|------------|---------------------------------|
| 1st Installment | \$5,600.37 | Delinquent                      |
|                 | \$ 560.04  | Penalty                         |
|                 | \$ 41.09   | Interest (thru September, 1987) |
|                 | \$6,201.50 | TOTAL                           |
| 2nd Installment | \$5,600.37 | Open                            |

Assessed Values: (1987)

|               |                |
|---------------|----------------|
| Improvements: | \$ 998,093.00  |
| Exemption:    | \$ ---         |
| Land:         | \$ 709,337.00  |
| Exemption:    | \$ ---         |
| Total Value:  | \$1,707,430.00 |
| Net Value:    | \$1,707,430.00 |
| (Class 2)     |                |

Delinquent Real Property Taxes for Fiscal Year 1986-1987.

|                                  |             |
|----------------------------------|-------------|
| 1st and 2nd Installments:        | \$11,193.15 |
| Penalty:                         | \$ 2,238.64 |
| Interest (thru September, 1987): | \$ 836.17   |
| TOTAL:                           | \$14,267.96 |

2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. An easement granting all rights in basal water only, in favor of The City and County of Honolulu, dated February 6, 1950, filed March 9, 1950, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 116618.
4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Deed, dated June 28, 1973, filed September 28, 1973, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 651892.
5. An easement for sewer purposes, in favor of Makaha Valley, Inc., dated December 20, 1974, filed January 8, 1975, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 707707.

By instrument dated March 31, 1977, filed April 7, 1977, in said Office, as Document No. 811798, said easement is now in favor of Loyalty Development Company, Limited, and H.C.C. Resorts.

6. Easements 87, 91, 92, 93, 94 and 95, as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
7. Easements 144 and 145, as shown on Map 28, as set forth by Land Court Order No. 45667, filed October 20, 1976.
8. Lot 1009-B will have access across Lot 1009-A for the purpose of maintaining Easement 144 (surface drainage area) and Easement 145 (sanitary sewerline), as shown on Map 128, as set forth by Land Court Order No. 45667, filed October 20, 1976.
9. Mortgage dated June 22, 1984, filed June 25, 1984, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 1243393, to secure the repayment of \$300,000.00, and any additional advances and other amounts secured thereby, under the terms and provisions thereof,  
Mortgagor: H.C.C. Resorts, a duly registered Hawaii limited partnership.  
Mortgagee: Honolulu Federal Savings and Loan Association, a federal savings and loan association.

Terms, provisions, covenants and conditions of that certain Estoppel Certificate dated June 8, 1984, filed June 25, 1984, in said Office, as Document No. 1243394.

10. A Financing Statement covering Debtors interest in constuction contracts affecting the property described therein, recorded in the Bureau of Conveyances, State of Hawaii, in Book 17968, Page 159.  
Date Recorded: June 25, 1984.  
Debtor: H.C.C. Resorts.  
Secured Party: Honolulu Federal Savings and Loan Association.

11. Mortgage dated December 31, 1980, filed January 16, 1981, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 1051228, to secure the repayment of \$3,500,000.00, and any additional advances and other amounts secured thereby, under the terms and provisions thereof,  
Mortgagor: Herbert Yoshimitsu Nagata, general partner of H.C.C. Resorts, a Hawaii registered limited partnership.  
Mortgagee: Loyalty Investments, a Hawaii registered limited partnership.

Said Mortgage was made subordinate to the lien of that certain Mortgage shown as Item No. 9, by an instrument dated June 22, 1984, filed June 25, 1984, in said Office, as Document 1243395.

12. Mortgage dated December 31, 1980, filed January 16, 1981, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 1051229, to secure the repayment of \$500,000.00, and any additional advances and other amounts secured thereby, under the terms and provisions thereof,  
Mortgagor: Herbert Yoshimitsu Nagata, general partner of H.C.C. Resorts, a Hawaii registered limited partnership.  
Mortgagee: Loyalty Development Company, Ltd.

