



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

SHANGRI-LA
 44-672 Kahinani Place
 Kaneohe, Hawaii 96744

Registration No. 2037

Issued: April 17, 1990
 Expires: May 17, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 14, 1990, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

PRELIMINARY:
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.

FINAL:
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____

SUPPLEMENTARY:
(pink) Updates information contained in the
 Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
 And Supersedes all prior public reports
 Must be read together with _____
 This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

Except for the information under the topical headings which follow, the information in the Preliminary Public Report issued on March 16, 1990, has not changed.

SUMMARY OF THE CONDOMINIUM PROJECT

5. Apartment Description (see page 5). The quantity of apartment types B, C, E and F have been revised, apartment types A-1 and G have been added, the number of bathrooms for apartment types E and F have been revised, the net living area for each apartment has been revised, and the lanai area for each apartment has been determined.

6. Parking (see page 5). The number of guest parking stalls has been increased from not less than 4 to 6 guest parking stalls.

7. Recreational Amenities (see page 6). The private park area has been eliminated.

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

The Declaration, the Condominium Map and the Bylaws have been filed with the Land Court. The Declaration was amended to permit the developer, as owner of all the apartments, to enter into an agreement with itself, as the owner of adjoining Lot 300, to permit the owner of adjoining Lot 300 to connect onto, hookup with or tap into the utility systems within this condominium project. This agreement has been executed and is entitled "Grant of Nonexclusive Right of Entry for Connection to Utility Systems." The Grant of Nonexclusive Right of Entry for Connection to Utility Systems has been filed in the Land Court (see Exhibit D), and is available for inspection at the Real Estate Commission. The House Rules have been adopted and are now in effect. See pages 7 and 8 of this report.

III. THE CONDOMINIUM PROJECT

B. Underlying Land (see page 10). The developer consolidated and resubdivided two parcels of land into two newly created parcels of land. One of the newly created parcels of land, containing an area of approximately 2.906 acres, has been submitted to this condominium project.

6. Interior (see page 11). See "Apartment Description" above in this summary.

7. Parking Stalls (see page 12). See "Parking" above in this summary.

8. Recreational and Other Common Facilities (see page 12). The private park area has been eliminated. However, the Department of Land Utilization of the City and County of Honolulu has required the developer to execute and file a Declaration of Covenants, Conditions and Restrictions which requires the apartment owners to properly maintain in perpetuity all of the common elements of the Project, including but not limited to the landscaping and the common areas. The Declaration of Covenants, Conditions and Restrictions has been filed in the Land Court (see Exhibit D). A copy of the Declaration of Covenants, Conditions and Restrictions is available for inspection at the Real Estate Commission.

D. Common Elements, Limited Common Elements, Common Interest (see page 14).

1. Common Elements. The number of guest parking stalls has been increased from not less than 4 to 6 guest parking stalls.

E. Encumbrances Against Title (see page 15). Exhibit D has been revised to show that the Commitment for Title Insurance issued by Security Title Corporation describes the recordation of the Declaration, the First Amendment to the Declaration, the Condominium Map, the Bylaws, the Grant of Nonexclusive Right of Entry for Connection to Utility Systems described in "Creation of the Condominium; Condominium Documents" above in this summary, and the Declaration of Covenants, Conditions and Restrictions described in "Recreational and Other Common Facilities" above in this summary. Exhibit D has also been revised to note the Grant of Easement in favor of the developer in which the developer has an easement for ingress and egress and for roadway, television cable, utility and sewer purposes over, along, upon and under the easement area. The developer will be obligated to pay for 1/17th of the cost to maintain, repair and replace the driveway and walkways within the easement area from and after the date on which the erection of a residential dwelling on the adjoining lot retained by the developer shall commence.

Blanket Liens. The developer has obtained from Finance Factors, Limited, a mortgage loan for the construction of the Project. See page 15 and item C on page 18 of this report.

J. Status of Construction (see page 17). Site work construction started on or about October 17, 1989, and the developer's estimate of the completion date for construction of the Project is February 28, 1991.

L. Sales Documents Filed with the Real Estate Commission (see page 17). The Escrow Agreement has been amended to permit Escrow to disburse buyers' funds from the escrow fund to pay for construction costs prior to the completion of the Project provided that the conditions described in paragraphs 2, 3 and 4 of Exhibit G are satisfied.

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE.

C. Addenda to "Financing of Project" (see page 18). The developer has obtained an interim construction loan from Finance Factors, Limited.

Note: Item A on page 18 of the Preliminary Public Report (Land Area and Reservation by Developer) has been deleted from this report. The consolidation and resubdivision described therein was approved by the Land Court on July 12, 1989, and the easement described therein was granted to the developer (see "Encumbrances Against Title" above in this summary).

