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

CARTER PROFESSIONAL CENTER
Mamalahoa Highway
Waimea, Hawaii

Registration No. 2190

Issued: April 3, 1990
Expires: May 3, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of February 21, 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:

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's *"Condominium Property Act"* (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

[ ] Fee simple interest in an apartment and an undivided fee hold interest in the common elements.
[ ] Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
[X] 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. [ ] Residential [X] 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

Apt. Type	Quantity	Net Area (sf)*	Apt. Type	Quantity	Net Area (sf)*
A-1	1	3,415.625	B-2-B	1	2,809
A-2	1	2,705	B-2-C	1	2,362.5
B-1-A	1	1,813	B-2-D	1	2,463
B-1-B	1	2,809	C-1	1	2,385.5
B-1-C	1	2,362.5	D-1	1	4,322.625
B-1-D	1	1,888.5	D-2	1	4,459.625
B-2-A	1	2,107			

Total Apartments: 13

*Net 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)	109*
Guest Stalls	
Unassigned Stalls	
Extra Stalls Available for Purchase	
Other: _____	
Total Parking Stalls	109

*All parking stalls are currently assigned to Apartment A-1. Parking may be designated by the developer as unassigned, for loading, for handicapped use, or assigned to particular other apartments in the Project as sales occur.

7. Recreational amenities:

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: BP Partners
Name
Phone: 885-4623 (Business)

220 S. King Street, Suite 1212
Business Address

Honolulu, HI 96813

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

Ainamalu Properties, Inc.

Napikieha, Inc.

Environs Pacific Development, Inc.

Real Estate Sales Agent: Environs Pacific, Inc.
Name
Phone: 885-4623 (Business)

P. O. Box 2045
Business Address

Kamuela, HI 96743

Escrow: Title Guaranty Escrow Services, Inc.
Name
Phone: 521-0211 (Business)

235 Queen Street, 1st Floor
Business Address

Honolulu, HI 96813

Managing Agent: To be determined
Name
Phone: (Business)

Business Address

Attorney for Developer: Dwyer Imanaka & Schraff
Name

900 Fort Street, Suite 1800
Business Address

Honolulu, HI 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.

The Developer does not as yet have a final form of House Rules available for review by prospective buyers. House Rules will be provided to buyers upon issuance of the Final Public Report by the Commission.

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	---	The Board of Directors may change the House Rules by appropriate vote.

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

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

The developer has the reserved right, without obtaining the approval of any party with an interest in the property, to alter floor plans, subdivide and/or consolidate apartments which it owns, convert certain portions of any existing apartment to common element status, and delete, relocate, realign, reserve and grant easements and rights of ways over, under and on the common elements which may be necessary or desirable, all in accordance with the provisions contained in the Declaration; and further, to effect amendments to the Declaration and Condominium Map to carry out any such changes. The exact nature of these reserved rights are set forth in Exhibit A attached to this Public Report. Purchasers are advised to read with care these specific provisions.

III. THE CONDOMINIUM PROJECT

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

[ ] 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.

[X] 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 B contains further explanations.

Lease Term Expires: On that date which is 55 years after the issuance of the first condominium conveyance document.
Rent Renegotiation Date(s): Annual rent is set for the first two 5-year periods and is increased for every 5-year period thereafter.
Lease Rent Payable: [X] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit B contains a schedule of the lease rent for each apartment per
[X] 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: Mamalahoa Highway Tax Map Key: 6-5-003-044 (3) (TMK)

Waimea, Hawaii

[ ] Address [ ] TMK is expected to change because _____

Land Area: 2.2 [ ] square feet [X] acre(s) Zoning: Commercial

Fee Owner: BP Partners
Name

220 S. King St., #1212 235 Queen Street
Address

Honolulu, HI 96813 Honolulu, HI 96813

Sublessor: _____
Name

_____
Address

C **Buildings and Other Improvements:**

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

2. Buildings: 4 Floors Per Building Three buildings contain two floors, and one building has one floor.

   [X] Exhibit C contains further explanations.

3. Principal Construction Material:

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

   [X] Other gypsum board and glass are also utilized throughout the respective buildings.

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[X] Commercial	All	[ ] Industrial	
[ ] Residential		[ ] Agricultural	
[ ] Timeshare/Hotel		[ ] Recreational	
[X] Other: Any use permitted under applicable law and under the Declaration, By-Laws and House Rules.			

5. Special Use Restrictions:

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

[ ] Pets _____

[ ] Number of Occupants: _____

[X] Other: Use of the apartments is restricted to such use as may be permitted by applicable law, the Declaration, By-Laws and House Rules.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 13 (Subject to the creation of more apartments through subdivision of existing apartments or the reduction of the number of apartments through the consolidation of existing apartments.)

