

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.

[xx] Changes made are as follows: This Supplementary Condominium Report covers only seven (7) apartment units in Buildings 4 and 5 in Palm Villas, Increment I (Registration No. 2078). The seven (7) affected apartment units have been used as model homes and sales offices and are currently slightly modified to accommodate those uses. Although apartments 4A & 4R will continue to be used as sales and rental offices for the time being, all the apartments will ultimately be restored to reflect the floor plans currently reflected on Condominium Map 715 and as described in Exhibit A attached..

Palm Villas, Increment I has been administratively merged with Palm Villas, Increments II through VI, inclusive and a resident manager has been hired. The budgets attached reflect the merger and the employment of the resident manager.

The Palm Villas Recreation Center has been completed and all budgets and maintenance fees reflect costs associated with its maintenance and upkeep.

The officers of Gentry Homes, Ltd. have changed. Linda F. K. Nakata is now the treasurer. Additionally, Melinda Ching is the attorney for the developer.

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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.

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.

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.

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.

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
LINDA F. K. MAKATA --- Treasurer

Real Estate Broker: 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

General Contractor: DEVELOPER IS OWNER-BUILDER Phone: _____
Name (Business)
Business Address

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

Attorney for Developer: DAWN SUYENAGA /Melinda Ching Phone: (808) 599-8200
Name (Business)
560 North Nimitz Highway, #212
Business Address
Honolulu, Hawaii 96817

**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 - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1639200

Amendment date(s) and recording/filing information:

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

July 7, 1989 recorded July 11, 1989 as Document No. 1648905.

August 14, 1990 recorded August 30, 1990 as Document No. 1759881 (Certificate of Merger for Administration and Use of Palm Villas, Increments I, II, III, IV, V and VI)

- 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:

July 7, 1989 recorded July 11, 1989 as Document No. 1648905.

- 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 - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 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 Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>51%</u>

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

2. **Developer:** The Developer no longer has any reserved rights with respect to the Declaration, Condominium Map, By-Laws or House Rules. The Developer has reserved rights to grant easements over the property for access and utility purposes until January 1, 2005.

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:

91-1049 and 91-1059 Puamae'ole Street
Address: (Buildings 4 and 5 respectively) Tax Map Key: (1) 9-1-50-91
Ewa Beach, Hawaii 96706 (TMK)

Address TMK is expected to change because _____

Land Area: 2.506 acres square feet acre(s) Zoning: A-1 (apartment)

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

Sublessor:
Name
Address

C Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Buildings: 2 Floors Per Building 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Asphalt Shingles; Composition siding

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	7	Yes	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input checked="" type="checkbox"/> Other: <u>52 apartments in entire project</u>				_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

Yes No

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

Pets: with provisions of House Rules.

Number of Occupants: _____

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".

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

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>
414	2	studio/bath	414	**(See Note Below)
484	0	1/1	484	▪ ▪ ▪ ▪
485	1	1/1	485	▪ ▪ ▪ ▪
716	2	2/1-½	716	▪ ▪ ▪ ▪
717	2	2/1-½	717	▪ ▪ ▪ ▪
_____	_____	_____	_____	_____

Total Apartments: 7 (52 apartments in entire project)

**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.

Total Parking Stalls: 11 (102 in entire Project)

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>7</u>	<u>4</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>11</u>
Guest	<u>---</u>	<u>6</u>	<u>---</u>	<u>4</u>	<u>---</u>	<u>---</u>	<u>10*</u>
Unassigned	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Extra Available for Purchase	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Other:	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Covered & Open	<u>21 (102 in the entire Project)</u>						

*The Guest Parking Stalls cited above are for the entire Project.

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. (See Paragraph 7 on Page 5)*

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 has constructed a recreation area on a separate site adjacent to this Project for the use of the apartment owners.

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 November 12, 1991 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.

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	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. Should the lender terminate Purchaser's Sales Contract, Purchaser shall be entitled to a refund of all deposits less a nominal cancellation fee.

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.

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.

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:

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other _____

I. Construction Warranties:

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

1. **Building and Other Improvements:** 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. 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.