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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 "Condominium 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 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

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types 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

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	3	3/2½	2,675	315
A-1	1	4/3½	3,020	331
B	4	3/3	2,555**	306**
C	2	3/2½	2,614	306
D	1	3/2½	1,964	310
E	1	3/3½	3,582	481
F	1	3/2½	2,947	304
G	3	3/2½	2,594	320
Total Apartments: 16				(332 for apt, numbered 16) (326 for apt, numbered 15)

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

**Net Living Area for apartment numbered 4 is 2,402 and the lanai area for apartment numbered 4 is 506.

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)	32 - Each apartment shall have a
Guest Stalls	6 covered garage to
Unassigned Stalls	none accommodate two
Extra Stalls Available for Purchase	none regular size cars.
Other: _____	_____
Total Parking Stalls	38

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Business Investment, Ltd. Phone: 536-1082
Name (Business)
Suite 2700, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

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

See Exhibit H

Real Estate Sales Agent: See Exhibit I Phone: _____
Name (Business)
Business Address

Escrow: Security Title Corporation Phone: 521-9511
Name (Business)
Suite 1200, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: General Management Corporation Phone: 536-1082
Name (Business)
Suite 2700, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Hong, Iwai and Hulbert (Attention: Roy K. Kawano)
Name
Suite 2200, 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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of 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 _____
 Filed - Land Court - Document Number 1696755

Amendment date(s) and recording/filing information: March 5, 1990; Document Number 1712253

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 752

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Book _____ Page _____
 Filed - Land Court - Document Number 1696756

Amendment date(s) and recording/filing information:

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.

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 common interest which 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	—	The Board of Directors shall have <u>the power to adopt, amend or repeal the House Rules.</u>

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

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules: The developer reserves the right to modify the Declaration, Bylaws, Apartment Deed and Escrow Agreement; provided that no such modification shall (a) increase buyer's share of common expenses, (b) require a substantial change of the building in which the apartment is located, (c) reduce substantially the size of an apartment, or (d) substantially impair or modify any of the obligations in respect of the building given or undertaken by the developer. The developer further reserves the right to make minor changes to any apartment and to the common elements; provided that no changes shall be made which shall affect the physical location or reduce the number of apartments in the Project or substantially change the design.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

Exhibit _____ contains further explanations.

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

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

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

Exhibit _____ contains further explanations.

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

- Other:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled Foreclosed.
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: 44-672 Kahinani Place Tax Map Key: 4-4-13: 33
Kaneohe, Hawaii 96744 (TMK)

[] Address [X] TMK is expected to change because the Land Court's subdivision approval of the land submitted to this condominium project occurred on July 12, 1989, and the Department of Finance has not revised its tax maps.

Land Area: 2.906 [] square feet [X] acre(s) Zoning: are zoned R-7.5 and the remainder of the land is conservation land
Approximately 1.26 acres

Fee Owner: Business Investment, Ltd.
Name
Suite 2700, Pacific Tower, 1001 Bishop Street
Address
Honolulu, Hawaii 96813

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: 16 Floors Per Building All apartments will have 3 levels, except for apartment numbered 2 which will have 2 levels.
[] Exhibit _____ contains further explanations.

3. Principal Construction Material:

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

[X] Other Gypsum boards and metal studs, wooden doors, and wooden and aluminum frames for glass windows

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[] Commercial	_____	[] Industrial	_____
[X] Residential	<u>16</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 No more than 2 pets in any apartment, except that such limitation will not apply to fish.

Number of Occupants: _____

Other: See item A on page 18 of this report.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 16

Elevators None

Stairways None

Trash Chutes None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	3	3/2½	2,675	315
A-1	1	4/3½	3,020	331
B	4	3/3	2,555**	306** (332 for apt, numbered 16)
C	2	3/2½	2,614	306
D	1	3/2½	1,964	310
E	1	3/3½	3,582	481
F	1	3/2½	2,947	304
G	3	3/2½	2,594	320 (326 for apt, numbered 15)

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

**Net Living Area for apartment numbered 4 is 2,402 and the lanai area for apartment numbered 4 is 506.

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.

Boundaries of Each Apartment: Each apartment shall be deemed to include (a) all of a separate building, including all perimeter and interior load-bearing and nonload-bearing walls, floors, ceilings, roofs, stairways, the entry doors and door frames, all floor coverings, and all windows, window glass and frames; (b) the entry, the garage and the lanai; (c) all pipes, wires, conduits or other utility or service lines running through the apartment; and (d) all fixtures contained or installed in the apartment.

