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

CONDOMINIUM PUBLIC REPORT

on

MILILANI PARKWAY - PHASE I
MILILANI TOWN, OAHU, HAWAII

Registration No. 1933

Issued: March 31, 1989
Expires: April 30, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 15, 1989, 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.

X **FINAL:** *(white)* The developer has legally created a condominium and has filed complete information with the Commission.

[ ] No prior reports have been issued
[X] Supersedes all prior public reports
[ ] Must be read together with _____

____ **SUPPLEMENTARY:** *(pink)* Updates information contained in the

[ ] Prelim. Public Report dated _____
[ ] Final Public Report dated _____
[ ] Supp. Public Report dated _____

And [ ] Supersedes all prior public reports
[ ] Must be read together with _____

[ ] This report reactivates the _____ public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

1. Since issuance of the Preliminary Public Report on the Project on May 12, 1988, the following changes have occurred:

   a. The apartment floor plans in Buildings 1 to 13, formerly apartment Types 1, 2, 3 and 4, have been modified and now are identified by newly designated apartment Types 5, 6, 7 and 8 in the revised Condominium Map and the revised Exhibits A and E.

   b. The documents have been modified to incorporate statutory changes to the Condominium Property Act that resulted from the 1988 Hawaii legislative session.

   c. Forms of the Apartment Deed and the Owner-Occupant Affidavit have been modified.

   d. The Public Report and forms of the Owner-Occupant Affidavit and the Deposit Receipt, Reservation and Sales Agreement have been modified to reflect the current median income limits by family size for the Project.

   e. The Public Report has been modified to include a "Special Attention" section that discloses certain restrictions on the transfer and use of apartments in the Project.

   f. The Declaration of Condominium Property Regime, the By-Laws of the Association of Apartment Owners and the revised Condominium Map have been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

   g. A First Amendment of the Declaration of Condominium Property Regime was filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

   h. The Rules and Regulations have been adopted.

   i. Construction of the Project was completed in February 1989.

j. The list of Encumbrances Against Title (Exhibit F) reflects the information contained in the Status Title Report dated February 7, 1989, issued by Title Guaranty of Hawaii, Incorporated, together with information provided by the Developer. The encumbrances include the restrictions set forth in that certain Declaration of Covenants, Conditions and Restrictions for Mililani Town dated April 19, 1968, filed as Document No. 441561, recorded in Liber 6030 at Page 37, as amended from time to time.

SPECIAL ATTENTION:

The Developer has disclosed the following:

1. The apartments in the Project have certain restrictions on transfer and use for a period of 10 years after the purchase. Buyers of apartments in this Project should be aware of such restrictions in the Apartment Deed, which are more particularly described on page 18 of this Public Report and in the "Specimen Apartment Deed" filed at the Developer's Sales Office.

2. The apartments in this Project must be occupied by the Buyer at all times for a period of 10 years after the purchase, and the Buyer shall not rent the apartment to any other person.

3. If, during the 10-year period after the purchase, the Buyer desires to transfer or lease the apartment or violates the covenant requiring the Buyer to occupy the apartment, the City and County of Honolulu (acting through its Department of Housing and Community Development) shall have a first option to purchase the apartment at a designated price.

The prospective Buyer is cautioned to carefully review this Public Report, the Preliminary Report issued as of May 12, 1988 and the documents filed at the Developer's Sales Office in connection with the Project for further information in connection with the foregoing.

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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 the apartment and its appurtenant undivided common interest in the common elements will be conveyed to the Buyer by an apartment deed.

Type of Project:

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

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

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

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description SEE EXHIBIT A

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio

Total Apartments: 56

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

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

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	112
Guest Stalls	9
Unassigned Stalls	
Extra Stalls Available for Purchase	
Other: _____	
Total Parking Stalls	121

7. Recreational amenities:

A tot lot.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Mililani Town, Inc. — Phone: 548-4811 (Business)
Name
650 Iwilei Road, P. O. Box 2780
Business Address
Honolulu, Hawaii 96803

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

Wallace Miyahira	- President
Stanley Lee	- Vice President/Secretary/Treasurer
James R. Steinwascher	- Vice President
Stephen H. Miller	- Vice President
Beverly Garcia	- Controller
Leslie Yonamine	- Assistant Controller
Susan Grimes	- Assistant Secretary

