



**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

MAWAENA KAI, THE LANDING...O HAWAII KAI, PHASE II
7007 Hawaii Kai Drive
Honolulu, Hawaii 96825

Registration No. 1927

Issued: April 8, 1988
Expires: May 8, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 5, 1988 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:** 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.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
 - Supersedes all prior public reports
 - Must be read together with _____
- SUPPLEMENTARY:** Updates information contained in the
(pink)
 - 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.

There were no previous public reports issued on this project.

MAWAENA KAI, PHASE II, containing 36 apartment units, is the second phase of a proposed three-phase development. Phase I, containing 32 units, is in existence, and Phase III is planned for additional 36 units.

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	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
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: DEVELOPER'S (SELLER'S) RIGHT TO MODIFY THE DECLARATION, ETC.	
EXHIBIT B: RENT SCHEDULE	
EXHIBIT C: RESTRICTIONS CONCERNING PETS	
EXHIBIT D: BOUNDARIES OF EACH APARTMENT	
EXHIBIT E: DESCRIPTION OF THE COMMON ELEMENTS	
EXHIBIT F: DESCRIPTION OF LIMITED COMMON ELEMENTS	
EXHIBIT G: COMMON INTERESTS FOR EACH APARTMENT	
EXHIBIT H: ENCUMBRANCES AGAINST TITLE	
EXHIBIT I: ESTIMATE OF INITIAL MAINTENANCE FEES & ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS	
EXHIBIT J: DEVELOPER'S LIMITED WARRANTY	
EXHIBIT K: MERGER OF PHASES - CHANGE IN OWNERSHIP IN COMMON ELEMENTS	
EXHIBIT L: SUMMARY OF SALES CONTRACT	
EXHIBIT M: SUMMARY OF ESCROW AGREEMENT	

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 leasehold interest in an individual apartment and undivided leasehold interest in the common elements of the project.

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>
<u>A-1</u>	<u>8</u>	<u>3/2</u>	<u>1296</u>	<u>140</u>
<u>A-2</u>	<u>8</u>	<u>3/2</u>	<u>1296</u>	<u>131</u>
<u>B-1</u>	<u>8</u>	<u>2/2</u>	<u>1012</u>	<u>68</u>
<u>B-2</u>	<u>8</u>	<u>2/2</u>	<u>1146</u>	<u>64</u>
<u>C-1</u>	<u>2</u>	<u>3/2</u>	<u>1234</u>	<u>97</u>
<u>C-2</u>	<u>2</u>	<u>3/2</u>	<u>1406</u>	<u>87</u>

Total Apartments: 36

*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>72</u>
Guest Stalls	<u>11</u>
Unassigned Stalls	<u> </u>
Extra Stalls Available for Purchase	<u>16</u>
Other: _____	<u> </u>
Total Parking Stalls	<u>99</u>

7. Recreational amenities:

There are two (2) unimproved boat mooring areas that are designated common elements that can be improved by the Association of Apartment Owners for the mooring of two boats.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: KAISER HAWAII KAI DEVELOPMENT CO. Phone: 395-2331
Name (Business)
6600 Kalaniana'ole Highway
Business Address
Honolulu, Hawaii 96825

Names of officers or general partners of developers who are corporations or partnerships:
SEE ATTACHMENT "1"

Real Estate Sales Agent: KAISER REAL ESTATE SERVICES, INC., dba Phone: 395-5655
Name Pacific Homes (Business)
The Hawaii Kai Corporate Plaza
Business Address
6600 Kalaniana'ole Highway
Honolulu, Hawaii 96825

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

Managing Agent: CERTIFIED MANAGEMENT Phone: 836-0911
Name (Business)
3179 Koapaka Street
Business Address
Honolulu, Hawaii 96819

Attorney for Developer: DAMON KEY CHAR & BOCKEN (CHARLES W. KEY)
Name
1600 Pauahi Tower, 1001 Bishop Street
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 21783 Page 357
 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. 1113
 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 21783 Page 403
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

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

The House Rules for this condominium are:

Proposed Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-	<u>Board of Directors</u>

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

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

SEE EXHIBIT A

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

Exhibit --- contains further explanations.