Permitted Alterations to Apartments: Alterations or additions solely within an apartment or within an appurtenant limited common element may be made with the approval of the Board of Directors, other apartment owners who may be directly affected and by the apartment owner's mortgagee. See item B on page 18 of this report.

Numbering and Location of Apartments: The apartments will be numbered serially 1 to 11, inclusive, 12, 14, 15, 16 and 18. The location of each apartment is shown on page 3 of Exhibit A.

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. 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 B 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 C

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 A describes the common interests for each apartment.

as follows:

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

Exhibit D describes the encumbrances against the title contained in the title report dated March 13, 1990 and issued by Security Title Corporation .

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	The developer has obtained a construction loan from Finance Factors, Limited. The proceeds of such loan will be used to pay for the construction of the Project. If the developer defaults under the construction loan prior to conveyance of the apartment to buyer, the mortgagee may or may not honor buyer's contract. If the mortgagee cancels buyer's contract, buyer will be entitled to a refund. If the developer defaults after the apartment is conveyed to buyer, buyer's interest will not be affected.

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

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

The initial managing agent for this condominium is:

[] not affiliated with the Developer.

[X] the Developer or the Developer's affiliate.

[] self-managed by the Association of Apartment Owners.

[] other _____

G. Estimate of Initial Maintenance Fees:

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

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

Exhibit E contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

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

- | | |
|---|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |
| <input type="checkbox"/> Not applicable | |

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:** The construction contract with the general contractor for the Project includes AIA Document A201, which contains a warranty clause in Section 12.2.2 thereof which generally provides as follows:

If within one year after the date of substantial completion of the work, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the developer to do so unless the developer has previously given the contractor a written acceptance of such condition. The developer shall give such notice promptly after discovery of the condition.

The developer makes no warranties itself, but, if buyer shall give the developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of the contractor's warranty, the developer will forward such notice together with its written notice to the contractor to correct such condition.

2. **Appliances:** A description of warranties on the appliances to be installed in each apartment is presently unavailable inasmuch as the purchase contracts therefor have not been executed by the developer. The developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the apartment. By such assignment the developer will be merely passing through to buyers any such manufacturer's or dealer's warranties, and the developer will not be adopting any such warranties or acting as co-warrantor.

J. **Status of Construction and Estimated Completion Date:** The developer started site work construction on or about October 17, 1989. Building permits for each of the apartments were issued by the Building Department on March 13, 1990. The developer has advised the Real Estate Commission that the estimated completion date for construction of the Project is February 28, 1991 (assuming there are no delays).

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

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

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated January 23, 1989, as amended by Amendment to Escrow Agreement dated August 10, 1989.

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

[X] Other Affidavit of Intent to Purchase a Unit Designated for Owner-Occupants;
Receipt for Public Report(s) and Notice of Right to Cancel; Apartment Deed

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

A. Other Special Use Restrictions: The apartments shall be occupied and used only as dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or for hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of such apartments are provided customary hotel services on a daily basis, such as room service for food and beverages, maid service, laundry and linen or bellboy service. The apartments shall not be used, leased, rented or any undivided interest therein conveyed for time-sharing purposes or under any time-sharing arrangement. Except for such transient, hotel or time-sharing purposes, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration.

B. Permitted Alterations to Apartments: Any alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall be undertaken by an apartment owner or owners only pursuant to the written approval thereof, including the plans therefor, by the holders of mortgages affecting such apartment, the Board, and all other apartment owners thereby directly affected (as determined by the Board in its sole discretion). Upon completion of such alterations or additions the apartment owners directly affected shall duly record and file of record an amendment to the Declaration together with the approved plans showing only such alterations or additions within an apartment or within a limited common element as aforesaid. Such amendment to the Declaration need only be executed by the apartment owners directly affected and their mortgagees.

C. Financing of Project: The developer has obtained an interim construction loan from Finance Factors, Limited. The developer intends to pay for the construction and other development costs of the Project by means of the proceeds of such interim construction loan, the developer's own funds, and to the extent permitted by law and only after all statutory requirements and the requirements of the Commission have been met, buyer's funds held in escrow. The interim construction loan has been effected and a mortgage therefor has been executed and filed in the Land Court (see Exhibit D). The interim construction mortgage has a partial release provision which will enable a buyer to take conveyance of an apartment free and clear of such interim construction mortgage.

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 Condominium 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 Apartment Deed

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. 2037 filed with the Real Estate Commission on March 14, 1990.