Said Mortgage was made subordinate to the lien of that certain Mortgage shown as Item No. 11, by an instrument dated and filed December 30, 1983, in said Office, as Document 1211532.

13. Any facts, rights, interest or claims which may arise by virtue of parties in possession and or unrecorded documents pertaining to said property.



EXHIBIT "E"  
Estimate of Initial Maintenance Fees  
and Estimate Maintenance Fee Disbursements

Estimate of initial  
maintenance fees

| <u>Apartment</u> | <u>Monthly</u> x 12 months = | <u>Yearly Total</u> |
|------------------|------------------------------|---------------------|
| All Homes        | \$130.36 x 12                | \$1,564.32          |
| All Townhouses   | \$ 86.92 x 12                | \$1,043.04          |

Revised 9/8/87

## EXHIBIT F

### Developer's Reserved Rights

The Developer has reserved these rights (which are cumulative) in the Declaration and other documents:

1. The right, for itself and its successors and assigns, to designate and to grant to any public or governmental authority rights-of-way and other easements which are for the sole benefit of the Condominium, or which do not materially and adversely interfere with the use, nor materially and adversely impair the value of the Condominium or any apartment in it, over, across, under and through the common elements and limited common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof.

2. The right, for itself and its successors and assigns, to conduct extensive sales activities on the Condominium, including without limitation: (a) the use of any apartments owned by the Developer as model apartments and sales and management offices, and (b) the use of such apartments and the common elements (excluding limited common elements appurtenant to other apartments) for extensive sales displays and activities. Such sales activities are to be conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession, and aesthetic enjoyment of the Condominium by the other Apartment Owners. Said rights of the Developer shall last until the earlier of: (1) December 31, 1992, or (2) the date the last apartment in the Condominium is sold and recorded.

3. An easement over and upon the Condominium as may be reasonably necessary for the completion of improvements to and correction of defects in the Condominium. This easement shall terminate thirty (30) months after the later of: (a) the "as built" verified statement required by Section 514A-12 of the Condominium Act is duly recorded in the State of Hawaii, or (b) the "date of completion" as defined in Section 507-43(f), Hawaii Revised Statutes, as amended, of the improvements for which provision is made in the Declaration.

4. At any time or times prior to the final completion of construction of all of the apartments and other improvements constituting the Condominium or until December 31, 1992, whichever shall first occur, the right at the Developer's option (but the Developer is not obligated) to make alterations in the Condominium, and to modify the Condominium Declaration, Condominium By-Laws, Condominium Map, and any Deed of any apartment in the Condominium, if necessary or convenient, to

change the configuration of, or to alter the number of rooms or to decrease or increase the size of, or to change the location of, or to make minor changes in, each and every apartment and/or common element in the Condominium in accordance with complete plans and specifications therefore prepared by a licensed architect; provided, however, the Developer shall not by virtue of this right have the option of increasing or decreasing the total number of apartments in the Condominium and that no such change, decrease or increase or alteration shall increase or alteration shall increase or decrease the common interest appurtenant to any apartment. Without limiting the generality of the foregoing, the Developer may change any Type A-1 House to a Type A-2 or Type B House, and may change any type A-2 House to a Type A-1 or Type B House and change any Type B House to a Type A-1 or Type A-2 House.

5. The right to amend the Declaration to satisfy VA requirements, and, if necessary or convenient in the judgment of the Developer, to satisfy and separate FHA requirements so that mortgage loans might be made, guaranteed or insured by the VA and FHA. Without limiting the generality of the foregoing, the Declarant, on behalf of the Association, may execute and record as an amendment to the Declaration a Regulatory Agreement in form and substance meeting FHA requirements and substantially identical to the form of Regulatory Agreement attached to the Declaration. The Developer reserves this right until December 31, 1992.

6. To amend the Declaration (and when applicable, the Condominium Map) to file the "As-Built Certificate" required by Section 514A-12 of the Condominium Act: (1) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of the apartments as built; or (2) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

7. Paragraphs 6.07, 6.08, 19 and 20 of the Declaration may not be amended without the prior written consent of the Declarant, notwithstanding that one hundred percent (100%) of the Apartment Owners may vote therefor.