Term of lease will be in excess of 50 years. The lease
Lease Term Expires: rent is fixed for the first 30 to 32 years from the date
Rent Renegotiation Date(s): of issuance of Phase I leases by Bishop Estate with
a step-up of rent at 10 to 12 years and 20 to 22 years from date of issuance, and the
rent is renegotiated after 30 to 32 years from date of issuance of the lease.

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

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

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

Exhibit ----- contains further explanations.

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

- Other: This is a leasehold project, and at the end of the term of the Apartment Lease the Lessor (fee property owner) shall own all buildings and other improvements, and the apartment owner is required to deliver over possession of same to the Lessor.

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: 7007 Hawaii Kai Drive Tax Map Key: 3-9-08: por 13
Honolulu, Hawaii 96825 (TMK)

[] Address [X] TMK is expected to change because each apartment will be given
a tax key.

Land Area: 127,267 [X] square feet [] acre(s) Zoning: A-1

Fee Owner: TRUSTEES OF THE ESTATE OF BERNICE PAUHI BISHOP
name
567 South King Street, Suite 200
address
Honolulu, Hawaii 96813

Sublessor: None
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: 4 Floors Per Building: 2

[] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[X] Concrete [] Hollow Tile [X] Wood

[] Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[] Commercial	_____	[] Industrial	_____
[X] Residential	<u>36</u>	[] Agricultural	_____
[] Timeshare/Hotel	_____	[] Recreational	_____
[] Other:	_____		_____

5. Special Use Restrictions:

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

- Pets: SEE EXHIBIT C
- Number of Occupants: _____
- Other: There are special use restrictions in the Bylaws.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 36

Elevators _____ Stairways _____ Trash Chutes _____

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>A-1</u>	<u>8</u>	<u>3/2</u>	<u>1296</u>	<u>140</u>
<u>A-2</u>	<u>8</u>	<u>3/2</u>	<u>1296</u>	<u>131</u>
<u>B-1</u>	<u>8</u>	<u>2/2</u>	<u>1012</u>	<u>68</u>
<u>B-2</u>	<u>8</u>	<u>2/2</u>	<u>1146</u>	<u>64</u>
<u>C-1</u>	<u>2</u>	<u>3/2</u>	<u>1234</u>	<u>97</u>
<u>C-2</u>	<u>2</u>	<u>3/2</u>	<u>1406</u>	<u>87</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 D

Permitted Alterations to Apartments:

Any nonmaterial structural alterations or additions within an apartment or within or to a limited common element appurtenant to or for the exclusive use of such apartment shall require only the prior written approval of Bishop Estate, the Board of Directors of the Association, the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a set of floor plans of the Project so altered.

7. Parking Stalls:

Total Parking Stalls: 99

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>36</u>	<u>36</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>72</u>
Guest Unassigned	<u> </u>	<u>11</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>11</u>
Extra Available for Purchase	<u> </u>	<u>16</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>16</u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>99</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Storage Area
- Laundry Area
- Trash Chute
- Other: _____

There are no recreational facilities except for two unimproved boat mooring areas that are common elements that may be improved by the Association of Apartment Owners.

9. Present Condition of Improvements

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

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

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

10. Conformance to Present Zoning Code

a. [X] 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 E 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 F

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 G describes the common interests for each apartment.

as follows:

NOTE: Please refer to EXHIBIT K, which sets forth the adjustment in the ownership of the common elements in the event of a merger with Phases I and/or III.

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

Exhibit H describes the encumbrances against the title contained in the title report dated March 7, 1988.

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 If Developer Defaults</u>
Mortgage	Buyer's interest could be terminated if Developer were to default.

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 I contains a schedule of maintenance fees and maintenance fee disbursements.

NOTE: A merger will not materially affect the maintenance fees.

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 type="checkbox"/> Water & Sewer |
| <input checked="" type="checkbox"/> Other <u>Water</u> | |

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 J

2. Appliances:

The Developer's Limited Warranty does not cover appliances, fixtures, carpeting or other consumer items installed in the home, and the only warranty, if any, is the warranty of the manufacturer.

J. Status of Construction and Estimated Completion Date:

Construction started on November 25, 1987, and barring unforeseen circumstances, is expected to be completed by August 1, 1988.