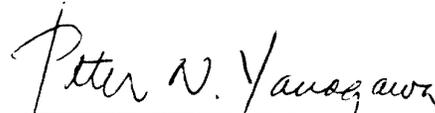
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



PETER N. YANAGAWA, 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

APARTMENT DESCRIPTION

The floor areas of the apartments set forth hereinafter are in square feet and in terms of "net living area," "garage," "lanai," "entry," "private yard," "private driveway," "total apartment area" and "gross floor area." Net living area represents the approximate area of the space within the interior finished surfaces of the perimeter walls of the apartment, including all partitions and walls (load-bearing and nonload-bearing), and all plumbing, mechanical and electrical chases within such perimeter walls. The net living area is the area of the apartment (exclusive of the garage, lanai, entry, private yard and private driveway) measured in accordance with the regulations of the Real Estate Commission of the State of Hawaii. The private yards and private driveways are not included in the definition of an apartment but are limited common elements appurtenant to the respective apartments to which such private yards and private driveways are set aside and reserved for. Total apartment area is the sum of the net living area and the garage, lanai, entry, private yard and private driveway.

Gross floor area represents the approximate area of the apartment measured not in accordance with the above-mentioned regulations of the Real Estate Commission but in accordance with local architectural practice and represents the space within the exterior of perimeter walls, and all partitions and walls (load-bearing and nonload-bearing), and all plumbing, mechanical and electrical chases within such perimeter walls. Gross floor area also includes the garage, lanai, entry, private yard and private driveway. Gross floor areas of the apartments are set forth for comparison purposes only.

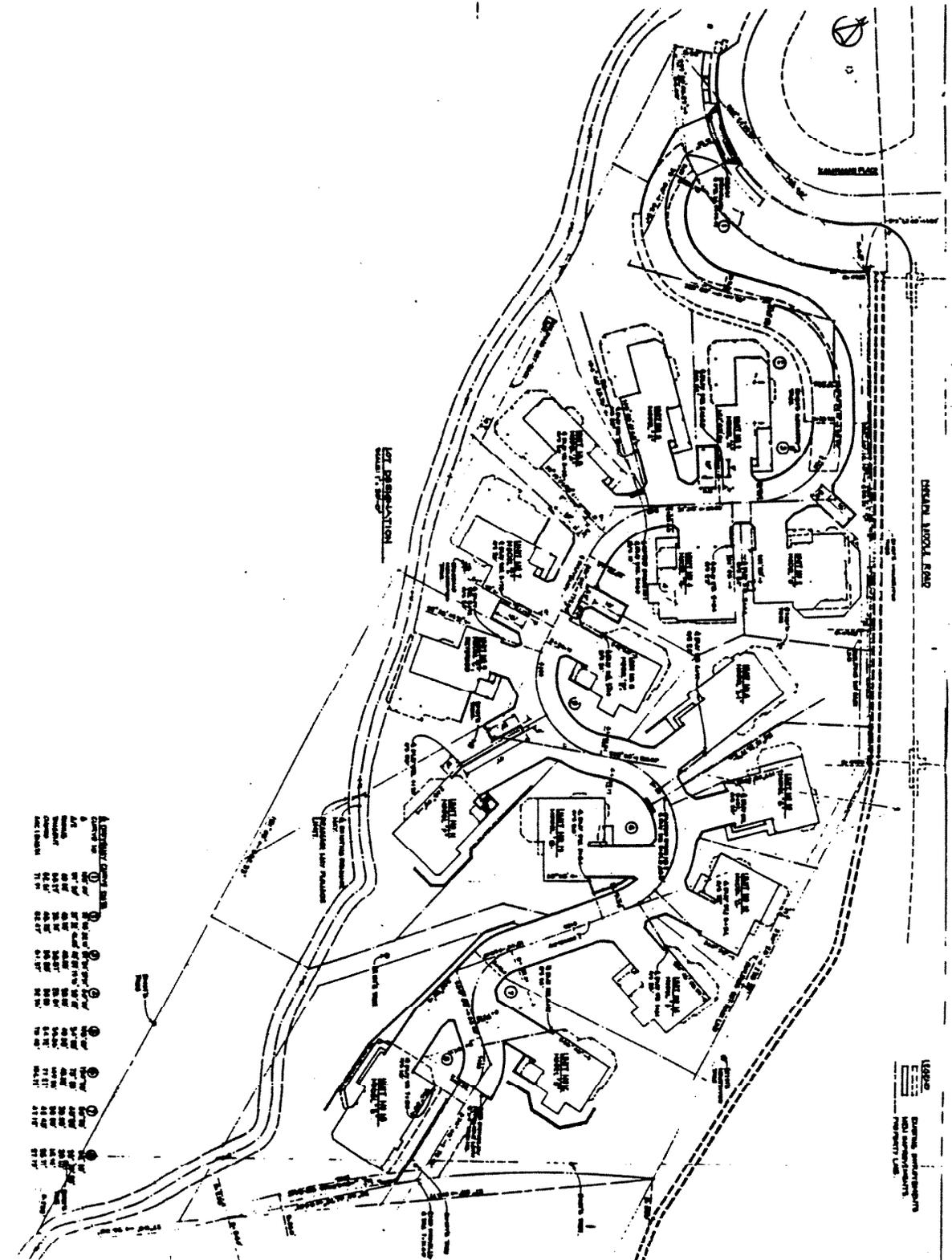
ALL AREAS SET FORTH HEREINAFTER ARE APPROXIMATE ONLY. THE AREAS OF THE APARTMENTS UPON COMPLETION ARE LIKELY TO VARY SOMEWHAT.

