



**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

PALM VILLAS, INCREMENT I  
 PUANA'E'OLE STREET  
 EWA BEACH, HAWAII

Registration No. 2078

Issued: June 30, 1989  
 Expires: July 30, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of June 19, 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:**      The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.  
           *(yellow)*

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

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

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

                                  [ ] Prelim. Public Report dated \_\_\_\_\_  
                                   [ ] Final Public Report dated \_\_\_\_\_  
                                   [ ] Supp. Public Report dated \_\_\_\_\_

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

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required                [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.

[ ] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

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*****
*
*           SPECIAL ATTENTION:
*
*   The developer has disclosed that the project
*   is one of a number of increments of the Palm
*   Villas project, which increments will be
*   ultimately merged administratively. (See
*   page 17)
*
*   The prospective purchaser is cautioned to
*   carefully review the documents for further
*   information with regard to the foregoing.
*
*   Also note Additional Information on pages
*   18 and 18A.
*
*****
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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

| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u>    |
|------------------|-----------------|----------------|------------------------------|----------------------------|
| <u>414</u>       | <u>4</u>        | <u>0</u>       | <u>414</u>                   | <b>** (See Note Below)</b> |
| <u>484</u>       | <u>4</u>        | <u>1/1</u>     | <u>484</u>                   | ▪   ▪   ▪   ▪              |
| <u>485</u>       | <u>4</u>        | <u>1/1</u>     | <u>485</u>                   | ▪   ▪   ▪   ▪              |
| <u>716</u>       | <u>20</u>       | <u>2/1-½</u>   | <u>716</u>                   | ▪   ▪   ▪   ▪              |
| <u>717</u>       | <u>20</u>       | <u>2/1-½</u>   | <u>717</u>                   | ▪   ▪   ▪   ▪              |
| _____            | _____           | _____          | _____                        | _____                      |

Total Apartments: 52

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

**\*\*Note:** Lanai sizes vary between the same apartment types.

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

6. Parking:

|                                     | <u>Number of Stalls</u> |
|-------------------------------------|-------------------------|
| Assigned Stalls (Individual Units)  | <u>92</u>               |
| Guest Stalls                        | <u>10</u>               |
| Unassigned Stalls                   | <u>--</u>               |
| Extra Stalls Available for Purchase | <u>--</u>               |
| Other: _____                        | <u>--</u>               |
| <b>Total Parking Stalls</b>         | <b><u>102</u></b>       |

7. Recreational amenities: There are no recreational amenities within the Palm Villas, Increment I project itself; however, the Declaration discloses that the Developer will develop a Recreation Area on a separate site adjacent to this Project and intends to cause fee simple title of same to be conveyed to the respective Associations of Apartment Owners for the Palm Villas project after the administrative merger of all of the increments in that project, such merger being more fully disclosed in paragraph K herein and in paragraph 19 of the Declaration.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: GENTRY HOMES, LTD. Phone: (808) 671-6411
Name (Business)
94-539 Puahi Street
Business Address
Waipahu, Hawaii 96797

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

GENTRY HOMES, LTD.
JOSEPH J. RAMIA -- President
NORMAN H. GENTRY and JEFFREY K. BROWN -- Vice Presidents
HARVEY JAY MIGDAL -- Secretary, Assistant Vice President
HARRY D. HUFFMAN -- Treasurer, Assistant Vice President, Assistant Secretary

Real Estate Sales Agent: GENTRY REALTY, LTD. Phone: (808) 671-6411
Name (Business)
94-539 Puahi Street
Business Address
Waipahu, Hawaii 96797

Escrow: SECURITY TITLE CORPORATION Phone: (808) 521-9511
Name (Business)
1001 Bishop Street, 1200 Pacific Tower
Business Address
Honolulu, Hawaii 96813

Managing Agent: CHANEY, BROOKS & COMPANY Phone: (808) 544-1600
Name (Business)
606 Coral Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: HARVEY JAY MIGDAL
Name
P. O. Box 295
Business Address
Honolulu, Hawaii 96809

**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 1639200

Amendment date(s) and recording/filing information:

June 15, 1989 recorded June 16, 1989 as Document No. 1643000.

- 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. 715

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 1639201

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

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

- 2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules: The Developer has reserved the right to make any changes to said documents, and any other documents affecting this Project, as may be required by law, any title insurance company, or a Developer decides is necessary, all without the consent or approval of the Purchaser, provided that the changes do not substantially impair the prospective use and enjoyment of the apartment, materially alter the arrangement of the rooms or reduce the useable space within the apartment; render unenforceable the Purchaser's mortgage loan commitment; increase Purchaser's share of common expenses or reduce the obligations of the Seller for common expenses on unsold apartments; Developer also reserves the right to file the as-built verified statement required by Section 514A-12 of the Hawaii Revised Statutes, as amended, and also to make any changes to the documents necessary in connection with the merger of this Project as set forth in paragraph K, page 17 of this report.