J. Status of Construction and Estimated Completion Date:

Construction on the project was completed in June 1989.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development: The apartments covered by this Project are part of the first increment of the Palm Villas project which consists of 352 developed in six separate increments. Each increment is a separate condominium project. The Developer has merged the six increments for purposes of administration and use so that the management, control administration and use of the six condominium projects are unified under one Association of Apartment Owners. The merger affects the administration and use of the increments and result in the sharing of common expenses. It does not affect the ownership of the apartments nor their appurtenant common interest in their respective increments. See Exhibit A for percentage common interests of the apartments in the Project and percentage voting interests based on the merged increments.

The apartments in each increment are substantially similar in design and construction, and none of the increments contain particular facilities or amenities which substantially increase the upkeep or maintenance of the entire project.

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated effective April 18, 1989

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. One of the access roads to the Palm Villas Project located at the end of Koka Street ("Koka Street Access Road") is presently 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 Koka Street Access Road will be a private road or a public road. The road way may also be widened and extended beyond the railroad right-of-way to Renton Road (north of the Project). If it is decided to make the Koka Street Access Road a public road, it will be deeded to the City and County of Honolulu.

If the Koka Street Access Road remains a private road, the Association of Apartment Owners of Palm Villas, as well as others who use the Koka Street Access Road including the owners of the Palm Court condominium projects developed to the west of the Koka Street Access Road (approximately 400 apartment units total) will all share in the cost of maintaining the road. No road maintenance costs have been included in the maintenance fees at this time. In the event the various Associations are required to maintain the road, it is not anticipated that the maintenance costs will be significant. If the Koka Street Access Road remains a private road, it is contemplated that ownership will be ultimately held by the Ewa-by-Gentry Community Association, or some other appropriate entity.

2. 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 merged Association may use as lodging for a resident manager. The apartment selected is currently being rented by the various Associations of Palm Villas. The costs associated with the Resident Manager are included in the maintenance fees shown in Exhibit "D" for the Project. At the time the various Associations wish to purchase the apartment from the Developer, a fair market price will be agreed upon between the Associations and the Developer. The Associations will be responsible for financing the acquisition.

3. 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 limits the types of farm activities that may be deemed a nuisance.

d. The Project is located near the Honouliuli Sewage Treatment Plant, which will be expanded in the future to accommodate increased usage.

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. The Project is also adjacent to Fort Weaver Road, a major thoroughfare.

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 Buyer and other occupants and invitees of the Project. In the Apartment Deed, each buyer, for himself, his heirs, personal and legal representatives and assigns, will release, indemnify and hold harmless the Seller and any of its related entities, the Trustees of the Estate of James Campbell, Deceased, and Oahu Sugar Company, Limited and their respective officers, directors, employees, agents, successors, and successors-in-trust and assigns from and against any and all liability, claims or expenses relating to any claim made by the Buyer or any person using or occupying the Property covered by this Sales Agreement, arising directly or indirectly from the Activities on Adjacent Land; provided, however, that the person or entity whose actions or omissions are the direct cause of any damage to the Buyer shall be responsible for the consequences or results of its own gross negligence, willful misconduct or violation of applicable law.

4. The Recreation Center has been developed on Lot 4748, Map 479. The Recreation Center consists of (a) the main meeting room which will also house the resident manager's office and the maintenance room, (b) two smaller pavilions located adjacent to gas barbecue grills, and (c) a free form swimming pool. The Recreation Center is available for use by all of the apartment owners of the overall Palm Villas Project. The maintenance fees for this Project include the costs of operating the Recreation Center.

5. Apartment Numbers 4A and 4R in Building 4 will continue to be used as sales and rental offices. There may be increased traffic, pedestrians and vehicles in the project for a period of time because of the offices. While those apartments are used as offices, the Developer will pay the maintenance fees for those apartments.

6. All apartment owners in Palm Villas, Increment I are automatically members of the Ewa By Gentry Community Association, a non-profit Hawaii corporation. All owners are therefore subject to the restrictions, covenants and conditions of the Ewa By Gentry Community Area Declaration of Covenants, Conditions and Restrictions (See Exhibit C, page 1) which govern the entire Ewa By Gentry community. Each owner pays dues to the Community Association in the amount of approximately twenty dollars (\$20.00) per month.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the Developer unless the Developer clearly states in the sales contract that sales 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.