The location of each apartment is shown on page 3 of this Exhibit A

EXHIBIT A

1620R

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Net Living Area</u>	<u>Garage</u>	<u>Lanai</u>	<u>Entry</u>	<u>Private Yard</u>	<u>Private Driveway</u>	<u>Total Apt. Area</u>	<u>Gross Floor Area</u>	<u>Percent Common Interest</u>
1	A	2,675	400	315	30	2,374	160	5,954	6,499	6.25
2	D	1,964	400	310	42	2,972	224	5,912	6,412	6.25
3	A	2,675	400	315	30	5,035	325	8,780	9,325	6.25
4	B	2,402	400	506	100	1,705	324	5,437	6,680	6.25
5	A	2,675	400	315	30	3,064	144	6,628	7,173	6.25
6	B	2,555	400	306	100	1,744	224	5,329	5,875	6.25
7	C	2,614	400	306	41	2,955	144	6,460	7,002	6.25
8	A-1	3,020	400	331	30	3,859	320	7,960	8,565	6.25
9	C	2,614	400	306	41	6,089	160	9,610	10,152	6.25
10	G	2,594	400	320	32	3,119	322	6,787	7,578	6.25
11	F	2,947	400	304	47	7,013	656	11,367	11,910	6.25
12	G	2,594	400	320	37	2,005	318	5,674	6,315	6.25
14	B	2,555	400	306	100	3,413	320	7,094	7,640	6.25
15	G	2,594	400	326	32	3,765	432	7,549	8,190	6.25
16	B	2,555	400	332	100	6,768	400	10,555	11,101	6.25
18	E	3,582	400	481	48	8,967	692	14,170	14,884	6.25



- LEGEND
- 1. Existing Buildings
 - 2. Proposed Buildings
 - 3. Existing Parking
 - 4. Proposed Parking
 - 5. Existing Roads
 - 6. Proposed Roads
 - 7. Existing Landscaping
 - 8. Proposed Landscaping
 - 9. Existing Utilities
 - 10. Proposed Utilities
 - 11. Existing Fences
 - 12. Proposed Fences
 - 13. Existing Walls
 - 14. Proposed Walls
 - 15. Existing Driveways
 - 16. Proposed Driveways
 - 17. Existing Walkways
 - 18. Proposed Walkways
 - 19. Existing Stairs
 - 20. Proposed Stairs
 - 21. Existing Retaining Walls
 - 22. Proposed Retaining Walls
 - 23. Existing Easements
 - 24. Proposed Easements
 - 25. Existing Right-of-Way
 - 26. Proposed Right-of-Way
 - 27. Existing Survey Lines
 - 28. Proposed Survey Lines
 - 29. Existing Property Lines
 - 30. Proposed Property Lines

LEGEND
 Existing buildings
 Proposed buildings
 Existing parking
 Proposed parking
 Existing roads
 Proposed roads
 Existing landscaping
 Proposed landscaping
 Existing utilities
 Proposed utilities
 Existing fences
 Proposed fences
 Existing walls
 Proposed walls
 Existing driveways
 Proposed driveways
 Existing walkways
 Proposed walkways
 Existing stairs
 Proposed stairs
 Existing retaining walls
 Proposed retaining walls
 Existing easements
 Proposed easements
 Existing right-of-way
 Proposed right-of-way
 Existing survey lines
 Proposed survey lines
 Existing property lines
 Proposed property lines

<p>LD-1</p>	<p>Shangri-La T.M.X. 4-14-13:33 & 34 44-672 Kohala Place</p>	<p>SHANGRI-LA </p>	<p>SHANGRI-LA 44-672 KOHALA PLACE HONOLULU, HAWAII</p>
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COMMON ELEMENTS

The common elements shall include, but are not limited to, the following:

1. The land in fee simple.
2. All areas, structures or facilities of the Project outside of the buildings, which are for common use or which serve more than one apartment, such as walkways and common ways, landscaping, yards, mailboxes, fences, retaining walls, and six (6) guest parking stalls.
3. All central and appurtenant installations serving more than one apartment for power, light, gas, water, ventilation, refuse, telephone, radio and television signal distributions and all pipes, wires, conduits, ducts, vents and other service utility lines which serve more than one apartment.
4. All tanks, pumps, motors, fans and in general, all apparatus and installations for common use, and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use.
5. All other parts of the Project, which are not included in the definition of an apartment.