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:

It is intended that the total development will consist of three (3) projects. A Final Public Report was issued on Phase I on December 18, 1987. This Project is Phase II, and the Developer has reserved the right to develop and build Phase III consisting of additional residential units but is not required to do so. Each phase is on a separate parcel of land, and a merger of the various phases is not required. Although not required, the Developer intends for the three projects to be merged. All three Projects are substantially of the same design and quality. Phase I has 32 apartments and Phases II and III each will have 36 apartments. If Phases I and II are merged, the merged project will consist of 68 apartments, and if the additional Phase III is built and merged with Phases I and II, then the merged project will consist of 104 apartments.

See EXHIBIT K for additional information.

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 L contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated January 28, 1988.

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

None

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 MARINA DECLARATION OF PROTECTIVE PROVISIONS

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.

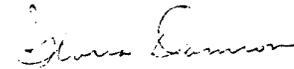
This Public Report is a part of Registration No. 1927 filed with the Real Estate Commission on March 28, 1988.

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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.



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

KAISER HAWAII KAI DEVELOPMENT CO.
(DEVELOPER)

NAMES OF OFFICERS OF DEVELOPER

<u>Officers</u>	<u>Office Held</u>
R. S. Dumper	President
E. M. Quinnan	Vice President and Chief Financial Officer
D. L. Perry	Vice President
J. A. Moore	Vice President and Secretary
C. M. Hines	Vice President and Controller
J. G. Churchill	Treasurer
R. Hambly	Assistant Treasurer
L. P. Helmreich	Assistant Secretary
G. V. Rogers	Assistant Secretary
R. G. Garavaglia	Assistant Secretary

ATTACHMENT "1"

0410E
1/15/88

DEVELOPER'S (SELLER'S) RIGHT TO
MODIFY THE DECLARATION, ETC.

Seller reserves the right to modify the Declaration, By-Laws, Apartment Lease, and the Marina Declaration and other documents, provided that no such modification shall:

- (a) Increase the Buyer's share of common expense;
- (b) Increase the purchase price for the Property covered hereby; or
- (c) Reduce the obligations of the Seller for common expenses on unsold apartments.

The Seller further reserves the right to make changes to the plans and specifications for the Project, to the site plan, the grading, the apartments, and the common and limited common elements, but if any such changes are made which shall directly, substantially and adversely affect the use or value of (1) the Buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use, then, and in any such event, Buyer shall have the right to terminate this Agreement and receive back all of Buyer's funds without interest and less escrow cancellation fees and other costs, and both parties shall be released of all obligations and liabilities hereunder.

The provisions of Paragraphs 21 and 22 of the Declaration of Horizontal Property Regime contain certain reservations and rights in favor of the Developer and Bishop Estate, as follows:

"21. Disclosures and Reservations Concerning Further Development. Notwithstanding any of the other terms and conditions of this Declaration or the By-Laws, Developer may use any and all apartments for sales purposes, and Developer hereby discloses that Developer intends on constructing and selling additional housing on lands adjoining the Project, and that the construction activity of Developer may continue on the site of the Project and on adjacent land after apartment owners occupy their apartments and that this activity may result in noise, dust or other annoyances to the apartment owners, and Developer further hereby makes the following disclosures and reservations:

- (a) Developer and the Trustees reserve the right for themselves and their employees, subcontractors,

vendors and suppliers to use the common elements for access to construction areas within the Project and on adjacent land;

(b) Developer reserves the right to conduct sales activities, including the use of model dwelling units, signs and extensive sales displays and activities in the Project until Developer ceases development of and completes the sales program for additional housing in the vicinity of the Project; and

(c) Developer reserves the right for itself, its representatives and prospective purchasers to utilize the common elements for (1) ingress and egress to model apartments and unsold apartments in order to show the apartments and the common elements to prospective buyers in the Project and additional housing in the vicinity of the Project and (2) sales promotional activities related to the Project and additional housing in the vicinity of the Project.

All the rights hereinabove reserved unto the Developer and the Trustees in this Section 21 shall terminate and end ten (10) years from the date of recordation of this instrument, unless extended in writing by the Trustees."

