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

CONDOMINIUM PUBLIC REPORT

on

MILILANI PINNACLE - PHASE II
Mililani Town, Oahu, Hawaii

Registration No. 2164

Issued: February 13, 1990
Expires: March 13, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of January 19 ,19 90 , 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:

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

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

____ **SUPPLEMENTARY**: *(pink)* Updates information contained in the
[ ] Prelim. Public Report dated _____
[ ] Final Public Report dated _____
[ ] Supp. Public Report dated _____

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

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required [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.

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

[ ] Changes made are as follows:

SPECIAL ATTENTION:

The Developer has disclosed that it has the right, in its sole and absolute discretion, to cause and effect a merger of the Project with a condominium project located or to be located on land (or a portion or portions thereof) adjacent to the land of the Project. Upon such merger, each apartment in the Merged Project shall have an undivided percentage interest in the common elements and in all common profits and expenses of the Merged Project. The alteration of the common interests upon such merger may result in an increase in each apartment owner's share of the maintenance fees.

The prospective Buyer is cautioned to carefully review Section S of the Declaration of Condominium Property Regime as it pertains to the above described merger of projects, this Public Report and the documents filed at the Developer's Sales Office in connection with the Project for further information in connection with the foregoing.

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's *"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:

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

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

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

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description SEE EXHIBIT A

Apt. Type	Quantity	BR Bath	Net Living Area (sf)*	Lanai Patio (sf)

Total Apartments: 44

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

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

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	
Guest Stalls	5
Unassigned Stalls	
Extra Stalls Available for Purchase	
Other: *Each apartment will include a two-car garage.	88*
Total Parking Stalls	93*

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

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

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

Wallace Miyahira	- President
Stanley Lee	- Vice President/Secretary/Treasurer
Robert Brant	- Senior Vice President
James R. Steinwascher	- Vice President
Beverly Garcia	- Vice President
David W. Perrigo	- Assistant Treasurer
Lloyd M. Tomiyasu	- Controller
Alan B. Sellers	- Assistant Secretary

Real Estate Sales Agent: Developer Phone:
Name (Business)
Business Address

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

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

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

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of 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:

[X] Proposed
[ ] Recorded - Bureau of Conveyances - Book _____ Page _____
[ ] Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

[X] Proposed
[ ] Recorded - Bureau of Conveyance Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

[X] Proposed
[ ] Recorded - Bureau of Conveyances - Book _____ Page _____
[ ] Filed - Land Court - Document Number _____

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:

[X] 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:

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

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

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

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

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

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

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

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

Exhibit _____ contains further explanations.

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

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

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

[ ] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

Exhibit _____ contains further explanations.

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

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

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

[ ] Other:

For Subleaseholds:

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

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

B. **Underlying Land:**

Address: Lanikuhana Avenue, Mililani Town Tax Map Key (TMK): 9-5-047-002(1)

Oahu, Hawaii

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

Land Area: 3.161 [ ] square feet [X] acre(s) Zoning: A-1

Fee Owner: Mililani Town, Inc.
Name

650 Iwilei Road, P. O. Box 2780
Address

Honolulu, Hawaii 96803

Sublessor: _____
Name

_____
Address

_____

C **Buildings and Other Improvements:**

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

2. Buildings: 6 Floors Per Building 2

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

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

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

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[X] Residential	44	[ ] Agricultural	
[ ] Timeshare/Hotel		[ ] Recreational	
[ ] Other: _____			

5. Special Use Restrictions:

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

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

[X] Number of Occupants: No more than 5 persons per two-bedroom apartment and no more than 7 persons per three-bedroom apartment.

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

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 44

Elevators 0 Stairways 1 in each apartment Trash Chutes 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
SEE EXHIBIT A				

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

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

Boundaries of Each Apartment:

SEE EXHIBIT B

Permitted Alterations to Apartments:

SEE EXHIBIT C

7. Parking Stalls:

Total Parking Stalls: 93*

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)							
Guest		5					5
Unassigned							
Extra Available for Purchase							
Other:	88*						88*
Total Covered & Open	93*						

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

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

*Each apartment will include a two-car garage.

8. Recreational and Other Common Facilities.

[X] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Storage Area

[ ] Recreation Area

[ ] Laundry Area

[ ] Tennis Court

[ ] Trash Chute

[ ] Other: _____

_____

9. Present Condition of Improvements NOT APPLICABLE
(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

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

10. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

   [X] Exhibit D 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.

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

      [X] described in Exhibits E and F

      [ ] as follows:

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

   [X] Exhibit F 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 G describes the encumbrances against the title contained in the title report dated October 16, 1989 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

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

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

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.