**B. Underlying Land:**

Address: 91-1019, 91-1029, 91-1039, 91-1049, 91-1059, 91-1069  
Puamae'ole Street (Bldgs. 1 through 6, respectively) Tax Map Key: 9-1-12-29 (por.)  
Ewa Beach, Hawaii 96706 (TMK)

[ ] Address [x] TMK is expected to change because the property has recently been subdivided  
and is in the process of being subdivided further.

Land Area: 2.787\* [ ] square feet [x] acre(s) Zoning: A-1 (apartment)  
\*Developer is in the process of subdividing the Land to create a private recreation area Lot to consist of  
0.281 acre. The Palm Villas, Increment I Lot will then consist of 2.506 acres.

Fee Owner: Gentry Homes, Ltd.  
Name  
94-539 Puahi Street  
Address  
Maipahu, Hawaii 96797

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: 6 Floors Per Building 2  
[ ] Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:  
[x] Concrete [ ] Hollow Tile [x] Wood  
[x] Other Asphalt Shingles; Composition siding

4. Permitted Uses:

|                     | <u>No. of Apts.</u> |                  | <u>No. of Apts.</u> |
|---------------------|---------------------|------------------|---------------------|
| [ ] Commercial      | _____               | [ ] Industrial   | _____               |
| [x] Residential     | <u>52</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:

Dogs, cats and other household pets limited to two in number and subject to compliance with  Pets provisions of House Rules.

Number of Occupants: No more than two per bedroom, excluding children under five, except no more than three per bedroom under any circumstances, inclusive of children under five.

Other: Apartment cannot be used for transient or hotel use. the apartment cannot be sold, rented or used for "time share", "time interval", "vacation license" or "travel club membership".

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 52

Elevators NONE

Stairways (all exterior)

Trash Chutes NONE

| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u><br>**(See Note Below) |
|------------------|-----------------|----------------|------------------------------|---|
| <u>414</u>       | <u>4</u>        | <u>0</u>       | <u>414</u>                   | <u>▪ ▪ ▪ ▪</u>                                |
| <u>484</u>       | <u>4</u>        | <u>1/1</u>     | <u>484</u>                   | <u>▪ ▪ ▪ ▪</u>                                |
| <u>485</u>       | <u>4</u>        | <u>1/1</u>     | <u>485</u>                   | <u>▪ ▪ ▪ ▪</u>                                |
| <u>716</u>       | <u>20</u>       | <u>2/1-½</u>   | <u>716</u>                   | <u>▪ ▪ ▪ ▪</u>                                |
| <u>717</u>       | <u>20</u>       | <u>2/1-½</u>   | <u>717</u>                   | <u>▪ ▪ ▪ ▪</u>                                |

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

\*\*Note: Lanai sizes vary even between the same apartment types.

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 includes the walls and partitions which are not load bearing within its perimeter or party walls; glass windows or panels; doors (except for exterior surface of any door located on perimeter walls); inner decorated or finished surfaces of all walls, floors and ceilings, door frames and window frames; air space within the perimeter and any fixtures and appliances originally installed. The apartment does NOT include undecorated or unfinished surfaces of perimeter or party walls or interior load-bearing walls, floors and ceilings; any pipes, wires or other utility lines running through the apartment and utilized for more than one apartment. The apartment also does not include the adjacent lanai which is considered a limited common element.

**Permitted Alterations to Apartments;** Additions, alterations or improvements solely within an apartment or within a limited common element appurtenant to and for the exclusive use of the apartment may be made by the apartment owner with only the approval of the Board of Directors of the Association of Apartment Owners and any other apartment owner directly affected.

7. Parking Stalls:

Total Parking Stalls: 102

|                                       | Regular    |           | Compact |           | Tandem    |           | TOTAL     |
|---------------------------------------|------------|-----------|---------|-----------|-----------|-----------|-----------|
|                                       | covered    | open      | covered | open      | covered   | open      |           |
| Assigned<br>(for individual<br>units) | <u>52</u>  | <u>18</u> |         | <u>22</u> | <u>--</u> | <u>--</u> | <u>92</u> |
| Guest<br>Unassigned                   |            | <u>6</u>  |         | <u>4</u>  | <u>--</u> | <u>--</u> | <u>10</u> |
| Extra Available<br>for Purchase       |            |           |         |           |           |           |           |
| Other:                                |            |           |         |           |           |           |           |
| Total<br>Covered & Open               | <u>102</u> |           |         |           |           |           |           |

Each apartment will have the exclusive use of at least 1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit A 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

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: \_\_\_\_\_

\_\_\_\_\_

\*As discussed in Paragraph 7 on Page 5, there are no recreational amenities within this Project; however the Developer intends to construct a recreation area on a separate site adjacent to this Project.