"22. Reservations Concerning Parking Stalls and Boat Mooring Areas and Cancellation of Easements. Notwithstanding any of the other provisions of this Declaration, Trustees and Developer reserve the right to amend this Declaration and said Condo Map from time to time prior to December 31, 1995, without the consent or joinder of the apartment owners: to remove all improvements consisting of and within the land areas designated as uncovered parking stalls U43 and U44 and to delete said area as parking stalls and to make said land areas a common element as part of the common elements consisting of grounds and landscape same in accordance with the surrounding area; to declare specific parking stalls and specific boat mooring areas to be part of the common elements; and to cancel the roadway easement over and across Parcels A and C when said parcels are dedicated to the City and County of Honolulu; and to modify the legal description of Easement A in that same is approximate and is subject to change.

This Section 22 cannot be amended without the written consent of Trustees and Developer."

RENT SCHEDULE

The annual rent payable for each apartment, net over and above all taxes, assessments and other charges hereunder, is as follows:

	<u>2 BEDROOM</u>	<u>3 BEDROOM</u>
(a) First 10-12 years	\$ 791.00	\$ 850.00
(b) Next 10 years	\$1,385.00	\$1,490.00
(c) Next 10 years	\$2,425.00	\$2,605.00

provided, however, that the annual rents for the periods set forth in paragraphs (b) and (c) above represent the maximum rent for such periods. The actual annual rent for each of the periods shall be equal to the lesser of:

(i) the annual rent listed for each of the periods, or

(ii) the annual rent for the preceding period increased in the same proportion as the Consumer Price Index (CPI) established by the United States Department of Labor for all items, all urban consumers in Honolulu, Hawaii (or if not published, the most nearly comparable index) most recently published prior to the adjustment date, as hereinafter defined, exceeds the CPI for the month which is one hundred twenty (120) months prior to the adjustment date. As used in this paragraph, the adjustment date is the date on which the period of the term in question commences. In no event shall the annual rent for the period be less than the annual rent for the preceding year.

(d) For and during the next fifteen (15) year period and the remaining period of said term such annual rent as shall be determined by written agreement of Lessor and Lessee or, if they fail to reach such agreement at least 90 days before the commencement of such period, as shall be equal to Lessee's proportionate share (as established for said apartment by the Declaration) of seven percent (7%) of the then fair market value of said land comprising the whole site of the project or equal to Lessee's said proportionate share of the then current fair market rental value of said land, in either case exclusive of any buildings thereon and considering the nature and extent of approved development thereof, as determined by appraisal as hereinafter provided, whichever is greater.

RESTRICTIONS CONCERNING PETS

(n) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on a short leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent.

BOUNDARIES OF EACH APARTMENT

(2.1) There are hereby established thirty-six (36) freehold estates in the spaces within the perimeter walls, floors and ceilings of the thirty-six (36) apartments in said four (4) buildings. The apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and ceilings surrounding each apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements. Each apartment shall be deemed to include the walls and partitions which are not load-bearing and which are within its perimeter walls; doors and door frames; windows and window frames; the inner decorated or finished surfaces of walls, floors and ceilings adjoining and connected thereto; abutting lanai, all ducts, pipes, wires and conduits which serve only one apartment; and all fixtures originally installed therein.

DESCRIPTION OF THE COMMON ELEMENTS

(3.1) Said land in fee simple.

(3.2) All foundations, floor supports, columns, girders, beams, supports, unfinished floors, unfinished ceilings, unfinished perimeter walls, fences and walls (including courtyard walls) and load-bearing walls, the attic and crawl space in each building, and roofs of the buildings.

(3.3) All yards, grounds and landscaping, marina wall, roads, walkways, loading areas, driveways, refuse facilities, all carports and all parking areas.

(3.4) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

(3.5) An easement upon that portion of Kuapa Pond abutting said land shown as boat mooring areas on said Condo Map, together with any mooring and dock facilities that may be constructed thereon in accordance with provisions of the By-Laws.

(3.6) Any and all apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

DESCRIPTION OF LIMITED COMMON ELEMENTS

(4.1) The stairway and entry area adjoining and abutting to each second story apartment shall be appurtenant to and for the exclusive use of such apartment.

(4.2) The entry area and the area of the courtyard within the perimeter of the courtyard walls and the marina yard area adjoining and abutting to each ground floor apartment shall be appurtenant to and for the exclusive use of such apartment.

(4.3) Each apartment shall have at least two (2) automobile parking spaces appurtenant to and for the exclusive use of such apartment upon the original conveyance thereof, or as may be made appurtenant thereto by subsequent conveyance.