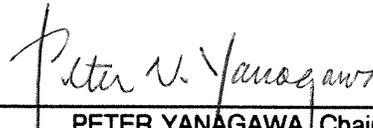
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

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.



PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu
Federal Housing Administration

EXHIBIT "A"

APARTMENT DESCRIPTION, PARKING STALL ASSIGNMENTS
AND COMMON INTEREST

<u>Bldg. and Apt.</u>	<u>Apt. Type</u>	<u>Net Living Area</u>
4-A	717	717
4-B	716	716
4-R	717	717
4-S	716	716
5-E	414	414
5-F	485	485
5-V	414	414

DESCRIPTION OF APARTMENT TYPES:

Type 414 (Studio) (414 sq. ft.)

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 485 (1 Bedroom/1 Bath) (485 sq. ft.)

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) (716 sq. ft.)

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) (717 sq. ft.)

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 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 1A

<u>APT. NO.</u>	<u>APT. TYPE</u>	<u>COMMON INTEREST</u>	<u>VOTING INTEREST</u>
4A	717	2.10%	.307%
4B	716	2.09%	.305%
4R	717	2.10%	.307%
4S	716	2.09%	.305%
5E	414	1.21%	.177%
5F	485	1.42%	.209%
5V	414	1.21%	.177%

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%).

The percentage voting interest is determined by calculating what percentage of the total interior net floor area of the merged Palm Villas projects 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 Stall Assignments Covered/Uncovered</u>	
4-A	36	329
4-B	42	267
4-R	37	330
4-S	43	44
5-E	49	---
5-F	48	---
5-V	47	---

NOTE: Parking Stalls 30, 31, 32, 33, 34, 35, 88, 89, 90 and 91 have been designed as common element visitor stalls for the entire Project.

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; the attic crawlspace, all exterior stairways, walkways, landings, railings and the fences enclosing the fenced courtyard areas of said buildings;
3. All yards, gardens, planting areas, fences, and trash collection areas;
4. The parking structure, carports, parking areas, including uncovered parking stalls numbered Nos. 30 through 35 and 88 through 91, which are visitor parking stalls;
5. 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;
6. Any apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, vents and other such installations and apparatus; and
7. 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

1. All taxes that are due and owing for the Fiscal Year 1991-1992.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. That certain Grant made in favor of Hawaiian Electric Company, Inc., dated May 25, 1960 and filed in said Office of the Assistant Registrar as Document No. 261268 regarding an easement for utility purposes.
4. 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.
5. 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 and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1568352. Said Declaration was amended by instrument dated May 30, 1989 and filed in said Office of the Assistant Registrar as Document No. 1652869.
6. 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.
7. 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.
8. Reservation unto the Grantor (Gentry-Development Company, a registered Hawaii limited partnership), and its successors, but not its assigns, such easements for access, electrical, gas, communications and other utility purposes and for sewer, drainage and water facilities over, under, along, across and through the property granted hereby, and the access road, being Lot 4369-E, as shown on Map 461, together with the right to dedicate and grant to the State of Hawaii, City and County of Honolulu, Board of Water Supply of the City and County of Honolulu, or any other appropriate

governmental agency or to any public utility, or other corporation, such easements for such purposes over, under, across, along and through the property granted hereby under the usual terms and conditions required by the grantee for such easements rights, including, without limiting the generality of the foregoing, a grant of easement to the Trustees under the Will and of the Estate of James Campbell, deceased, as reserved in that certain Deed dated May 16, 1989, filed in said Office of the Assistant Registrar as Document No. 1636048.