Real Estate Sales Agent: Developer — Phone: _____ (Business)
Name

Business Address

Escrow: Title Guaranty Escrow Services, Inc. — Phone: 521-0211 (Business)
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: Chaney, Brooks & Company — Phone: 544-1600 (Business)
Name
606 Coral Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Goodsill Anderson Quinn & Stifel
(Gail O. Ayabe)
Name
130 Merchant Street, 16th Floor
Business Address
Honolulu, Hawaii 96813

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

A. Declaration of ~~Horizontal~~ Condominium 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 _____
[X] Filed – Land Court – Document Number 1611320

Amendment date(s) and recording/filing information:
First Amendment of Declaration of Condominium Property Regime dated February 17, 1989, filed as Document No. 1614817.

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. _____
[X] Filed – Land Court Condo Map No. 696

Amendment date(s) and recording/filing information:
Condominium Map No. 696 was revised by First Amendment of Declaration of Condominium Property Regime dated February 17, 1989, filed as Document No. 1614817.

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 _____
[X] Filed – Land Court – Document Number 1611321

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 [X] Adopted

[ ] *Developer does not plan to adopt house rules.*

E. Changes to Condominium Documents

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	–	Majority of the Board of Directors

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

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

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project, or by any governmental agency of any other jurisdiction; (c) to file the "as built" verified statement required by Section 514A-12, HRS; (d) at any time to effect the changes provided in Section S of the Declaration, including the right to merge the Project with "Phase II", "Phase III" and/or "Phase IV" (as said terms are defined in the Declaration).

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

[ ] Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

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

Exhibit _____ contains further explanations.

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

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

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

Exhibit _____ contains further explanations.

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

[ ] Other:

For Subleaseholds:

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

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

B. Underlying Land:

Address: Meheula Parkway, Mililani Town
Oahu, Hawaii

Tax Map Key: 1st Division: 9-4-5:40 (portion)
(TMK)

[X] Address [X] TMK is expected to change because current address and TMK have not yet been assigned.

Land Area: 3.512 [ ] square feet [X] acre(s)

Zoning: Preservation, but project is being designed to A-1 zoning requirements in accordance with HRS Chapter 201E (formerly HRS Chapter 359G)

Fee Owner: Mililani Town, Inc.
name
650 Iwilei Road, P. O. Box 2780
address
Honolulu, Hawaii 96803

Sublessor:
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: 14* Floors Per Building: 2

[ ] Exhibit _____ contains further explanations.

*In addition, there is a maintenance building.

3. Principal Construction Material:

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

[X] Other gypsum board, glass and other allied construction materials.

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[X] Residential	56	[ ] 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:

[X] Pets: No animals allowed, except that dogs, cats and other household pets in reasonable number and size (as determined by Board of Directors) may be kept by owners and occupants.

[X] Number of Occupants: No more than 5 persons per two-bedroom apartment.

[X] Other: No waterbeds allowed without written approval of Board of Directors.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 56

Elevators 0 Stairways 2 per building Trash Chutes 0

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

*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 B

Permitted Alterations to Apartments:

SEE EXHIBIT C

7. Parking Stalls:

Total Parking Stalls: 122

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		98		14			112
Guest				9			9
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open		98		23			

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

[X] Other: Tot lot and maintenance building

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

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

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

10. Conformance to Present Zoning Code

a. [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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

   Exhibit D describes the common elements.

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

   [ ] There are no limited common elements in this project.

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

   [ ] described in Exhibit _____

   [X] as follows:

   (a) Each of the parking stalls, other than the parking stalls designated on the Condominium Map as guest parking stalls, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

   (b) Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments.

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

   [X] Exhibit E describes the common interests for each apartment.

   [ ] as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated February 7, 1989 and March 1, 1989.

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.