EXHIBIT B

LIMITED COMMON ELEMENTS

Certain of the common elements are designated as "limited common elements" and are set aside and reserved for the use of certain apartments, which apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements so set aside and so reserved are as follows:

1. Sites of Apartments. The portion of the land beneath each apartment shall be limited to the exclusive use of such apartment. The site of each apartment is depicted on the Condominium Map.

2. Mailboxes. The mailbox assigned to an apartment shall be limited to the use of such apartment. Each apartment shall at all times have at least one mailbox appurtenant to it.

3. Private Yards. Each apartment will have adjoining thereto an uncovered private yard, which private yard will be a limited common element for the exclusive use of the apartment to which it adjoins. The respective areas of the private yards are set forth in Exhibit A. Fences and/or wood or metal stakes will be used to delineate the boundary line for the private yards between apartments.

4. Private Driveways. Each apartment will have adjoining thereto an uncovered private driveway, which private driveway will be a limited common element for the exclusive use of the apartment to which it adjoins. The respective areas of the private driveways are set forth in Exhibit A. Each private driveway adjoining an apartment space is depicted on the Condominium Map by a dotted line.

5. Other. All other common elements of the Project which are rationally related to less than all the apartments shall be limited to the use of such apartment or apartments to which the same are related.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

Commitment for Title Insurance issued by Security Title Corporation dated March 13, 1990, shows the following encumbrances on the land:

1. For real property taxes as may be due and owing, inquiry should be made with the Department of Finance, Real Property Assessment Division, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Restriction of vehicle access rights, as shown on Map 114, as set forth by Land Court Order No. 36989, filed on March 5, 1973.
4. Vehicle access rights in favor of the State of Hawaii as set forth by Judgment and Final Order of Condemnation dated July 23, 1971, filed in the First Circuit Court of the State of Hawaii in Civil No. 28064 and also filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 582800.
5. Easement 121, area 16,640 square feet, for roadway and utility purposes, as shown on Map 152, as set forth by Land Court Order No. 94392, filed on July 18, 1989.
6. Grant dated August 7, 1989, in favor of Business Investment, Ltd., filed as aforesaid as Document No. 1657227, granting an easement for ingress and egress for roadway, television cable, utility and sewer purposes over, under, across and through a portion of the land.
7. Designation of restriction of vehicle access rights, as shown on Maps 104 and 152, as set forth by Land Court Order No. 95469, filed on October 16, 1989.
8. Mortgage dated September 1, 1989, made by Business Investment, Ltd., in favor of Finance Factors, Limited, a Hawaii corporation, filed as aforesaid as Document No. 1664564.
9. Financing Statement made by Business Investment, Ltd., in favor of said Finance Factors, Limited, recorded in the Bureau of Conveyances of the State of Hawaii on September 6, 1989, in Liber 23607, Page 570.
10. The restrictions, covenants and conditions as contained in that certain Declaration of Covenants, Conditions and

Restrictions dated December 19, 1989, filed as aforesaid as Document No. 1693513.

11. Additional Charge Mortgage dated December 27, 1989, made by Business Investment, Ltd., in favor of said Finance Factors, Limited, filed as aforesaid as Document No. 1694953.

12. Financing Statement made by Business Investment, Ltd., in favor of said Finance Factors, Limited, recorded as aforesaid in Liber 24060, Page 413.

13. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime of Shangri-La dated December 29, 1989, filed as aforesaid as Document No. 1696755, as amended by instrument dated March 5, 1990, filed as aforesaid as Document No. 1712253, with consent thereto filed as Document No. 1712254.

14. Condominium Map No. 752.

15. Bylaws of Association of Apartment Owners of Shangri-La dated December 29, 1989, filed as aforesaid as Document No. 1696756.

16. Grant dated March 5, 1990, in favor of Business Investment, Ltd., filed as aforesaid as Document No. 1712252, granting a nonexclusive right of entry over, along, upon and under the land, to connect onto, hookup with or tap into the utility systems for utility services to Lot 300.