(DISCLOSURE ABSTRACT)

Exhibit H/ contains a schedule of maintenance fees and maintenance fee disbursements.

H. **Utility Charges for Apartments:**

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

[ ] Electricity

[ ] Gas

[ ] Other _____

[ ] Television Cable

[ ] Water & Sewer

[X] 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:

SEE SECTION 3 OF EXHIBIT H (THE DISCLOSURE ABSTRACT)

2. Appliances:

SEE SECTION 3 OF EXHIBIT H (THE DISCLOSURE ABSTRACT)

J. **Status of Construction and Estimated Completion Date:**

Construction of the Project commenced in June 1988 and the Developer estimates that construction will be completed in or about July 1990.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

The Developer, at its option, has the right, but not the obligation, to expand the Project by merging the Project with a condominium project ("Phase I") located or to be located on land adjacent to the Project site, consisting of up to 46 additional apartments and common elements appurtenant thereto, and to amend the "Declaration to provide for such merger without obtaining the approval, consent or joinder of any owner, mortgagee or purchaser of any apartment, all as set forth in Section S of the Declaration.

A merger shall result in a reallocation of the percentage interests of each apartment unit in the common elements and in all common profits and expenses of the Merged Project, and for all other purposes, including voting. The net living floor area of each apartment shall be the basis for reallocation of the percentage interests.

A merger may result in additional payments toward the maintenance and operation of the Merged 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:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract and Specimen V.A. Addendum to Reservation and Sales Agreement.

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

[X] Escrow Agreement dated December 12, 1988

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

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

2. GOLF COURSE: The Declaration of Condominium Property Regime provides that all apartment owners, their tenants, lessees, families, servants, guests, invitees, licensees, employees, and any other person who may in any manner use the condominium project ("Project"), or any part thereof, are hereby notified that (1) the Project is adjacent to an existing eighteen-hole golf course (the "Golf Course"); (2) the operation of such Golf Course and its layout may be revised or modified at any time, at the discretion of the owner or operator of the Golf Course; (3) the location of the Project and individual apartments with respect to the Golf Course may result in nuisances, disturbances or hazards to persons and property on or within the Project and individual apartments as a result of such golf course-related operations; and (4) they assume all risks of property damage or personal injury arising from the use of golf carts, golf balls and/or stray golf balls and from other golf course-related activities.

NOTE: Future owners of resale units in the Project should be apprised of the existence of the above-described golf hazard potential in the Project.

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 Mililani Town Covenants

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

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

This Public Report is a part of Registration No. 2164 filed with the Real Estate Commission on December 13, 1989.

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

[X] yellow paper stock [ ] white paper stock [ ] pink paper stock

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

Peter N. Yanagawa

PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT A

APARTMENT DESCRIPTION

Apt. Type	Quantity	Bedroom/ Bath	Approx. Net Living Floor Area in Sq. Ft.*	Lanai/ Patio	Approx. Net Garage Floor Area in Sq. Ft.
A	7	2/1-1/2	1,179	98	424
Ah	1	2/1-1/2	1,179	98	424
Ar	8	2/1-1/2	1,179	98	424
B	6	2/2-1/2	1,258	98	424
Be	6	2/2-1/2	1,258	98	424
Ber	6	2/2-1/2	1,258	98	424
Br	6	2/2-1/2	1,258	98	424
C	2	3/2-1/2	1,427	98	424
Cr	2	3/2-1/2	1,427	98	424

Total Apartments: 44

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

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

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

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

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act (but in no event later than December 31, 1999), the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the filing in the Office of the Assistant Registrar of the Land Court of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT D

COMMON ELEMENTS

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

(a) The Land in fee simple;

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

(c) All walkways, roadways, sidewalks, retaining walls (if any), fences, gates, entry courts, yard areas, driveways, parking areas (other than the garages which are part of the respective apartments), loading zones, yards, grounds, landscaping, refuse areas, and mailboxes;

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

(e) The five (5) guest parking stalls located in the Project as shown on the Condominium Map;

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT E

LIMITED COMMON ELEMENTS

(a) Each of the entry court areas within the Project, designated on the Condominum Map as Entry Court Areas E-47 to E-90, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "F" attached hereto;

(b) Each of the driveway areas within the Project, designated on the Condominium Map as Driveway Areas D-47 to D-90, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "F" attached hereto;

(c) Each of the yard areas within the Project, designated on the Condominium Map as Yard Areas Y-47 to Y-90, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "F" attached hereto;