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

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

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

Type of Lien	Effect on Buyer's Interest If Developer Defaults

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. (NO CHANGE)

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 G/ (DISCLOSURE ABSTRACT) contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

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

[ ] Electricity	[ ] Television Cable
[ ] Gas	[X] Water & Sewer
[ ] Other _____	

I. Construction Warranties:

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

1. Building and Other Improvements:

SEE SECTION 3 OF EXHIBIT G (THE DISCLOSURE ABSTRACT)

2. Appliances:

SEE SECTION 3 OF EXHIBIT G (THE DISCLOSURE ABSTRACT)

J. Status of Construction and Estimated Completion Date:

Construction of the Project was completed on February 1989.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

The Developer, at its option, has the right, but not the obligation, to expand the Project by merging the Project with one or more condominium projects ("Phase II", "Phase III" and/or "Phase IV") located or to be located on lands adjacent to the Project site, consisting of up to 184 additional apartments and common elements appurtenant thereto, and to amend the Declaration to provide for such merger or mergers without obtaining the approval, consent or joinder of any owner, mortgagee or purchaser of any apartment, all as set forth in Section S of the Declaration.

L. Sales Documents Filed with the Real Estate Commission:

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

[X] Notice to Owner Occupants

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

[X] Escrow Agreement dated March 7, 1988

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

[X] Other Owner-Occupant Affidavit

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. MILILANI TOWN COVENANTS: The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for Mililani Town dated April 19, 1968, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 441561, as amended by instrument dated May 22, 1968, filed in said Office as Document No. 445150, and as further amended from time to time (the "Mililani Town Covenants"). The Mililani Town Covenants provide, among other things, that each apartment owner, by virtue of being such an owner, shall be a member of the Mililani Town Association and shall pay assessments to the Mililani Town Association, as set forth in the Mililani Town Covenants.

2. RESTRICTIONS ON TRANSFER OF THE PROPERTY. The transfer of the Property to Buyer will be made subject to (and the Apartment Deed will so provide) certain restrictions on transfer of the Property, including without limitation a first option to purchase the Property in favor of the City and County of Honolulu (acting through its Department of Housing and Community Development), for a period of 10 years, in the event Buyer desires to transfer or lease the Property or violates the covenant requiring Buyer to occupy the Property, as more particularly described in the Apartment Deed, pursuant to Sections 201E-221, 222 and 223 (formerly 359G-9.2, 9.3 and 9.4, respectively) of the Hawaii Revised Statutes.

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 Mililani Town Covenants

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. 1933 filed with the Real Estate Commission on April 5, 1988.

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

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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.

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT A

APARTMENT DESCRIPTION

Apt. Type	Quantity	Bedroom/ Bath	Approx. Net Living Floor Area in Sq. Ft.*
1	2	2/1	762
2	2	2/1	762
5	25	2/1	762
6	25	2/1	762
7	1	2/1	762
8	1	2/1	762

Total Apartments: 56

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

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

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

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

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT D

COMMON ELEMENTS

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

(a) The Land in fee simple;

(b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, corridors, ramps (if any), fences (if any), entrances, entryways and exits of all buildings of the Project;

(c) All walkways, roadways, sidewalks, retaining walls (if any), fences, gates, driveways, parking areas, loading zones, yards, grounds, landscaping, refuse areas, and mailboxes;

(d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);

(e) The ninety-eight (98) regular size, uncovered parking stalls and the twenty-three (23) compact size, uncovered parking stalls [nine (9) of which are designated as guest parking stalls] located in the uncovered parking areas of the Project, all as shown on the Condominium Map;