All parking spaces are identified by two letters and a number. The letters are "D", "E" or "F" or "G", and either a "C" if the stall is covered, or a "U" if the stall is uncovered, and this is followed by a number.

The parking space numbers for the parking spaces appurtenant to each apartment are as set forth in Exhibit "G" attached hereto (which is the same as Exhibit "B" attached to the Declaration of Horizontal Property Regime or as may be designated by an amendment to the Declaration). Notwithstanding any provision of the Declaration, apartment owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the Declaration and respective apartment leases, provided that there shall always be at least one (1) parking stall appurtenant to each apartment. The amendment need only be signed and approved by the Trustees and the owners (and their respective mortgagees, if any) of the apartments whose parking stalls are being changed. The amendment shall be effective only upon recording or filing of the same of record with the Bureau of Conveyances.

(4.4) An apartment may have boat mooring areas appurtenant to and for the exclusive use of such apartment upon the original conveyance thereof, or as may be made appurtenant thereto by subsequent conveyance. All boat mooring areas are

identified by a number. The boat mooring area numbers for the boat mooring areas appurtenant to an apartment are as set forth in Exhibit "G" attached hereto (which is the same as Exhibit "B" attached to the Declaration of Horizontal Property Regime or as may be set forth in an amendment to the Declaration). Notwithstanding any provision of the Declaration, apartment owners shall have the right to change the designation of boat mooring areas which are appurtenant to their respective apartments by amendment of the Declaration and respective apartment leases. The amendment need only be signed and approved by the Trustees and the owners (and their respective mortgages if any) of the apartments whose boat mooring areas are being changed. The amendment shall be effective only upon recording or filing of the same of record with the Bureau of Conveyances.

(4.5) All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

COMMON INTERESTS FOR EACH APARTMENT

MAWAENA KAI, THE LANDING...O HAWAII KAI, PHASE II
APARTMENT NUMBER, TYPE, COMMON INTEREST, PARKING,
AND BOAT MOORING AREA DESIGNATIONS OF ALL APARTMENTS

<u>Building Apt. No.</u>	<u>(1) Type</u>	<u>(2) Percentage Common Interest</u>	<u>(3) Parking Stall</u>		<u>(4) Boat Mooring Area</u>
			<u>Covered</u>	<u>Uncovered</u>	
D11	A1R	2.9944	DC1	DU1	
D21	A2R	2.9944	DC2	DU2	
D12	B1R	2.3383	DC3	DU3	
D22	B2R	2.6479	DC4	DU4	
D13	B1	2.3383	DC5	DU5	
D23	B2	2.6479	DC6	DU6	
D14	A1	2.9944	DC7	DU7	
D24	A2	2.9944	DC8	DU8	
E11	A1R	2.9944	EC1	EU1	
E21	A2R	2.9944	EC2	EU2	
E12	B1R	2.3383	EC3	EU3	
E22	B2R	2.6479	EC4	EU4	
E13	B1	2.3383	EC5	EU5	
E23	B2	2.6479	EC6	EU6	
E14	A1	2.9944	EC7	EU7	
E24	A2	2.9944	EC8	EU8	
F11	A1R	2.9944	FC1	FU1	
F21	A2R	2.9944	FC2	FU2	

<u>Building Apt. No.</u>	<u>(1) Type</u>	<u>(2) Percentage Common Interest</u>	<u>(3) Parking Stall Covered Uncovered</u>		<u>(4) Boat Mooring Area</u>
F12	B1R	2.3383	FC3	FU3	
F22	B2R	2.6479	FC4	FU4 and U18 to U22, U29 to U34, U38 to U40, U43 and U44	23 to 46
F13	C1R	2.8513	FC5	FU5	
F23	C2R	3.2487	FC6	FU6	
F14	C1	2.8513	FC7	FU7	
F24	C2	3.2487	FC8	FU8	
F15	B1	2.3383	FC9	FU9	
F25	B2	2.6479	FC10	FU10	
F16	A1	2.9944	FC11	FU11	
F26	A2	2.9944	FC12	FU12	
G11	A1R	2.9944	GC1	GU1	
G21	A2R	2.9944	GC2	GU2	
G12	B1R	2.3383	GC3	GU3	
G22	B2R	2.6479	GC4	GU4	
G13	B1	2.3383	GC5	GU5	
G23	B2	2.6479	GC6	GU6	
G14	A1	2.9944	GC7	GU7	
G24	A2	2.9944	GC8	GUB	