9. Present Condition of Improvements

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

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

**Not Applicable**

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

**Not Applicable**

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.

As follows:

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 \_\_\_\_\_

as follows:

- (a) The mailbox bearing the same designation as the apartment;
- (b) The fenced yard area adjoining the apartment (for apartments on the ground floor);
- (c) The lanai area adjacent to second story apartments;
- (d) The storage closet located on the lanai (except for Apartment Type 717 which has no exterior storage closet).
- (e) One or more automobile parking stalls assigned to each apartment upon the original conveyance thereof shall be appurtenant to and for the exclusive use of such apartment.

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     C     describes the encumbrances against the title contained in the title report dated     June 1, 1989     and issued by     First American Title Insurance    .

In addition, note Amendment of Declaration on page 7.

**Blanket Liens:**

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest<br/>If Developer Defaults</u>  |
|---------------------|--|
| Mortgage            | Lender has priority over Purchaser's rights under a Sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before apartment sale is closed. |

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

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

The initial managing agent for this condominium is:

[ x ] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] 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   D   contains a schedule of maintenance fees and maintenance fee disbursements.

Exhibit D is only an estimate.

**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 Developer warrants against defects in the apartment due to faulty material or workmanship which are discovered and brought to the attention of Developer within one year from the date of conveyance of title to the apartment owner or the date of occupancy, whichever occurs first. In addition, the Developer warrants the common elements against all defects for a period of two years from the date of completion of the common elements or two years from the date the first apartment is conveyed to a purchaser other than the Developer, whichever is later. For purposes of this warranty, the Developer agrees to repair, renovate, restore or replace any defective material or workmanship within the respective warranty periods. **ROUTINE MAINTENANCE WORK IS NOT COVERED BY ANY WARRANTY.**
  
2. **Appliances:** Warranties on appliances furnished with an apartment are not provided by the Developer. The execution and delivery of the Apartment Deed will operate as an assignment from the Developer to the purchaser of the respective manufacturers' or dealers' warranties, if any.



#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. The access road to the Palm Villas Project is owned by Gentry Development Company, but rights of access have been given to all of the Palm Villas Projects. It has not yet been determined whether the access road will be a private road or a public road. If it is decided to make the access road a public road, the road will be deeded to the City and County of Honolulu.

If the access road remains a private road, the various Associations of Apartment Owners of Palm Villas, as well as others who use the road including the owners of the condominium project to be developed to the west of the access road, will all share in the cost of maintaining the road. It is contemplated that the private road will be ultimately held by the Ewa-by-Gentry Community Association, or some other appropriate entity.

2. Gentry Development Company, the owner of the access road, may make changes to the road in the future, such as widening and extending the road beyond the railroad right-of-way to Renton Road (north of the Project). If these changes are made, the access road will probably be dedicated to the City and County of Honolulu for public use.

3. The Developer has reserved the right to the respective Associations of Apartment Owners of Palm Villas to purchase an apartment in one of the increments of Palm Villas which the Association may use as lodging for a resident manager. The Developer will select an apartment unit and offer the unit for purchase by the respective Associations of Palm Villas.

4. The Developer has no control over certain activities on adjacent property owned by others ("Activities on Adjacent Land"). For example:

a. The Project is located in the vicinity of several military installations, including Barber's Point Naval Air Station and the West Loch Branch of the Lualualei Naval Magazine ("West Loch"). In the event of military action, these military installations are sensitive areas. The Navy has denoted an area east of the Project as an Explosive Safety Hazard Zone in connection with munitions which may be loaded onto ships at West Loch. This area is depicted on a map which is available for inspection in the sales office of the Developer. The Navy has represented that the boundary of said area represents the probable limit of any impact on the adjacent community;

b. The Project is located in the vicinity of a commercial airport (Honolulu International Airport) and a military air base (Barber's Point Naval Air Station) and there is a likelihood of noise from planes passing overhead or nearby.

c. The Project is near or adjacent to land that is used for the cultivation and harvesting of sugar cane and other agricultural products. The Hawaii Right-to-Farm Act (H.R.S. Ch. 165) and Hawaii law limit the types of farm activities that may be deemed a nuisance.

d. The Project is located near the Honouliuli Sewage Treatment Plant and a portion of the Project is also adjacent to Fort Weaver Road.

continued on Page 18a...

e. The Project is located next to railroad tracks situated between the Project and Renton Road. This area is owned by the State of Hawaii and is being considered as a Transit corridor by the City and County of Honolulu.

These Activities on Adjacent Land may cause some unpleasant odors, surface water runoff, noise, dust, smoke, and other unpleasant effects that may bother or be a nuisance to buyers and other occupants and invitees of the Project. The apartment deed will contain provisions that the buyer will indemnify the Developer, entities related to the Developer, and the different parties that own and use the Adjacent Land from any liability, claims or expenses resulting from claims made by the Buyer as a result of Activities on Adjacent Land, except for damages caused by negligence or willful misconduct.