EXHIBIT E

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
1 - 16	250.00
	<u> X 16</u>
	4,000.00
	48,000.00

NOTES TO BUDGET:

- (1) At the present time it is contemplated that refuse removal will be provided, at no additional cost, by the City. In the event the City garbage trucks have difficulty with access, due to grade, garbage will be transported by the caretaker to a pick-up point. This may add a small service charge to the refuse category, but it is not expected to be a heavy impact on the monthly costs. If the Association has to contract with a refuse removal company, it would add approximately \$35.00 to \$40.00 per unit to the proposed monthly fee.
- (2) This takes into account an anticipated increase in water costs as of July 1, 1990.
- (3) Landscape maintenance of all the grounds will be the responsibility of the Association regardless of whether or not portions of the landscape may be considered limited common elements. While we have budgeted for common area maintenance, each apartment owner will incur a surcharge for landscape maintenance of such owner's private yard.
- (4) The insurance amount in the budget provides for \$1 million Directors & Officers. Individual owners will be billed for the actual cost of fire insurance, which will range from approximately \$435.00 to \$505.00 annually.
- (5) General operating will provide a contingency of 35% of budget to off-set any unforeseen expenses or increases in utilities and other operating costs at time of budget projection.

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

200.00

2,400.00

common elements
and apartments

Gas

Refuse Collection

City (1)

Telephone

Water and Sewer

570.00 (2)

6,840.00

Maintenance, Repairs and Supplies

Building

Grounds

1,150.00 (3)

13,800.00

Caretaker (inc. entry phone)

500.00

6,000.00

Management

Management Fee

300.00

3,600.00

Payroll and Payroll Taxes

Office Expenses

50.00

600.00

Insurance

235.00 (4)

2,820.00

Reserves

800.00

9,600.00

Taxes and Government Assessments

50.00

600.00

Audit Fees

Other General Operating

145.00 (5)

1,740.00

TOTAL

4,000.00

48,000.00

We, GENERAL MANAGEMENT CORPORATION, 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.

C. Smith

Chairman

Date: January 23, 1990

SUMMARY OF PROVISIONS OF THE SALES CONTRACT

The Sales Contract establishes the developer's willingness to sell and a buyer's willingness to purchase an apartment.

Among other provisions, the Sales Contract includes the following:

1. Each Sales Contract 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.
2. The developer may cancel the Sales Contract if the buyer's application for eligibility for a mortgage loan is rejected or not preliminarily approved within thirty (30) days after application.
3. The buyer will pay for the following closing costs: acknowledgments of buyer's signatures on all documents, cost of credit reports, drafting of buyer's mortgage, mortgage insurance premiums, financing and other fees in connection with buyer's mortgage, title insurance, recording fees not paid by the developer, and one-half of the escrow fees.
4. The developer makes no warranties, express or implied, with respect to the apartments, the Project, or consumer products or other things installed therein, including warranties of merchantability, habitability, workmanlike construction, or fitness for a particular purpose.
5. The developer and its agent have no program at this time nor is any program planned or contemplated to offer a rental service of any kind to the owners of apartments in the Project, either individually or in any form of pooling arrangement, or by a third-party designated or arranged for by the developer, nor have any representations been made by the developer or its agent as to the feasibility of renting the apartment, or otherwise generating income or deriving any other economic benefit from ownership of the apartment. The developer and its agent have made no representations (nor is anyone authorized to do so) contrary to this paragraph with respect to either benefits to be derived from the rentals or other tax treatment of any buyer of an apartment.
6. The buyer agrees that the developer shall have the right to conduct construction activities for the construction and/or completion of the other apartments and the limited common elements appurtenant thereto and for correction of defects in the

Project, and such rights shall terminate 24 months after the later of (a) the date of filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the first Apartment Deed to an apartment in the Project, or (b) "substantial completion" (as the term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvements to be constructed, completed or corrected.

7. The buyer further agrees that the developer shall have the right to conduct sales activities on the Project, including the use of model apartment units, sales offices, signs and extensive sales displays and activities, until the earlier to occur of (a) 12 months from the recording as aforesaid of the first Apartment Deed to an apartment in the Project, or (b) the sale of the last unsold apartment in the Project. In the latter case, such sales activities must be conducted in an unobtrusive manner and which will not interfere with the use, possession and aesthetic enjoyment of the Project by the buyer.

8. The buyer is advised that the developer intends to pre-close Sales Contracts by having all documents and funds necessary for final closing signed and deposited with Escrow prior to the date set for final closing and the buyer agrees to sign all necessary documents, including buyer's mortgage and escrow instructions, and deposit all monies required for final closing. If buyer does not sign all documents and deposit the necessary monies in escrow as aforesaid within 5 days after the developer has requested the buyer to do so, the developer will have the option to assess the buyer the costs and damages arising out of such delay.