Notes:

- (1) Where an "R" is set forth in the column entitled "Type", this reflects that the floor plan of the particular apartment is a mirror image of the type of designated apartment.
- (2) The common interest was determined by dividing the approximate net living floor area of an apartment by the aggregate floor area of all apartments, with minor adjustments to bring the total percentage to 100%.
- (3) Other automobile parking spaces: U23 through U28, U35 through U37, and U41 and U42 are designated as guest spaces; and U18 through U22, U29 through U34, U38 through U40, U43 and U44 shall be available for purchase.
- (4) Boat mooring areas 22 and 47 are common elements. All other boat mooring areas shall be available for purchase and may become limited common elements.
- (5) The uncovered parking stalls attached to Apartment No. F22 are as follows: FU4 and U18 through U22, U29 through U34, U38 through U40, and U43 and U44.
- (6) The boat moorings attached to Apartment No. F22 are as follows: 23 through 46.

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Easement 2 (15 feet wide) for drainage purposes, along the easterly boundary of said Lot 3 and along portion of the southwesterly boundary of Lot 4, as shown on File Plan 1910.

3. Declaration of Protective Provisions (herein called the "Marina Declaration"), dated March 31, 1988, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 21783, Page 342, as heretofore amended and as may hereafter be amended from time to time.

SUBJECT ALSO, to, and excepting and reserving unto the Trustees all rights-of-way and easements shown on the map (if any) attached hereto or shown on said Condominium Map or heretofore or hereafter granted, leased or required by the Trustees to construct, install, operate, maintain, repair and replace lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, radio and television signal distribution and other services and utilities over, across and under said easements according to the respective designations thereof, the right to enter for such purposes, and to trim any trees in the way of such lines and the right to grant or lease to any public utility, governmental authority, the Association, State of Hawaii, City and County of Honolulu, Board of Water Supply, or in favor of land in the general vicinity of the land being hereby submitted to the Horizontal Property Regime, or other corporation or entity such easements, rights and rights-of-way under the terms and conditions required by the grantee or lessee for such easement rights; provided, however, that such easements, rights and rights-of-way must be exercised in such manner as to not unreasonably interfere with the use of the land being hereby submitted to the Horizontal Property Regime, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements, rights and rights-of-way, the premises shall be promptly restored by and at the expense of the person owning and exercising such easement rights to the condition of the premises immediately prior to the exercise thereof.

SUBJECT ALSO, to and excepting and reserving unto the Trustees, as an appurtenance to the adjoining land that is being developed or that may be developed in the future, utility easements and rights-of-way easements for vehicular and pedestrian ingress and egress to and from said adjoining land under, over and across all easement areas of record or as may hereafter be established and further under, over and across the roadways and roadway areas and over and across areas through the parking areas as approximately shown on said Condominium Map.

4. For real property taxes due and payable, reference is made to Director of Finance, City and County of Honolulu.

5. Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and Condominium Map as noted on page 7 of this public report.

ESTIMATE OF INITIAL MAINTENANCE FEES AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

AOAO Mawaena Kai, The Landing . . . O Hawaii Kai, Phase 2

Estimate of Initial Maintenance Fees:

<u>Apartment</u> <u>BLDG/APT. NO.</u>	<u>% COMMON</u> <u>INTEREST</u>	<u>Monthly Fee x 12 mos = Yearly Total</u>	
D11	2.9944	\$ 116.79	\$ 1,401.48
D21	2.9944	116.79	1,401.48
D12	2.3383	91.21	1,094.52
D22	2.6479	103.27	1,239.24
D13	2.3383	91.21	1,094.52
D23	2.6479	103.27	1,239.24
D14	2.9944	116.79	1,401.48
D24	2.9944	116.79	1,401.48
E11	2.9944	116.79	1,401.48
E21	2.9944	116.79	1,401.48
E12	2.3383	91.21	1,094.52
E22	2.6479	103.27	1,239.24
E13	2.3383	91.21	1,094.52
E23	2.6479	103.27	1,239.24
E14	2.9944	116.79	1,401.48
E24	2.9944	116.79	1,401.48
F11	2.9944	116.79	1,401.48
F21	2.9944	116.79	1,401.48
F12	2.3383	91.21	1,094.52
F22	2.6479	103.27	1,239.24
F13	2.8513	111.20	1,334.40
F23	3.2487	126.71	1,520.52
F14	2.8513	111.20	1,334.40
F24	3.2487	126.71	1,520.52
F15	2.3383	91.21	1,094.52
F25	2.6479	103.27	1,239.24
F16	2.9944	116.79	1,401.48
F26	2.9944	116.79	1,401.48
G11	2.9944	116.79	1,401.48
G21	2.9944	116.79	1,401.48
G12	2.3383	91.21	1,094.52
G22	2.6479	103.27	1,239.24
G13	2.3383	91.21	1,094.52
G23	2.6479	103.27	1,239.24
G14	2.9944	116.79	1,401.48
G24	2.9944	<u>116.79</u>	<u>1,401.48</u>