5. The land that the Recreation Area will occupy is currently a part of the land described in the Declaration. The Developer is subdividing the land so that the Recreation Area will be situated on a separate lot to consist of approximately 12,237 square feet (.281 acre). The subdivision will be completed and the Declaration will be amended to reflect the new subdivision before the Developer conveys any apartments in the Project.

6. The Real Estate Commission has agreed to waive the requirement of a performance bond based on the fact that 1) The 45 day lien period following publication of the notice of completion should expire before issuance of this Public Report, and 2) Security Title has agreed to issue buyers ALTA policies without mechanics lien exceptions.

**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 \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

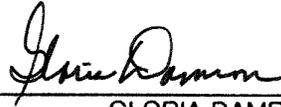
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 2078 filed with the Real Estate Commission on May 25, 1989.

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.



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GLORIA DAMRON, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

Bureau of Conveyances  
Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu  
Federal Housing Administration  
Escrow Agent

EXHIBIT "A"

APARTMENT DESCRIPTION, PARKING STALL ASSIGNMENTS  
AND COMMON INTEREST

| <u>Bldg.<br/>and<br/>Apt.</u> | <u>Apt.<br/>Type</u> | <u>Net<br/>Living<br/>Area</u> |
|-------------------------------|----------------------|--------------------------------|
| 1-A                           | 717                  | 717                            |
| 1-B                           | 716                  | 716                            |
| 1-C                           | 717                  | 717                            |
| 1-D                           | 716                  | 716                            |
| 1-R                           | 717                  | 717                            |
| 1-S                           | 716                  | 716                            |
| 1-T                           | 717                  | 717                            |
| 1-U                           | 716                  | 716                            |
| 2-A                           | 717                  | 717                            |
| 2-B                           | 716                  | 716                            |
| 2-C                           | 717                  | 717                            |
| 2-D                           | 716                  | 716                            |
| 2-R                           | 717                  | 717                            |
| 2-S                           | 716                  | 716                            |
| 2-T                           | 717                  | 717                            |
| 2-U                           | 716                  | 716                            |
| 3-A                           | 717                  | 717                            |
| 3-B                           | 716                  | 716                            |
| 3-C                           | 717                  | 717                            |
| 3-D                           | 716                  | 716                            |
| 3-R                           | 717                  | 717                            |
| 3-S                           | 716                  | 716                            |
| 3-T                           | 717                  | 717                            |
| 3-U                           | 716                  | 716                            |
| 4-A                           | 717                  | 717                            |
| 4-B                           | 716                  | 716                            |
| 4-C                           | 717                  | 717                            |
| 4-D                           | 716                  | 716                            |
| 4-R                           | 717                  | 717                            |
| 4-S                           | 716                  | 716                            |
| 4-T                           | 717                  | 717                            |
| 4-U                           | 716                  | 716                            |
| 5-A                           | 484                  | 484                            |
| 5-B                           | 414                  | 414                            |
| 5-C                           | 485                  | 485                            |
| 5-D                           | 484                  | 484                            |

| <u>Bldg.<br/>and<br/>Apt.</u> | <u>Apt.<br/>Type</u> | <u>Net<br/>Living<br/>Area</u> |
|-------------------------------|----------------------|--------------------------------|
| 5-E                           | 414                  | 414                            |
| 5-F                           | 485                  | 485                            |
| 5-R                           | 484                  | 484                            |
| 5-S                           | 414                  | 414                            |
| 5-T                           | 485                  | 485                            |
| 5-U                           | 484                  | 484                            |
| 5-V                           | 414                  | 414                            |
| 5-W                           | 485                  | 485                            |
| 6-A                           | 717                  | 717                            |
| 6-B                           | 716                  | 716                            |
| 6-C                           | 717                  | 717                            |
| 6-D                           | 716                  | 716                            |
| 6-R                           | 717                  | 717                            |
| 6-S                           | 716                  | 716                            |
| 6-T                           | 717                  | 717                            |
| 6-U                           | 716                  | 716                            |

DESCRIPTION OF APARTMENT TYPES:

Type 414 (Studio)

Studio apartment containing a separate kitchen and bathroom and a living room/dining room combined with a sleeping area. All Type 414 apartments contain approximately 414 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element courtyard enclosed with a privacy fence, including a concrete lanai, and second story apartments have a limited common element lanai. Each apartment has a storage closet located adjacent to the lanai.

Type 484 (1 Bedroom/1 Bath)

One bedroom, one bath apartment containing a living room/dining room, kitchen, bathroom and one bedroom. All Type 484 apartments contain approximately 484 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element courtyard enclosed with a privacy fence, including a concrete lanai, and second story apartments have a limited common element lanai. Each apartment has a storage closet located adjacent to the lanai.