Elevators N/A Stairways 4 Trash Chutes ---

Apt. Type	Quantity	Net Area (sf)*	Apt. Type	Quantity	Net Area (sf)*
A-1	1	3,415.625	B-2-B	1	2,809
A-2	1	2,705	B-2-C	1	2,362.5
B-1-A	1	1,813	B-2-D	1	2,463
B-1-B	1	2,809	C-1	1	2,385.5
B-1-C	1	2,362.5	D-1	1	4,322.625
B-1-D	1	1,888.5	D-2	1	4,459.625
B-2-A	1	2,107			

Total Apartments: 13

*Net 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:

The boundaries of each apartment are the perimeter and party walls, windows, doors, floors and ceilings of each apartment. The Declaration sets forth in detail what is included in the apartment and what is not included, and buyers are urged to refer to the Declaration for particulars.

Permitted Alterations to Apartments;

Unless otherwise prohibited by the provisions of the Declaration or By-Laws, an apartment owner may make additions, alterations or improvements within his apartment at his sole cost and expense; provided that any structural additions, alterations or improvements made within the apartment shall require the prior approval of the Board, in which case the Board shall notify all other owners within the same building at least thirty days prior to taking action.

7. Parking Stalls:

Total Parking Stalls: 109

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)		77		32			109
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open	77		32				

Each apartment will have the exclusive use of at least --- 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.

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

8. Recreational and Other Common Facilities.

[ ] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[X] Other: Activity Center; Courtyard Area

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

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 E 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 Exhibit 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 G 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 H describes the encumbrances against the title contained in the title report dated February 13, 1990 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.

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

[X] There ~~are~~ will be 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
There will be a construction mortgage lien placed on the property by the developer.	The buyer's interest may be affected if there is a default and foreclosure of the developer's mortgage. Upon the conveyance of the apartment or an interest therein to the buyer, however, the apartment will be released from the lien of the mortgage.

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.

[X] other To be determined

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 I 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 _____

[ ] Not applicable

[ ] Television Cable

[X] Water & Sewer

I. **Construction Warranties:**

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

1. Building and Other Improvements:

The construction contract with the general contractor for the project shall contain a warranty clause which will provide for a one-year warranty for defective work. It is the developer's desire that the contractor's warranty be passed on for the purchaser's benefit. Developer makes no warranties itself but developer agrees that if purchaser shall give developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, developer shall forward such notice together with a written notice to the contractor to correct such condition. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS WHICH MAY BE INSTALLED OR WHICH ARE CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. Appliances:

There will be no appliances sold to the buyers under their respective sales contracts.

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

Construction is scheduled to commence in April 1990 and is scheduled to be completed by April 1991. There is no guaranty, however, that this schedule will be adhered to.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

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

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

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated February 6, 1990

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

M. Easements. Among other easements and rights set forth in the Declaration, the apartments and common elements are subject to the following easements:

(1) Each apartment has an easement in the common elements for access and to provide utility services for and support, maintenance and repair of the apartment.

(2) The Association, acting through the Board of Directors, has the right to gain access to each apartment during reasonable hours to operate and maintain the property, and at any time for making emergency repairs necessary to prevent damage to the common elements or other apartments.

(3) The Developer and its agents have the right to conduct extensive sales activity on the property, including the use of model apartments, sales and management offices, until the closing of the sale of the last unsold apartment in the project.

(4) The Developer and people affiliated with the Developer have an easement over the property to complete improvements to and correct defects in the property.

(5) The Developer and people affiliated with the Developer have an easement to cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of any apartment or other improvements on the property.

(6) The Developer or a particular apartment owner who owns two (2) or more adjacent apartments separated by a wall, floor or ceiling will have an easement over the common elements as may be necessary to effect the alteration or removal of an intervening wall, floor or ceiling, and will have the right to create and cause noise, dust and other nuisances as a result of any such work.

(7) The Developer or any apartment owner will have an easement over the common elements and through apartments as may be reasonably necessary to effect the subdivision of apartments or over the common elements to design, develop, construct or complete any interior space of the respective apartments and to connect the apartments to various utility installations of the property.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
   a. Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report;
      AND
   b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
   a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. *These include but are not limited to the:*

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

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

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

This Public Report is a part of Registration No. 2190 filed with the Real Estate Commission on February 21, 1990.

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

Distribution:

Bureau of Conveyances
Department of Finance, County of Hawaii
Planning Department, County of Hawaii
Federal Housing Administration
Escrow Agent

EXHIBIT A

DEVELOPER'S RESERVED RIGHTS

The Developer will have the following reserved rights with respect to the property:

1. The Developer will have the right without obtaining the approval of any party to alter any floor plan of any apartment which it owns at any time and to cause a subdivision of any apartment which it owns to create two (2) or more apartments and/or to convert certain portions of any existing apartment to common element status provided that in each instance, the total common interest appurtenant to any newly created apartment(s) will be equal to the common interest which was appurtenant to the original apartment.