\$3,900.30 \$46,803.60

[X] New on February 16, 1988

[] 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 Service

Air Conditioning	None	
Electricity		
<input checked="" type="checkbox"/> common elements only	\$ 226	\$ 2,712
<input type="checkbox"/> common elements and apartments		
Gas	None	
Refuse Collection	257	3,084
Telephone	40	480
Water	631	7,572

Maintenance, Repairs and Supplies

Building	90	1,080
Grounds	692	8,304

Management, Repairs and Supplies

Management Fee	329	3,948
Payroll and Payroll Taxes	788	9,456
Office Expenses	25	300

Insurance	484	5,808
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Reserves	253.30	3,039.60
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Taxes and Government Assessments	5	60
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Audit Fees	80	960
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Other

TOTAL	3,900.30	46,803.60
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I/We, CERTIFIED MANAGEMENT, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles and converted to cash basis for this presentation. While not guaranteed, the information contained herein is based on data currently available to us.

CERTIFIED MANAGEMENT
Agent for MAWAENA KAI, PHASE 2

by: Robert F. Paris CPM

New Revised

Date: February 16, 1988

CM 9/1/871

DEVELOPER'S LIMITED WARRANTY

Developer agrees to repair or cause to be repaired at no cost to the apartment owners, any defects in the buildings or any other improvements on or to the Property due to faulty materials and/or workmanship which are discovered within one (1) year after the date of completion, as the term "Date of Completion" is defined in § 507-43 of the Hawaii Revised Statutes, as amended. This warranty covers only the buildings and other improvements developed by Developer on the Property. Developer agrees that, to the extent legally possible, the apartment owners may enforce any warranties from suppliers of appliances or carpets or from contractors against the applicable suppliers or contractors, and the apartment owners agree and acknowledge that Developer shall have no obligation or responsibility in connection with any such warranties of others.

NO OTHER WARRANTIES. OTHER THAN AS STATED ABOVE, THE APARTMENT OWNERS ACKNOWLEDGE AND AGREE THAT NEITHER THE DEVELOPER NOR THE TRUSTEES OF BISHOP ESTATE HAVE MADE ANY EXPRESS WARRANTIES OF ANY KIND AND THAT DEVELOPER AND SAID TRUSTEES HEREBY EXPRESSLY DISAVOW AND EXCLUDE ANY IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS AND/OR HABITABILITY.

No Consequential Damages, and Limitation on Recoveries. The apartment owners waive any claim against Developer or the Trustees for consequential damages, including any claims for emotional distress or loss of use of the buildings or any other improvements on or to the Property, and agree that the Trustees shall have no obligation in connection with the buildings or any other improvements on or to the Property and that the warranty excludes consequential damages and is limited solely to the cost of repair or replacement.

Limited Time for Filing Suit. Developer and the apartment owners agree that any suit concerning or relating to the construction of the buildings or any other improvement on or to the Property must be filed no later than two (2) years from the date of completion of the buildings, as the date of completion is defined in Section 507-43 of the Hawaii Revised Statutes, as amended, or be forever barred.

MERGER OF PHASES

Mawaena Kai, The Landing...O Hawaii Kai, Phase I, is an adjoining condominium project established by that certain Declaration of Horizontal Property Regime dated October 23, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 21387, Page 200, and is hereinafter referred to as the "Phase I Project".