Type 485 (1 Bedroom/1 Bath)

One Bedroom, one bath apartment containing a living room/dining room, kitchen, bathroom and one bedroom. All Type 485 apartments contain approximately 485 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element courtyard enclosed with a privacy fence, including a concrete lanai, and second story apartments have a limited common element lanai. Each apartment has a storage closet located adjacent to the lanai.

Type 716 (2 Bedroom/1-1/2 Bath)

Two bedroom, one and one-half bath apartment containing a living room/dining room, kitchen, one and one-half bathrooms and two bedrooms. All Type 716 apartments contain approximately 716 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element courtyard enclosed with a privacy fence, including a concrete lanai, and second story apartments have a limited common element lanai. Each apartment has a storage closet located adjacent to the lanai.

Type 717 (2 Bedroom/1-1/2 Bath)

Two bedroom, one and one-half bath apartment containing a living room/dining room, kitchen, one and one-half bathrooms and two bedrooms. All Type 717 apartments contain approximately 717 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element courtyard area enclosed with a privacy fence, including a concrete lanai, and second story apartments have a limited common element lanai.

BREAKDOWN OF MODEL TYPES  
AND PERCENTAGE COMMON INTEREST FOR PALM VILLAS, INCREMENT I

| <u>Model</u> | <u>Percentage</u><br><u>Common Interest</u> |   | <u>Number</u><br><u>in Project</u> | <u>Total</u><br><u>Percentage of</u><br><u>Common Interest</u> |
|--------------|---|---|------------------------------------|--|
| 414          | 1.21%                                       | x | 4                                  | 4.840%   |
| 484          | 1.42  |   | 4                                  | 5.680  |
| 485          | 1.42  |   | 4                                  | 5.680  |
| 716          | 2.09  |   | 20                                 | 41.800   |
| 717          | 2.10  | x | <u>20</u>                          | <u>42.000%</u>   |
|              |   |   | 52                                 | 100.000%   |

As nearly as practicable, the percentage of common interest for each residential apartment is determined by calculating what percentage of the total interior net floor area of all of the residential apartments is represented by the net floor area of the particular apartment and multiplying the percentage thus obtained by one hundred percent (100%).

| <u>Apt. No.</u> | <u>Parking</u>           |        |
|-----------------|--------------------------|--------|
|                 | <u>Stall Assignments</u> |        |
|                 | <u>Covered/Uncovered</u> |        |
| 1-A             | 2                        | 271    |
| 1-B             | 3                        | 325    |
| 1-C             | 6                        | 269    |
| 1-D             | 9                        | 328    |
| 1-R             | 1                        | 272    |
| 1-S             | 4                        | 326    |
| 1-T             | 5                        | 270    |
| 1-U             | 8                        | 327    |
| 2-A             | 11                       | 19 (C) |
| 2-B             | 14                       | 18 (C) |
| 2-C             | 29                       | 71 (C) |
| 2-D             | 16                       | 12     |
| 2-R             | 10                       | 20 (C) |
| 2-S             | 13                       | 17 (C) |
| 2-T             | 28                       | 21 (C) |
| 2-U             | 15                       | 7      |
| 3-A             | 40                       | 83 (C) |
| 3-B             | 129                      | 84 (C) |
| 3-C             | 125                      | 80 (C) |
| 3-D             | 27                       | 78 (C) |
| 3-R             | 41                       | 82 (C) |
| 3-S             | 128                      | 85 (C) |
| 3-T             | 127                      | 81 (C) |
| 3-U             | 26                       | 79 (C) |
| 4-A             | 36                       | 329    |
| 4-B             | 42                       | 267    |
| 4-C             | 25                       | 268    |
| 4-D             | 22                       | 323    |
| 4-R             | 37                       | 330    |
| 4-S             | 43                       | 44     |
| 4-T             | 24                       | 322    |
| 4-U             | 23                       | 324    |
| 5-A             | 50                       | -      |
| 5-B             | 133                      | -      |
| 5-C             | 132                      | -      |
| 5-D             | 45                       | -      |
| 5-E             | 49                       | -      |
| 5-F             | 48                       | -      |
| 5-R             | 134                      | -      |
| 5-S             | 131                      | -      |
| 5-T             | 130                      | -      |
| 5-U             | 38                       | -      |
| 5-V             | 47                       | -      |
| 5-W             | 46                       | -      |

| <u>Apt. No.</u> | <u>Parking<br/>Stall Assignments</u> |        |
|-----------------|--------------------------------------|--------|
|                 | <u>Covered/Uncovered</u>             |        |
| 6-A             | 69                                   | 86 (C) |
| 6-B             | 67                                   | 77 (C) |
| 6-C             | 66                                   | 76 (C) |
| 6-D             | 124                                  | 75 (C) |
| 6-R             | 70                                   | 73 (C) |
| 6-S             | 68                                   | 87 (C) |
| 6-T             | 65                                   | 72 (C) |
| 6-U             | 123                                  | 74 (C) |

C = Compact Stall

NOTE: In addition to the foregoing parking stall assignments, Parking Stalls 30, 31, 32, 33, 34, 35, 88, 89, 90 and 91 have been designed as common element visitor stalls.