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT F

COMMON INTEREST AND LIMITED COMMON ELEMENTS

Apt. No.	Apt. Type	Bldg. No.	Entry Court Area No.	Drive-way Area No.	Yard Area No.	Common Interest
47	Be	9	E-47	D-47	Y-47	2.29713%
48	Br	9	E-48	D-48	Y-48	2.29713%
49	C	9	E-49	D-49	Y-49	2.60574%
50	Cr	9	E-50	D-50	Y-50	2.60574%
51	C	9	E-51	D-51	Y-51	2.60574%
52	Cr	9	E-52	D-52	Y-52	2.60574%
53	B	9	E-53	D-53	Y-53	2.29713%
54	Ber	9	E-54	D-54	Y-54	2.29713%
55	Be	10	E-55	D-55	Y-55	2.29713%
56	Br	10	E-56	D-56	Y-56	2.29713%
57	A	10	E-57	D-57	Y-57	2.15287%
58	Ar	10	E-58	D-58	Y-58	2.15287%
59	A	10	E-59	D-59	Y-59	2.15287%
60	Ar	10	E-60	D-60	Y-60	2.15287%
61	B	10	E-61	D-61	Y-61	2.29713%
62	Ber	10	E-62	D-62	Y-62	2.29713%
63	Be	11	E-63	D-63	Y-63	2.29713%
64	Br	11	E-64	D-64	Y-64	2.29713%
65	A	11	E-65	D-65	Y-65	2.15287%
66	Ar	11	E-66	D-66	Y-66	2.15287%
67	Ah	11	E-67	D-67	Y-67	2.15287%
68	Ar	11	E-68	D-68	Y-68	2.15287%
69	B	11	E-69	D-69	Y-69	2.29713%
70	Ber	11	E-70	D-70	Y-70	2.29713%
71	Be	12	E-71	D-71	Y-71	2.29713%
72	Br	12	E-72	D-72	Y-72	2.29713%
73	A	12	E-73	D-73	Y-73	2.15287%
74	Ar	12	E-74	D-74	Y-74	2.15287%
75	A	12	E-75	D-75	Y-75	2.15287%
76	Ar	12	E-76	D-76	Y-76	2.15287%
77	B	12	E-77	D-77	Y-77	2.29713%
78	Ber	12	E-78	D-78	Y-78	2.29713%
79	Be	13	E-79	D-79	Y-79	2.29713%
80	Br	13	E-80	D-80	Y-80	2.29713%
81	A	13	E-81	D-81	Y-81	2.15287%
82	Ar	13	E-82	D-82	Y-82	2.15287%
83	B	13	E-83	D-83	Y-83	2.29713%

Apt. No.	Apt. Type	Bldg. No.	Entry Court Area No.	Drive-way Area No.	Yard Area No.	Common Interest
84	Ber	13	E-84	D-84	Y-84	2.29713%
85	Be	14	E-85	D-85	Y-85	2.29713%
86	Br	14	E-86	D-86	Y-86	2.29713%
87	A	14	E-87	D-87	Y-87	2.15287%
88	Ar	14	E-88	D-88	Y-88	2.15287%
89	B	14	E-89	D-89	Y-89	2.29713%
90	Ber	14	E-90	D-90	Y-90	2.29713%

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

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

2. Designation of Easement "4735" (42 square feet) for electrical purposes as shown on Map 718, as set forth by Land Court Order No. 91644, filed November 7, 1988.

3. Designation of Easement "4736" (42 square feet) for electrical purposes as shown on Map 718, as set forth by Land Court Order No. 91644, filed November 7, 1988.

4. Designation of Easement "4737" (42 square feet) for electrical purposes as shown on Map 718, as set forth by Land Court Order No. 91644, filed November 7, 1988.

5. Designation of Easement "4738" (42 square feet) for electrical purposes as shown on Map 718, as set forth by Land Court Order No. 91644, filed November 7, 1988.

6. Designation of Easement "4739" (3,648 square feet) for sewer, water and drainage purposes as shown on Map 718, as set forth by Land Court Order No. 91644, filed November 7, 1988.

7. Designation of Easement "4740" (112 square feet) for drainage purposes as shown on Map 718, as set forth by Land Court Order No. 91644, filed November 7, 1988.

8. Grant to City and County of Honolulu dated January 5, 1989, filed as Land Court Document No. 1613495, granting an easement over said Easement "4739".

9. Grant of Easement in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, dated January 31, 1989, filed as Document No. 1616307, granting a perpetual right and easement for electrical purposes, etc. within Easements "4735", "4736", "4737" and "4738" and within Lot 12294 as shown on Map 718.