One or more condominium projects adjacent to the Project and which are part of the same incremental plan of development, may be merged together with the Project from time to time so as to permit the joint use of the common elements of the projects by all the owners of the apartments in the merged projects. The merger documents shall provide for a single association of apartment owners and board of directors for the merged projects and for sharing of the common expenses of the projects among all the owners of the apartments in the merged projects. The first page of the Condo Map shows the development of the Phase I Project, this Project (Phase II), and also shows the proposed development of Phase III. Developer may but is not required to develop Phase III and Developer may, but is not required to, merge Phase I and/or Phase III with this Project.

Each and every conveyance, lease and mortgage or other lien given for or on any apartment created by the Declaration and all common interests and other appurtenances thereto shall be subject to the merger provisions herein set forth, even though not expressly mentioned in such conveyance or other instrument.

NOTE: The undivided percentage interest in the common elements will change upon a merger of the project with other project(s) in accordance with the provisions of the Declaration of Horizontal Property Regime.

CHANGE IN OWNERSHIP IN COMMON ELEMENTS

With respect to the apartments within this Project (Phase II), Column 1 reflects the ownership in the common elements without any merger and Column 2 reflects the ownership in the common elements assuming a merger of Phases I and II,

and Column 3 reflects the ownership in the common elements assuming a merger of Phases I, II and III:

<u>APT NO.</u>	(1) <u>No Merger</u>	(2) <u>Merger of I and II</u>	(3) <u>Merger of I, II and III</u>
D11	2.9944	1.57400	1.03170
D21	2.9944	1.57400	1.03170
D12	2.3383	1.22890	0.80550
D22	2.6479	1.39170	0.91230
D13	2.3383	1.22890	0.80550
D23	2.6479	1.39170	0.91230
D14	2.9944	1.57400	1.03170
D24	2.9944	1.57400	1.03170
E11	2.9944	1.57400	1.03170
E21	2.9944	1.57400	1.03170
E12	2.3383	1.22890	0.80550
E22	2.6479	1.39170	0.91230
E13	2.3383	1.22890	0.80550
E23	2.6479	1.39170	0.91230
E14	2.9944	1.57400	1.03170
E24	2.9944	1.57400	1.03170
F11	2.9944	1.57400	1.03170
F21	2.9944	1.57400	1.03170
F12	2.3383	1.22890	0.80550
F22	2.6479	1.39170	0.91230
F13	2.8513	1.49890	0.98240
F23	3.2487	1.70770	1.11930
F14	2.8513	1.49890	0.98240
F24	3.2487	1.70770	1.11930
F15	2.3383	1.22890	0.80550
F25	2.6479	1.39170	0.91230
F16	2.9944	1.57400	1.03170
F26	2.9944	1.57400	1.03170
G11	2.9944	1.57400	1.03170
G21	2.9944	1.57400	1.03170
G12	2.3383	1.22890	0.80550
G22	2.6479	1.39170	0.91230
G13	2.3383	1.22890	0.80550
G23	2.6479	1.39170	0.91230
G14	2.9944	1.57400	1.03170
G24	2.9944	1.57400	1.03170

SUMMARY OF SALES CONTRACT

1. The sales agreement contains the price and other terms and conditions under which a buyer will agree to buy an apartment in the project.

2. The contract provides for the buyer to get a copy of certain legal documents that buyer should closely examine.

3. The contract provides for severe penalties if buyer fails to comply with the terms and conditions of the contract.

4. The purchaser must complete the sale and purchase of the apartment by a certain date and pay closing costs, in addition to the purchase price.

5. The purchaser's money will be held in escrow under the terms of the Escrow Agreement for the project.

6. The purchase agreement and the rights of the buyer under the purchase agreement is subordinate to the lien of mortgages on the property.

7. The project will be subject to ongoing construction and sales activities which will result in certain annoyances to the buyer.

8. The Developer is making no warranties or representations in connection with the sale of any of the apartments, except for its written limited warranty.

This is merely a highlighted summary of certain of the terms and conditions of the sales contract, and any buyer should review all the terms and conditions of the sales agreement before signing.

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the payments which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

(a) Escrow will let purchasers know when payments are due.

(b) Purchasers' funds are to be used to pay for the direct and indirect cost of construction of the improvements of the Project and for other incidental expenses.

(c) Escrow will arrange for purchasers to sign all necessary documents.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.