8. Upon the issuance of a separate certificate of title for any apartment, the Developer shall take possession of the "Owner's duplicate certificate" as Owner's "attorney duly authorized" (as those terms are used in Section 501-75 (H.R.S.)). Developer shall retain possession thereof until delivery of possession of the apartment to the purchaser; thereupon, Developer shall deposit such certificates with the Board through the Managing Agent, who shall thereupon become Owner's "attorney duly authorized" and shall keep all Owners'

duplicate certificates in a safe place; provided that (a) the Developer or the Board and the Managing Agent shall surrender or make available the Owner's duplicate certificate upon request from the Owner thereof for the purpose of having any conveyance or encumbrance noted thereon, on condition that such Owner's duplicate certificate, or any Owner's duplicate certificate issued in the place thereof, shall be redelivery to the Developer or the Board of Directors promptly after any necessary processing in the Land Court; and (b) the Developer or the Board may deliver any Owner's duplicate certificate covering any apartment to any first mortgagee of such apartment which may require that it have possession of the Owner's duplicate certificate, on condition that such mortgagee shall promptly surrender such Owner's duplicate certificate to the Developer or the Board, without further instruction or authorization from the Owner, if presentation of such Owner's duplicate certificate shall be required by the Developer or the Board of Directors in order to permit amendment to the Declaration, the By-Laws, or the Condominium Map, the designation of any easement, the filing of any grant of easement, or the filing of any other instrument authorized hereunder, or to the apartment deed to the Owner's apartment; and (c) the Developer or the Board, without further authorization from the Owner, or any mortgagee, may (and shall at the request of the Developer) present such Owner's duplicate certificate of title to the Land Court whenever it may be appropriate to note thereon the filing of an amendment to the Declaration, the By-Laws, or the Condominium Map, or any designation or grant of easement authorized hereunder, or under the Apartment Deed to the Owner's apartment or the filing of any other document incident to the exercise of any right reserved to the Developer hereunder or under any such document.

Each and every Owner or other person and entity acquiring an interest in the Condominium, by such acquisition, consents to the reserved rights of Developer and consents to such changes in the Condominium and further consents to such amendment or amendments of the Declaration, the By-Laws and the Condominium Map to effect the same and agrees to execute such documents and to do such other things as may be necessary or convenient to effect the same and appoints the Developer, with right of substitution, as his or her attorney-in-fact to execute such documents and do such things on his or her behalf, which grant of such power being coupled with an interest, is irrevocable until December 31, 1992, and as such shall not be affected by disability or death of such party. Each and every person also acknowledges and accepts that construction may continue on the Land after he or she has taken occupancy in the Condominium, that such activities may result in noise, dust or other annoyances to him or her, and waives any rights, claims, or actions he or she may acquire against the Developer, its contractors or its respective agents, as a result of such activities. The rights reserved by the Developer shall inure to the benefit of the Developer, and its successor and the assigns

of such rights; and without limiting the generality thereof, such rights shall inure to the benefit of the Declarant's mortgage lender(s) for the Condominium and to any successor or assign of every such lender, and to any person acquiring any portion of the Condominium the course of any foreclosure or other legal proceedings or in the exercise of mortgage remedies by assignment in lieu of foreclosure.

## 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 June 12, 1987, and identifies Guardian Escrow Services, Inc. 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 of 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 is not binding on either the Developer or a buyer. Under what conditions the Contract becomes binding on a buyer, and a buyer's right to cancel the Contract, are stated on page 19 of this Report. 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 Escrow receives a written request from Developer to return to buyer the funds of such buyer then held by Escrow.

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 obtained 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 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 Seller; (7) provide that a buyer is not getting any warranties from the Developer; (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 changes in the Condominium and the Developer's reserved rights as discussed in Exhibit F, 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 certificate" for his or her apartment and to have such documents noted thereon.

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

## EXHIBIT H

### 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.