(f) The tot lot and the Maintenance Building; and

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT E

COMMON INTERESTS AND PARKING STALLS

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Common Interest
1A	5	1	1A-1 & 1A-2	1.78571%
1B	6	1	1B-1 & 1B-2	1.78571%
1C	5	1	1C-1 & 1C-2	1.78571%
1D	6	1	1D-1 & 1D-2	1.78571%
2A	5	2	2A-1c & 2A-2	1.78571%
2B	6	2	2B-1c & 2B-2	1.78571%
2C	5	2	2C-1c & 2C-2	1.78571%
2D	6	2	2D-1c & 2D-2	1.78571%
3A	5	3	3A-1 & 3A-2	1.78571%
3B	6	3	3B-1 & 3B-2	1.78571%
3C	5	3	3C-1 & 3C-2	1.78571%
3D	6	3	3D-1 & 3D-2	1.78571%
4A	5	4	4A-1 & 4A-2	1.78571%
4B	6	4	4B-1 & 4B-2	1.78571%
4C	5	4	4C-1 & 4C-2	1.78571%
4D	6	4	4D-1 & 4D-2	1.78571%
5A	5	5	5A-1 & 5A-2	1.78571%
5B	6	5	5B-1 & 5B-2	1.78571%
5C	5	5	5C-1 & 5C-2	1.78571%
5D	6	5	5D-1 & 5D-2	1.78571%
6A	5	6	6A-1 & 6A-2	1.78571%
6B	6	6	6B-1 & 6B-2	1.78571%
6C	5	6	6C-1 & 6C-2	1.78571%
6D	6	6	6D-1 & 6D-2	1.78571%
7A	5	7	7A-1 & 7A-2	1.78571%
7B	6	7	7B-1 & 7B-2	1.78571%
7C	5	7	7C-1 & 7C-2	1.78571%
7D	6	7	7D-1 & 7D-2	1.78571%
8A	7	8	8A-1 & 8A-2	1.78571%
8B	8	8	8B-1 & 8B-2	1.78571%
8C	5	8	8C-1 & 8C-2	1.78571%
8D	6	8	8D-1 & 8D-2	1.78571%
9A	5	9	9A-1 & 9A-2	1.78572%
9B	6	9	9B-1 & 9B-2	1.78572%
9C	5	9	9C-1 & 9C-2	1.78572%
9D	6	9	9D-1 & 9D-2	1.78572%
10A	5	10	10A-1 & 10A-2	1.78572%

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Common Interest
10B	6	10	10B-1 & 10B-2	1.78572%
10C	5	10	10C-1 & 10C-2	1.78572%
10D	6	10	10D-1 & 10D-2	1.78572%
11A	5	11	11A-1 & 11A-2	1.78572%
11B	6	11	11B-1 & 11B-2	1.78572%
11C	5	11	11C-1 & 11C-2	1.78572%
11D	6	11	11D-1 & 11D-2	1.78572%
12A	5	12	12A-1 & 12A-2c	1.78572%
12B	6	12	12B-1 & 12B-2c	1.78572%
12C	5	12	12C-1 & 12C-2c	1.78572%
12D	6	12	12D-1 & 12D-2c	1.78572%
13A	5	13	13A-1c & 13A-2	1.78572%
13B	6	13	13B-1 & 13B-2c	1.78572%
13C	5	13	13C-1 & 13C-2c	1.78572%
13D	6	13	13D-1 & 13D-2c	1.78572%
14A	1	14	14A-1 & 14A-2	1.78572%
14B	2	14	14B-1c & 14B-2	1.78572%
14C	1	14	14C-1 & 14C-2	1.78572%
14D	2	14	14D-1 & 14D-2c	1.78572%

NOTE: All parking stall numbers ending with the letter "c" are compact size stalls. All other parking stalls are regular size.

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.

2. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Covenants, Conditions and Restrictions for Mililani Town dated April 19, 1968, filed as Document No. 441561, recorded in Liber 6030 at Page 37, as amended by instrument dated May 22, 1968, filed as Document No. 445150, recorded in Liber 6076 at Page 100, as amended by instrument dated January 31, 1989, filed as Document No. 1611319, and as further supplemented and amended.

3. Easement "1538" (10 feet wide) as shown on Maps 417 and 706, as set forth by Land Court Order No. 41036, filed December 3, 1974.

4. Grant to the City and County of Honolulu dated December 13, 1974, filed as Land Court Document No. 718054, granting an easement for drainage purposes over said Easement "1538".

5. Easement "4708" (6 feet wide) for sewer purposes as shown on Map 706, as set forth by Land Court Order No. 88273, filed February 5, 1988.

6. Easement "4709" (6 feet wide) for drainage purposes as shown on Map 706, as set forth by Land Court Order No. 88273, filed February 5, 1988.

7. Easement "4710" (6 feet wide) for access and utility purposes as shown on Map 706, as set forth by Land Court Order No. 88273, filed February 5, 1988.

8. Easement "1928" as shown on Maps 465 and 706, as set forth by Land Court Order No. 45645, filed October 18, 1976.

9. Grant to the City and County of Honolulu dated April 4, 1977, filed as Land Court Document No. 829929, granting an easement for drainage purposes over said Easement "1928".