9. Agreement as set forth in that certain Deed dated May 16, 1989, filed in said Office of the Assistant Registrar as Document No. 1636048.
10. 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 May 12, 1988, as amended.
11. Grant in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, dated July 14, 1988, regarding Easement 1529 for switching vault underground power lines, filed in said Office of the Assistant Registrar as Document No. 1566294.
12. 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.
13. 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.
14. Grant in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, and the Board of Water Supply, City and County of Honolulu dated May 4, 1989, regarding easement for underground water meter purposes over, under, across and through Easement 2100, containing an area of 881 square feet, filed in said Office of the Assistant Registrar as Document No. 1632099.
15. The covenants, agreements, obligations, conditions, easements and other provisions as contained in that certain Declaration of Condominium Property Regime of "Palm Villas, Increment I" dated May 24, 1989 and filed in said Office of the Assistant Registrar as Document No. 1639200.

Said Declaration was amended by instruments dated June 15, 1989 and July 7, 1989 and filed in the Office of the Assistant Registrar as Documents Nos. 1643000 and 1648905 respectively.

16. Condominium Map No. 715, as amended.
17. By-Laws of the Association of Apartment Owners of "Palm Villas, Increment I" dated May 24, 1989 and filed in said Office of the Assistant Registrar as Document No. 1639201.
18. Grant of Easement in favor of Hawaiian Electric Company, Inc., a Hawaii corporation dated June 8, 1989 regarding an easement to construct, etc., pull boxes, etc., under, upon, across and through Lot 4749 and Easement 2101, filed in said Office of the Assistant Registrar as Document No. 1647422.
19. The restrictive covenants and conditions as contained in that certain Declaration of Restrictions and Confirmation of Reservation of Rights dated July 14, 1989 and filed in said Office of the Assistant Registrar as Document No. 1651262.
20. The restrictive covenants and conditions as contained in that certain Certificate of Merger for Administration and Use of Palm Villas, Increments I, II, III, IV, V and VI dated August 14, 1990 and filed in said Office of the Assistant Registrar as Document No. 1759881.

END OF EXHIBIT "C"

EXHIBIT "D"

PALM VILLAS, INCREMENT I

MAINTENANCE FEES

<u>APT. NO.</u>	<u>APT. TYPE</u>	<u>MONTHLY FEE</u>	<u>YEARLY TOTAL</u>
4A	717	\$79.66	\$955.92
4B	716	79.14	949.68
4R	717	79.66	955.92
4S	716	79.14	949.68
5E	414	45.93	551.16
5F	485	54.23	650.76
5V	414	45.93	551.16

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 expenses relating to the Recreation Area have been included in the attached budget.

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

EXHIBIT "D"

Chaney, Brooks & Co.

1992 BUDGET PREPARATION

CAMA910

PROPERTY# 5286-0

PALM VILLAS

RUN DATE: 10/24/91

FOR PERIOD 01/01/92 TO 12/31/92

ANDERSON, BERNIE

Current Monthly Budget	Actual Monthly Average	Account Number	Account Description	Proposed Monthly Budget	Approved Monthly Budget
25948.00	26080.00	5110-0	MAINTENANCE FEES	37270.00	37270.00
0.00	113.00	5113-1	START UP FEES	0.00	0.00
0.00	0.00	5115-0	MTNCE-PRIOR DELING	0.00	0.00
0.00	274.00	5410-0	INTEREST INCOME	0.00	0.00
0.00	327.00	5911-0	LATE FEES	0.00	0.00
0.00	266.00	5990-0	OTHER RECEIPTS	0.00	0.00
0.00	8416.00	5999-1	TRNSF FROM RES-PASSBKS	0.00	0.00
0.00	2916.00	5999-2	TRNSF FROM RES-CERT	0.00	0.00
25948.00	38392.00	Total Receipts		37270.00	37270.00