9. The buyer agrees that his rights under the Sales Contract is subordinated to a mortgagee who makes a construction loan for the Project. This does not mean that the buyer is or will be in any way responsible for the payment of such loan. It merely means that if the developer defaults under the construction loan mortgage before the apartment is conveyed to the buyer (i.e. before final closing of the Sales Contract) and the mortgagee forecloses the mortgage, the Sales Contract which the buyer has signed for the purchase of an apartment may or may not be honored by the mortgagee. What will determine the action of the mortgagee in such a case will depend upon all of the circumstances then existing and cannot be predicted at this time. If the developer defaults after the apartment is conveyed to the buyer (i.e. after final closing of the Sales Contract), buyer's interest in the apartment will not be affected at all.

The foregoing are only excerpts from certain paragraphs in the Sales Contract. It is incumbent upon the prospective buyer to read the entire Sales Contract with care.

SUMMARY OF PROVISIONS OF THE ESCROW AGREEMENT

The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust as well as the retention and disbursements of said funds.

Among other provisions, the Escrow Agreement includes the following:

1. Escrow shall deposit any or all funds received and held in escrow in interest bearing accounts in federally-insured savings and loan institutions or federally-insured banking institutions designated by the developer or may use such funds for the purchase of time certificates. Any and all interest earned on such funds during the holding thereof shall accrue to the credit of the developer in accordance with the agreements and instructions contained in the Sales Contracts.

2. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such buyer, if one of the following has occurred:

(a) The developer notifies Escrow to return to the buyer the funds of the buyer then being held thereunder by Escrow; or

(b) The developer notifies Escrow of the developer's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to the developer; or

(c) The conditions provided for a refund under Sections 514A-62, 514A-63 or 514A-105 of the Condominium Property Act (as amended on the date upon which the Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided to the developer, and the developer and the buyer shall advise Escrow to refund buyer's funds.

Upon the return of said funds to the buyer as aforesaid, Escrow shall return to the developer such buyer's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract; and thereupon neither the developer nor the buyer shall be obligated under the Sales Contract.

3. Escrow shall make no disbursements of any buyer's funds, except by way of refunds thereof as provided above, until such

buyer's Sales Contract has "become effective" and the requirements of Section 514A-39, 514-62 and 514A-63 of the Condominium Property Act have been met. No disbursements of any buyer's funds shall be made by Escrow for payments of construction costs unless bills are submitted with the request for such disbursements which have been approved or certified for payment by the interim lender or a financially disinterested person.

4. Subject to the provisions of paragraphs 2 and 3 above, and upon written request of the developer, disbursements of buyer's funds shall be made by Escrow from time to time to pay for construction costs in proportion to the valuation of the work completed by the contractor as certified by a registered architect or professional engineer, and approved by the interim lender, and to pay for architectural, engineering, finance and legal fees and other incidental expenses of the Project as approved by the interim lender. No disbursements of any buyer's funds shall be made from the balance of the escrow funds after payment of the foregoing costs until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute.

The foregoing are only summaries of certain provisions in the Escrow Agreement. It is incumbent upon the prospective buyer to read the entire Escrow Agreement with care.

OFFICERS OF DEVELOPER

<u>Name</u>	<u>Title</u>	<u>Address</u>
Colin de Silva	President	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Kaye Hall	1st Vice President and Secretary	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Margaret Smith	Vice President and Treasurer	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Ranita Le Grande	Vice President	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Cheryl Brendle	Vice President	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813

REAL ESTATE SALES AGENTS

<u>Name</u>	<u>Business Address</u>	<u>Business Phone</u>
Business Investment, Ltd. Real Estate Division Ranita Le Grande, Principal Broker	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813	536-1082
Virginia Epley-Sprinkle, dba Century 21 Kahala Hale	4400 Kalaniana'ole Hwy., Suite C21 Honolulu, HI 96821	735-7888
David R.V. Golding, dba Golding & Associates Realty David & Marijane Golding, Realtors	1210 Queen Street Suite 14 Honolulu, HI 96814	531-5996
Vivia B. Lee Realtor, Inc. Vivia Lee, Principal Broker	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813	524-1818
Julie T. Itchner, dba Julie Itchner Realty	1210 Queen St., Suite 14 Honolulu, HI 96814	528-3320
Alfred Jussel, dba Jussel Realty	4614 Kilauea Ave., Suite 378 Honolulu, HI 96816	734-6730