Exhibit "B"

Common Elements

1. The land described in Exhibit "A" of the Declaration;

2. All structural components, such as foundations, girders, beams, supports, unfinished perimeter walls and loadbearing walls (except for the inner decorated surfaces within each apartment) and the roofs of the buildings; all exterior stairways, walkways, landings, railings and the fences enclosing the fenced courtyard areas of said buildings;

3. All yards, gardens, planting areas, fences, trash collection areas and all parking areas, carports, driveways and access lanes, including uncovered parking stall Nos. 30 through 35 and 88 through 91 which are visitor parking stalls;

4. Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central appurtenant transmission facilities and installations over, under or across the Project which serve more than one apartment for services such as power, light, gas, hot water, cold water, sewage, telephone, radio and television signal distribution, if any;

5. Any apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, vents and other such installations and apparatus;

6. All other parts of the Project necessary or convenient to its existence, maintenance and safety or normally in common use.

End of Exhibit "B"

Exhibit "C"

Encumbrances

As to Lot 4369-F-1 only:

1. Grant in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, dated May 25, 1960, filed in said Office of the Assistant Registrar as Document No. 261268 over and across Lot 4369-F-1; consent thereto filed as Documents Numbered 216269 and 261270 (also affects other property).
2. Mortgage and Security Agreement dated June 16, 1989, recorded in said Office of the Assistant Registrar as Document No. 1643494, made by Gentry Homes, Ltd., a Hawaii corporation, as Mortgagor, in favor of Bank of Hawaii, a Hawaii banking corporation, as Mortgagee.

As to Lot 4369-F-2 only:

3. Easement 1529, area 170 square feet, for electrical switching vault purposes, as shown on Map 435, as set forth by Land Court Order No. 89690, filed on May 12, 1988, as amended.
4. Grant in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, dated July 14, 1988, filed in said Office of the Assistant Registrar as Document No. 1566294 over and across Easement 1529, as shown on Map 435, for switching vault purposes.
5. Easement 2101, area 15,219 square feet, for access and utility purposes, as shown on Map 462, as set forth by Land Court Order No. 93114, filed March 31, 1989.
6. Easement 2100, area 881 square feet, for water meter purposes, as shown on Map 461, as set forth by Land Court Order No. 93000, filed on March 20, 1989. (Also affects other property)
7. Grant in favor of the City and County of Honolulu and the Board of Water Supply dated May 4, 1989, granting Easement No. 2100 recorded in the Office of the Assistant Registrar as Document No. 1632099 (also affects other property).
8. Mortgage dated May 25, 1989, recorded in said Office of the Assistant Registrar as Document No. 1637785, made by Gentry Homes, Ltd., a Hawaii corporation, as Mortgagor, in favor of Bank of Hawaii, a Hawaii banking corporation, as Mortgagee, to secure the repayment of the sum of \$12,750,000.00 and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to.

9. Financing Statement covering all right, title and interest of the Debtor in and to that certain Escrow Agreement, etc., given as security by Gentry Homes, Ltd., in favor of Bank of Hawaii, recorded on May 26, 1989, in the Bureau of Conveyances of the State of Hawaii in Book 23229, Page 386 (also affects other property).

As to both Lots 4369-F-1 and 4369-F-2:

10. Real Property Taxes for the Fiscal Year 1988-1989 in the amount of \$45,417.87 have been paid in full.
11. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
12. The terms and provisions of that certain Unilateral Agreement and Declaration for Conditional Zoning dated September 4, 1984, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1256439.
13. Reservation by the Trustees under the Will and of the Estate of James Campbell, deceased, their successors in trust and assigns (the "Estate") of the right to an easement of such width as the Estate of its sole discretion may require for installation of underground pipes, lines and appurtenances for water, utilities, sewage, drainage or any other purposes whatsoever across the within lots bordering the public right-of-way known as Fort Weaver Road, as reserved in Deed dated January 15, 1985, filed in said Office of the Assistant Registrar as Document No. 1277743.
14. Unrecorded perpetual easement in favor of Hawaiian Electric Company, as set forth in Campbell Estate Document No. 4841; as set forth in that certain Deed dated January 15, 1985, filed in said Office of the Assistant Registrar as Document No. 1277743.
15. Unrecorded easement in favor of Hawaiian Electric Company, expiring December 6, 2010, as set forth in Campbell Estate Document No. 4889; as set forth in that certain Deed dated January 15, 1985, filed in said Office of the Assistant Registrar as Document No. 1277743.
16. The terms and conditions of that certain unrecorded Replacement Development Agreement, including as set forth in that certain Deed dated January 15, 1985, filed in said Office of the Assistant Registrar as Document No. 1277743. (Also affects other property)