10. Grant to Hawaiian Electric Company, Inc. dated September 8, 1988, filed as Land Court Document No. 1581912, granting an easement over said Easement "4710".

11. Agreement for Issuance of Conditional Use Permit Under Section 4.40-17 of the Land Use Ordinance (LUO) dated June 4, 1987, recorded in Liber 20918 at Page 274, by Mililani Town, Inc. "Declarant".

12. Agreement Meheula Multi-Family Housing Project dated September 8, 1987, recorded in Liber 21114 at Page 329, by and between the City and County of Honolulu, by and through its Department of Housing and Community Development, and Mililani Town, Inc.

13. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime of Mililani Parkway - Phase I dated January 31, 1989, filed as Document No. 1611320, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 696 filed in said Office of the Assistant Registrar).

14. By-Laws of the Association of Apartment Owners of the Condominium Project known as "Mililani Parkway - Phase I" dated January 31, 1989, filed as Document No. 1611321, as the same may hereafter be amended.

EXHIBIT G

MILILANI PARKWAY - PHASE I

DISCLOSURE ABSTRACT

1. (a) PROJECT: Mililani Parkway - Phase I
Mililani Town, Oahu, Hawaii

(b) DEVELOPER: Mililani Town, Inc.
650 Iwilei Road, P. O. Box 2780
Honolulu, Hawaii 96803
Telephone: (808) 548-4811

(c) PROJECT MANAGER: Chaney, Brooks & Company
606 Coral Street
Honolulu, Hawaii 96813
Telephone: (808) 544-1600

2. USE OF APARTMENTS:

(a) Number of Apartments in Project for Residential Use: 56

(b) Proposed Number of Apartments in Project for Hotel Use: -0-

(c) Extent of Commercial or Other Nonresidential Development in Project: None

3. WARRANTIES:

(a) Developer warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs); provided, however, that said warranty shall in no event be for a period less than one (1) year from the "date of completion" of the Apartment, as that term "date of completion" is defined in Section 507-43 of the Hawaii Revised Statutes. For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the Apartment. Items of maintenance relating to the Apartment are not covered by the foregoing warranty.

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

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

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

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Chaney, Brooks & Company, a Hawaii corporation, for the one-year period commencing January 1989, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of Mililani Town Association dues (currently $10.00 per month) or real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

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

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer.

CERTIFICATE

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

1. That I am the Vice President of Chaney, Brooks & Company, a Hawaii corporation, designated by the Developer of the Mililani Parkway - Phase I condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, are reasonable estimates for the one-year period commencing January 1989, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 8th day of February —, 1989.

Phyllis A. Okada
PHYLLIS A. OKADA
Vice President

Subscribed and sworn to
before me this 8th day
of February —, 1989.

Maria Elena J. Raquel
Notary Public, State of Hawaii

My commission expires: 11/15/92

L.S.

EXHIBIT "A"

MILILANI PARKWAY - PHASE I

Estimated Annual Common Expenses

	MONTHLY	ANNUAL
Utilities and Services		
Electricity (common elements only)	$ 95	$ 1,140
Refuse collection	392	4,704
Telephone	8	96
Water and sewer	672	8,064
Maintenance, Repairs and Supplies		
Building	142	1,704
Grounds	800	9,600
Management		
Management fee (fiscal service)	830	9,960
Payroll and payroll taxes	783	9,396
Office expenses	112	1,344
Insurance	1,020	12,240
Reserves	256	3,072
Taxes and Government Assessments	1	12
Other (Legal & Pest Control)	168	2,016
Audit and Tax Preparation	105	1,260
TOTAL DISBURSEMENTS	$ 5,384	$ 64,608

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated monthly maintenance charge for each apartment in the Project is $96.14 per month.

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT H

SUMMARY OF SALES CONTRACT

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

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

2. (a) Seller warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs); provided, however, that said warranty shall in no event be for a period less than one (1) year from the "date of completion" of the Apartment, as that term "date of completion" is defined in Section 507-43 of the Hawaii Revised Statutes. For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, resto-

ration, or replacement of any of the components constituting the Apartment. Items of maintenance relating to the Apartment are not covered by the foregoing warranty.