10. Grant to City and County of Honolulu dated January 5, 1989, filed as Land Court Document No. 1635461, granting an easement over said Easement "4739".

11. Grant to City and County of Honolulu dated January 5, 1989, filed as Land Court Document No. 1635462, granting an easement over said Easements "4739" and "4740".

12. Grant in favor of Waiahole Water Company, Limited dated May 21, 1913, recorded in Liber 392 at Page 276, granting easements of right-of-way for water system, etc. Said Grant was assigned to Waiahole Irrigation Company, Limited by instrument dated September 18, 1970, filed as Land Court Document No. 513858.

EXHIBIT H

MILILANI PINNACLE - PHASE II

DISCLOSURE ABSTRACT

1. (a) PROJECT: Mililani Pinnacle - Phase II
Mililani Town, Oahu, Hawaii

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

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

2. USE OF APARTMENTS:

(a) Number of Apartments in Project for Residential Use: 44

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

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

3. WARRANTIES:

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

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

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

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

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Chaney, Brooks & Company, a Hawaii corporation, for the one-year period commencing November 1989, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of Mililani Town Association dues (currently $12.00 per month) or real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

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

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

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

CERTIFICATE

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

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

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

DATED: Honolulu, Hawaii, this 10th day of November, 1989.

MARY LOU NAGI
Vice President of Central
Oahu Branch Office

Subscribed and sworn to
before me this 10th day
of November, 1989.

Notary Public, State of Hawaii

My commission expires: May 7, 1991

EXHIBIT "A"

MILILANI PINNACLE - PHASE II

Estimated Annual Common Expenses

	MONTHLY	ANNUAL
Utilities and Services		
Electricity (common elements only)	$ 50	$ 600
Telephone	15	180
Water and sewer	700	8,400
Maintenance, Repairs and Supplies		
Building	450	5,400
Grounds	1,300	15,600
Management		
Management fee	1,122	13,464
Payroll and payroll taxes	552	6,624
Office expenses	90	1,080
Insurance	880	10,560
Reserves	500	6,000
Taxes and Government Assessments	10	120
Audit and Tax Preparation	100	1,200
Other (legal & pest control)	135	1,620
TOTAL DISBURSEMENTS	$5,904	$70,848

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

(1) The estimated monthly maintenance charge for each Type A, Type Ah and Type Ar apartment is $127.11 per month.

(2) The estimated monthly maintenance charge for each Type B, Type Be, Type Br and Type Ber apartment is $135.62 per month.

(3) The estimated monthly maintenance charge for each Type C and Type Cr apartment is $153.84 per month.

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT I

SUMMARY OF SALES CONTRACT

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

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

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

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

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

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

3. Seller may (but does not have to) cancel the Sales Agreement (a) if the buyer's mortgage loan application is rejected or not approved within 75 days after application, or (b) if the buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the buyer's ability to make the cash payments.

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

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

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

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

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

8. Seller has given or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual apartments. All of the rights and interests which Seller gives to the lender or lenders will have priority over the buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of

signed apartment leases to the buyers. If Seller's lender or lenders ask the buyers to do so, the buyers will sign other documents to confirm the promises and agreements mentioned above.

9. The buyer understands and acknowledges that the Project is adjacent to an existing eighteen-hole golf course (the "Golf Course"). The buyer also understands and agrees that the operation of such golf course and its layout may be revised or modified at any time, at the discretion of the owner or operator of the Golf Course. The buyer acknowledges and understands that the location of the Project and the Apartment with respect to the Golf Course may result in nuisances, disturbances or hazards to persons and property on or within the Project and the Apartment as a result of such golf course-related operations. The buyer represents and warrants to Seller that the buyer, in the buyer's sole discretion, has determined that the benefits of the location of the Project and the Apartment with respect to the Golf Course outweigh such risks. The buyer covenants and agrees to assume all risks of property damage or personal injury arising from the use of golf carts, golf balls and/or stray golf balls and from other golf course-related activities, and the buyer shall indemnify and hold harmless Seller and its successors and assigns from any liability, claims or expenses, including attorneys' fees, arising from such property damage or personal injury to the property or person of the buyer, or the buyer's tenants, lessees, family, servants, guests, employees, or other persons who may use the Project or the Apartment. The buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the maintenance, operation or use of the Golf Course.

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

CONDOMINIUM PUBLIC REPORT ON
MILILANI PINNACLE - PHASE II

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

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

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

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

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