2. The Developer will also have the right to consolidate adjacent apartments which it owns at its expense provided that the structural integrity of the property is not affected, the finish of the common elements are restored and all construction activity necessary to any such alteration or removal is completed within four (4) months after commencement, subject to delays beyond the control of the Developer.

3. The Developer will also have the right to file such amendments as may be necessary to the Declaration and Condominium Map in order to properly effect, for legal purposes, any such alteration, subdivision or consolidation.

4. The Developer will also have the reserved right to and until December 31, 1999 to delete, relocate, realign, reserve and grant all easements and rights of ways over, under and on the common elements which may be necessary to desirable, including, but not limited to, easements and/or rights of ways for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, subject to certain conditions set forth in the Declaration.

EXHIBIT B

SUMMARY OF CONDOMINIUM CONVEYANCE DOCUMENT

The following is a brief summary of some of the more salient provisions of the condominium conveyance document. Purchasers are urged to read the entire document in order to gain a full understanding of the legal rights and obligations of the parties to that document.

1. The leasehold interest in the land under the condominium conveyance document will expire at a point in time which is approximately 55 years from the date of issuance of the first condominium conveyance document by the developer.

2. The fixed lease rent period extends through that date which is ten years after the issuance of the first condominium conveyance document for the Project and calls for the payment of a fixed amount per month through the end of that period. Thereafter, lease rent will be fixed for each of the succeeding nine five-year periods by taking a proportionate share, based on common interest, of that amount which is the product of (i) the greater of 8.5% or the then-current market lease rent capitalization rate, multiplied by (ii) 125% of the "base sum" which is utilized to calculate lease rent for the entire property for the immediately preceding period. The base sum for the second five-year period after issuance of the first condominium conveyance document is $1,531,936.00. Accordingly, to illustrate, during the third five-year period after the issuance of the first condominium conveyance document, the base sum will be $1,914,920.00 ($1,531,936.00 x 125%). Assuming that the market capitalization rate does not exceed 8.5% and assuming that the common interest appurtenant to the apartment in question is 9.51351%, the annual lease rent for that apartment for the said third five-year period will be $15,484.97 ($1,914,920 x 8.5% x 9.51351%).

3. Upon expiration of the term of the lease, the apartment owners may decide to remove the existing buildings or convey the existing buildings to the Developer for a total of $50,000.00. If a conveyance to the Developer is chosen, the $50,000.00 amount will be shared among apartment owners in accordance with their respective common interests.

SCHEDULE OF LEASE RENT

Apartment	Annual Lease Rent for Initial 5-Year Period After First CCD Issued	Annual Lease Rent for Second 5-Year Period After First CCD Issued
A-1	6,072.57	11,659.28
A-2	4,809.17	9,233.56
B-1-A	3,223.30	6,188.71
B-1-B	4,994.07	9,588.57
B-1-C	4,200.24	8,064.43
B-1-D	3,357.52	6,446.42
B-2-A	3,745.99	7,192.27
B-2-B	4,994.07	9,588.57
B-2-C	4,200.24	8,064.43
B-2-D	4,378.92	8,407.49
C-1	4,241.13	8,142.93
D-1	7,685.11	14,755.34
D-2	7,928.67	15,223.00

EXHIBIT C

DESCRIPTION OF BUILDINGS

The property contains four (4) buildings, each without basement, hree of which contain two stories and one of which contains one story. he buildings are constructed principally of wood, concrete, gypsum board nd glass.

The buildings are designated with letters "A", "B", "C" and "D".

Building "A" is located closest to Mamalahoa Highway and consists of wo floors with staircase, a covered walkway, and machine, electrical and tility rooms on the first floor.

Building "B" is located next to Building "A" and consists of two loors with two staircases. The building surrounds an open-air andscaped courtyard and is made up of four component buildings connected y covered walkways on the first floor and covered decks on the second loor. Besides the covered walkways and landscaped courtyard, there is n entry area, utility room, and men's and women's restroom facilities on he first floor. The second floor also has men's and women's restroom acilities and an electrical room.

Building "C" is located next to Building "B" and consists of one loor with covered walkway.

Building "D" is located next to Building "C" and is the building earest to Waikoloa Stream. Building "D" consists of two floors with one staircase and has an electrical and utility room on the second floor and a covered walkway on the first floor.

EXHIBIT D

PARKING ASSIGNMENTS

All parking stalls are currently assigned to Apartment A-1. Parking may be designated by the developer as unassigned, for loading, for handicapped use, or assigned to particular other apartments in the Project as sales occur.