150.00	0.00	6010-0	AUDIT AND TAX FEES	167.00	167.00
3500.00	3150.00	6080-0	INSURANCE-PACKAGE	1422.00	1422.00
0.00	339.00	6083-0	INSURANCE-OTHER	197.00	197.00
0.00	87.00	6084-0	INSURANCE-MEDICAL	95.00	95.00
0.00	231.00	6085-0	INSURANCE-WRKRS COMP	240.00	240.00
0.00	69.00	6089-0	INSURANCE CLAIMS	0.00	0.00
100.00	28.00	6120-0	LEGAL FEES	31.00	31.00
3118.00	3118.00	6130-0	MGT & ACCTG SERVICES	3163.00	3163.00
600.00	515.00	6140-0	MISC PROJECT EXPENSE	599.00	599.00
0.00	20.00	6150-0	PETTY CASH REIMB	22.00	22.00
2500.00	4536.00	6180-0	REFUSE SERVICE	4945.00	4945.00
0.00	330.00	6192-0	RENT - OFFICE	330.00	330.00
300.00	31.00	6210-0	MTNCE/REPAIR BLDG	50.00	50.00
150.00	59.00	6224-0	MTNCE/REPAIR-EQUIPMENT	71.00	71.00
3200.00	5620.00	6230-0	MTNCE/REPAIR-GROUNDS	7020.00	7020.00
0.00	13.00	6232-0	MTNCE/REPAIR-LIGHTING	14.00	14.00
550.00	231.00	6240-0	MTNCE/REPAIR-POOL	240.00	240.00
100.00	0.00	6250-0	MTNCE/REPAIR-FEST CNTRL	50.00	50.00
3700.00	1704.00	6341-0	PAYROLL-RES MANAGER	2046.00	2046.00
815.00	796.00	6342-0	LODGING-RES MANAGER	1103.00	1103.00
0.00	3.00	6530-0	SUPPLIES-JANITORIAL	3.00	3.00
0.00	164.00	6560-0	SUPPLIES-POOL	175.00	175.00
0.00	72.00	6590-0	SUPPLIES-BLDG/OTHER	77.00	77.00
10.00	24.00	6710-0	TAXES-GENERAL EXCISE	26.00	26.00
0.00	198.00	6720-0	TAXES-PAYROLL	283.00	283.00
1200.00	1476.00	6811-0	ELECTRICITY	1535.00	1535.00
70.00	25.00	6812-0	GAS	27.00	27.00
100.00	70.00	6813-0	TELEPHONE	70.00	70.00
4600.00	5730.00	6814-0	WATER/SEWER	8698.00	8698.00

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EXHIBIT "D"

Chaney, Brooks & Co.

CAMA910
PROPERTY# 5286-0
RUN DATE: 10/25/91
1992 BUDGET PREPARATION
PALM VILLAS
FOR PERIOD 01/01/92 TO 12/31/92
ANDERSON, BERNIE

Current Monthly Budget	Actual Monthly Average	Account Number	Account Description	Proposed Monthly Budget	Approved Monthly Budget
0.00	693.00	6815-0	SEWER	0.00	0.00
0.00	444.00	6816-0	WATER	0.00	0.00
0.00	4.00	6990-0	OTHER DISBURSEMENTS	100.00	100.00
0.00	198.00	6994-0	CAPITAL EXPENDITURES	0.00	0.00
2000.00	1771.00	6999-1	TRNSF TO RES-PASSBKS	4471.00	4471.00
0.00	5833.00	6999-2	TRNSF TO RES-CERT	0.00	0.00
26763.00	37582.00	Total Expenses		37270.00	37270.00

TRANSFER TO RESERVE:

- \$ 3764.58 each month to the PAINTING Reserve
Acct # 08-340690 Reserve Code 22 At PIONEER FED SAVINGS
- \$ 344.27 each month to the FEST CONTROL Reserve
Acct # 08-340690 Reserve Code 38 At PIONEER FED SAVINGS
- \$ 44.71 each month to the POOL Reserve
Acct # 08-340690 Reserve Code 96 At PIONEER FED SAVINGS
- \$ 169.90 each month to the ROADS Reserve
Acct # 08-340690 Reserve Code 29 At PIONEER FED SAVINGS
- \$ 147.54 each month to the ROOFING Reserve
Acct # 08-340690 Reserve Code 30 At PIONEER FED SAVINGS

Budget Prepared By: _____

Budget Submitted To: _____ Date: _____

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EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a buyer 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, sales and rental 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.

END OF EXHIBIT "E"

EXHIBIT "F"

Summary Of Escrow Agreement

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

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"