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

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

3. Seller may (but does not have to) cancel the Sales Agreement (a) if the buyer's mortgage loan application is rejected or not approved within 60 days after application, or (b) if the buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the buyer's ability to make the cash payments.

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

5. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all mortgage costs. Buyer will also pay a nonrefundable start-up fee which will be held and used by the Seller and the first Managing Agent of the Association as a working capital fund for the benefit of all the

apartment owners. Buyer agrees that Seller does not have to pay any start-up fee for any apartment in the Project even if it is owned by Seller. Proration of Mililani Town Association assessments, maintenance charges and other common expenses, and real property taxes will be made as of the scheduled Closing Date.

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

7. Buyer understands that Seller has an agreement with the City and County of Honolulu (the "City") that Seller will offer 60% of the apartments in the Project for sale only to "Low Income Purchasers" as defined below, and the remaining 40% of the apartments in the Project for sale only to "Moderate Income Purchasers" as defined below. Buyer hereby represents to Seller that Buyer is a "Low Income Purchaser" or "Moderate Income Purchaser", as designated in Article II of the Sales Agreement. The term "Low Income Purchaser" as used herein means an owner-occupant buyer whose income (including the income of all members of such buyer's household) does not exceed 80% of the median income (adjusted for family size) for the Honolulu Metropolitan Statistical Area as most recently determined by the U.S. Department of Housing and Urban Development. The term "Moderate Income Purchaser" as used herein means an owner-occupant buyer whose income (including the income of all members of such buyer's household) is greater than 80% but does not exceed 120% of such median income (adjusted for family size). The following are current income limits by family size for the Project:

Family Size	Median	80% Income Limit	120% Income Limit
1	$25,565	$20,450	$30,675
2	29,190	23,350	35,025
3	32,875	26,300	39,450
4	36,500	29,200	43,800
5	38,815	31,050	46,575

If Seller or the City shall determine that Buyer is not a "Low Income Purchaser" or "Moderate Income Purchaser", as designated in Article II of the Sales Agreement, Seller shall have the right to cancel this Agreement at any time.

If Seller cancels this Agreement as aforesaid, Seller will tell Escrow to give Buyer back all of Buyer's payments, without interest, and neither party will have any other obligations under this Agreement or relating to the Project. Buyer shall be responsible for the escrow cancellation fee and all other costs associated with the purchase, up to a maximum of $250.00.

8. Seller reserves the right to cause and effect a merger or mergers of the Project with one or more condominium projects [the "Additional Phase(s)"] located or to be located on land adjacent to the Project, as part of the same incremental plan of development of the Project, all as set forth in the Declaration. Upon any such merger or mergers, all of the apartments in the Project and in the Additional Phase(s) shall be treated as though they were all included in a single condominium project (the "Merged Project"), all common elements of the Project and the Additional Phase(s) will become the common elements of the Merged Project, and the common interest appurtenant to the Apartment shall be altered from the percentage set forth in Article I of the Sales Agreement to a percentage as set forth in the "Certificate of Merger" filed by the Seller, in accordance with the Declaration. Nothing herein will be deemed to require Seller to develop any or all of the Additional Phase(s) or to merge any one or more of them into the Project, or to prohibit Seller from dealing with any lands adjacent to the Project not merged with the Project, including without limitation, developing all or any part of such lands for purposes inconsistent with the merger of such lands into the Project.

9. The transfer of the Property to Buyer will be made subject to (and the Apartment Deed will so provide) certain restrictions on transfer of the Property, including without limitation a first option to purchase the Property in favor of the City and County of Honolulu (acting through its Department of Housing and Community Development), for a period of 10 years, in the event Buyer desires to transfer or lease the Property or violates the covenant requiring Buyer to occupy the Property, as more particularly described in the Apartment Deed, pursuant to Sections 201E-221, 222 and 223 (formerly Sections 359G-9.2, 9.3 and 9.4, respectively) of the Hawaii Revised Statutes.

10. Seller has given or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of

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

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PARKWAY - PHASE I

EXHIBIT I

SUMMARY OF ESCROW AGREEMENT

Copies of the Escrow Agreements between the Seller and Title Guaranty Escrow Services, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreements, among other things, covers in more detail the following items:

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

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

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