17. The covenants, conditions, limitations and restrictions as contained in that certain Ewa by Gentry Community Area Declaration of Covenants, Conditions and Restrictions, dated July 21, 1988, recorded in the Office of said Assistant Registrar as Document No. 1568352.
18. Conditional Use Permit-Joint Development and Agreement for Issuance of Conditional Use Permit under Section 4.40-21 of Land Use Ordinance (LUO) dated February 24, 1989, filed in said Office of the Assistant Registrar as Document No. 1615780.
19. A 40-foot building setback line from Exclusion 2, as shown on Map 462, as set forth by Land Court Order No. 93114, filed March 31, 1989.
20. Obligation set forth in deed dated May 16, 1989, recorded as Land Court Document No. 1636048 to share in the maintenance and repair of Lot 4369-E, as shown on Map 461, together with others who may have access rights over said Lot 4369-E, said obligation to continue in perpetuity unless and until Lot 4369-E is dedicated to the City and County of Honolulu.
21. Reservations in favor of Gentry Development Company, a Hawaii limited partnership, as contained in deed dated May 16, 1989, filed in said Office of the Assistant Registrar as Document No. 1636048.
22. Declaration of Condominium Property Regime dated May 24, 1989, recorded on June 1, 1989 in said Office of the Assistant Registrar as Document No. 1639200, as amended by instrument dated June 16, 1989 and recorded as Document No. 1643000.
23. By-Laws of the Association of Apartment Owners of "Palm Villas, Increment I" dated May 24, 1989, recorded on June 1, 1989 in said Office of the Assistant Registrar as Document No. 1639201.
24. Condominium Map No. 715, filed in said Office of the Assistant Registrar on June 1, 1989.

End of Exhibit "C"

EXHIBIT "D" -- Page 1 of 3

PALM VILLAS PHASE I

ESTIMATE OF INITIAL MAINTENANCE FEES

| <u>APARTMENT MODEL</u> | <u>COMMON INTEREST</u> | <u>MONTHLY FEE x 12 MONTHS</u> | <u>YEARLY TOTAL</u> |
|------------------------|------------------------|--------------------------------|---------------------|
| 414 (4 units)          | 1.21%                  | \$ 54.33                       | \$ 2,607.84         |
| 484 (4 units)          | 1.42%                  | 63.76                          | 3,060.48            |
| 485 (4 units)          | 1.42%                  | 63.76                          | 3,060.48            |
| 716 (20 units)         | 2.09%                  | 93.84                          | 22,521.60           |
| 717 (20 units)         | 2.10%                  | 94.29                          | <u>22,629.60</u>    |
|                        |                        | TOTAL                          | <u>\$ 53,880.00</u> |

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After the respective increments of Palm Villas have been merged, the managing agent has agreed to reduce the amount of the management fees for the merged project. A budget for the entire Palm Villas Project after merger is included with this Exhibit "D". It is anticipated that a resident manager for the Project will not be hired until approximately 80-100 units are occupied. The Developer anticipates they will hire the Resident Manager in November 1989. The expenses related to the Resident Manager have been prorated for Increment I to take this into consideration.

Until the Palm Villas Association makes a decision regarding the purchase of an apartment for the Resident Manager an apartment will be rented for the Resident Manager from the Developer.

The Developer anticipates that the Recreation Area will be ready for use sometime in October 1989. The expenses relating to the Recreation Area have been prorated for Increment I to take this into consideration.

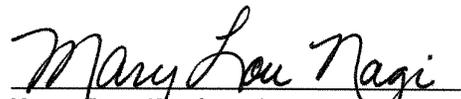
The foregoing maintenance fees do not include the dues payable to the Ewa by Gentry Community Association.

PALM VILLAS I  
(52 UNITS)

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

|  | <u>Monthly</u>  | x 12 months = <u>Yearly</u> Total |
|--|-----------------|-----------------------------------|
| UTILITIES AND SERVICES:                      |                 |                                   |
| Electricity (Common Elements Only)           | \$ 180          | \$ 2,160                          |
| Gas (Res. Mgr. & Rec Area)                   | 31              | 372                               |
| Refuse Collection                            | 375             | 4,500                             |
| Telephone (Res. Mgr.)                        | 23              | 276                               |
| Water/Sewer                                  | 690             | 8,280                             |
| MAINTENANCE, REPAIRS & SUPPLIES:             |                 |                                   |
| Buildings                                    | 45              | 540                               |
| Grounds                                      | 480             | 5,760                             |
| Well   | 23              | 276                               |
| Pool   | 248             | 2,976                             |
| MANAGEMENT:                                  |                 |                                   |
| Management Fee                               | 807             | 9,684                             |
| Payroll and Payroll Taxes (Res. Mgr.)        | 484             | 5,808                             |
| Office Expenses (Initial Equip. & Mtc. Shed) | 90              | 1,080                             |
| Resident Manager Lodging                     | 129             | 1,548                             |
| Insurance                                    | 525             | 6,300                             |
| Reserves                                     | 300             | 3,600                             |
| Taxes and Government Assessments             | 5               | 60                                |
| Other (Legal & Pest Control)                 | 30              | 360                               |
| Audit and Tax Preparation                    | <u>25</u>       | <u>300</u>                        |
| TOTAL  | <u>\$ 4,490</u> | <u>\$ 53,880</u>                  |

We, Chaney, Brooks & Company, as managing agents for the condominium, certify that the above maintenance fee and the monthly cash operating costs have been on generally accepted accounting principles.

  
 Mary Lou Nagi, Vice President  
 Central Oahu Branch Office

**PALM VILLAS  
(352 UNITS)**

**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:**

|   | <u>Monthly</u> x 12 months = | <u>Yearly</u> Total     |
|---|------------------------------|-------------------------|
| Utilities and Services                          |                              |                         |
| Electricity                                     |                              |                         |
| (Common Elements Only)                          | 1,200                        | 14,400                  |
| Gas (Res. Mgr. & Rec Area)                      | 70                           | 840                     |
| Refuse Collection                               | 2,500                        | 30,000                  |
| Telephone (Res. Mgr & Rec Area)                 | 100                          | 1,200                   |
| Water/Sewer                                     | 4,600                        | 55,200                  |
| Maintenance, Repairs & Supplies                 |                              |                         |
| Buildings                                       | 300                          | 3,600                   |
| Grounds   | 3,200                        | 38,400                  |
| Well  | 150                          | 1,800                   |
| Pool  | 550                          | 6,600                   |
| Management                                      |                              |                         |
| Management Fee                                  | 3,118                        | 37,416                  |
| Payroll and Payroll Taxes<br>(Res Mgr plus one) | 3,700                        | 44,400                  |
| Office Expenses<br>(Initial Equip & Mtc Shed)   | 600                          | 7,200                   |
| Insurance                                       | 3,500                        | 42,000                  |
| Reserves  | 2,000                        | 24,000                  |
| Taxes and Government Assessments                | 10                           | 120                     |
| Other (legal & pest control)                    | 200                          | 2,400                   |
| Audit and Tax Preparation                       | <u>150</u>                   | <u>1,800</u>            |
| <b>TOTAL</b>                                    | <b>25,948</b><br>=====       | <b>311,376</b><br>===== |

The annual cash operating budget (prorated on a monthly basis) and the estimated monthly cost for each apartment is for one year commencing April 1989. The information contained herein is based on the data available to us at this time.

We, Chaney, Brooks and Company, as managing agents for the condominium, certify that the above maintenance fee and the monthly cash operating costs have been on generally accepted accounting principles.

NOTE: This budget gives the estimated operating expenses of the Palm Villas Project after the completion and merger of all six increments of the Project.

  
Mary Lou Nagi  
Vice President  
Central Oahu Branch Office

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

1. That the buyer of the apartment must live in the apartment for at least 12 months.

2. What the obligations are of the buyer if the buyer wants a mortgage loan to cover part of the purchase price.

3. That a buyer's money will be held in escrow, under the terms of the Escrow Agreement.

4. That a buyer will not receive interest on deposits made under the Sales Contract.

5. That the apartment will be subject to various other legal documents which the buyer should examine.

6. That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to buyer.

7. That the Seller has no control over certain activities on adjacent property owned by others including agriculture, military, utility and aviation; that these activities may cause some inconveniences to the buyers; and that the Buyer will indemnify the Developer and the owners of the properties involved except in cases of negligence or willful misconduct.

8. That under certain circumstances where the apartment is ready for occupancy and the buyer has not completed his financing arrangements for the purchase of the apartment. Buyer will be responsible for all of the Seller's expenses as a result of Buyer's delay.

9. That the Developer has reserved the right to administratively merge the increments of Palm Villas.

End of Exhibit "E"

EXHIBIT "F"

Summary Of Escrow Agreement

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

1. Escrow will let buyers know when payments are due.
2. The Escrow Agreement says that interest on buyer's deposits will accrue in favor of the Developer and not the buyer unless the Sales Contract specifically provides that interest be credited to the buyer.
3. Escrow will arrange for buyers to sign all necessary documents.
4. The Escrow Agreement says under what conditions a refund will be made to a buyer.
5. The Escrow Agreement says what will happen to a buyer's funds upon a default under the Sales Contract.
6. The Escrow Agreement contains various other provisions and establishes certain charges with which the buyer should become acquainted.

End of Exhibit "F"