EXHIBIT E

DESCRIPTION OF COMMON ELEMENTS

The common elements of the project consist of the following:

(1) Said land in fee simple;

(2) All structural components, such as foundations, concrete sidewalks and curbs, girders, beams, supports, main walls, roofs and ceilings, floor slabs, unfinished perimeter, party and interior load-bearing walls and columns, if any, perimeter doors and door frames, windows and window frames;

(3) All common spaces such as the landscaped courtyard area, gardens, planting or landscaped areas, trash enclosure areas, activity center, electrical, mechanical and utility rooms, restroom facilities located on the first and second floors of Building "B", telephone enclosures, stairways, walkways, all parking areas, driveways and access lanes;

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

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

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

EXHIBIT F

LIMITED COMMON ELEMENTS

It is the intent of the Developer to initially have all parking stalls of the Project set aside for the exclusive use of Apartment A-1. The Developer will have the exclusive right to reassign parking stalls and/or to designate certain parking stalls as common elements not appurtenant to particular apartments as the sales program proceeds. In short, purchase of an apartment does not necessarily mean that purchaser will have the exclusive use of a parking stall.

EXHIBIT G

COMMON INTEREST APPURTENANT TO EACH APARTMENT

The following is a summary of the common interests appurtenant to the espective apartments:

Apt. No. and Type	Common Interest (each apartment)**
A-1	9.51351
A-2	7.53422
B-1-A	5.04974
B-1-B	7.82389
B-1-C	6.58025
B-1-D	5.26002
B-2-A	5.86861
B-2-B	7.82389
B-2-C	6.58025
B-2-D	6.86018
C-1	6.64431
D-1	12.03977
D-2	12.42136

** The common interest for each apartment was calculated by dividing the approximate net interior floor area of the particular apartment by the total approximate net interior floor area for all apartments, and by thereafter arbitrarily adding .00001% to the common interest for apartments B-1-A and B-2-D in order that the common interest for all apartments may total 100%.

EXHIBIT H

ENCUMBRANCES ON TITLE

1. -AS TO ONE OF THE PARCELS OF THE PROJECT:- Reservations, conditions and covenants contained in Land Patent Grant Number S-15,512.

2. -REAL PROPERTY TAXES as may be due and owing. Check with the County Tax Assessor for further information.

EXHIBIT I

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months =	Yearly Total
A-1	825.53	9,906.36
A-2	653.78	7,845.36
B-1-A	438.19	5,258.28
B-1-B	678.91	8,146.92
B-1-C	571.00	6,852.00
B-1-D	456.43	5,477.16
B-2-A	509.24	6,110.88
B-2-B	678.91	8,146.92
B-2-C	571.00	6,852.00
B-2-D	595.29	7,143.48
C-1	576.55	6,918.60
D-1	1,044.74	12,536.88
D-2	1,077.85	12,934.20

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

Estimate of Maintenance Fee Disbursements:

	Monthly x 12 months =	Yearly Total
Utilities and Services		
Air Conditioning		
Electricity		
[X] common elements only	405.00	4,860.00
[ ] common elements and apartments		
Gas		
Refuse Collection	100.00	1,200.00
Telephone		
Water and Sewer	315.00	3,780.00
Maintenance, Repairs and Supplies		
Building	550.00	6,600.00
Grounds	500.00	6,000.00
Management		
Management Fee	1,500.00	18,000.00
Payroll and Payroll Taxes		
Office Expenses		
Insurance	2,000.00	24,000.00
Reserves	374.09	4,489.08
Taxes and Government Assessments	2,833.33	33,999.96
Audit Fees	100.00	1,200.00
Other		
TOTAL	8,677.42	104,129.04

I/We, BP PARTNERS, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

BP PARTNERS

By AINAMALU PROPERTIES, INC.

By _____
Its Vice President

Date: Mar 14 1986

EXHIBIT J

SUMMARY OF SALES CONTRACT

Among other provisions, the specimen Deposit, Receipt, Reservation nd Sales Agreement ("Sales Agreement") provides that:

(1) Sales Agreements executed prior to the issuance of a Final ublic Report for the project shall constitute a "reservation" and not a binding contract for the purchase of an apartment. Accordingly, the eservation may be cancelled and terminated at any time at the option of ither party (and purchaser shall receive a refund) until such time as he purchaser and seller execute a confirmation letter agreeing to render he Sales Agreement a binding contract. Therefore, the purchaser should e aware that the execution of a Sales Agreement prior to the issuance of Final Public Report does not necessarily mean that the purchaser will e able to purchase the apartment reserved for the price stated or on the ther terms stated in the Sales Agreement, or on any terms at all.

(2) The seller makes no warranties, express or implied, with respect o the apartments, the property, the project, or consumer products or ther things which may be installed or which are contained therein, ncluding warranties of merchantability, habitability, workmanlike onstruction, or fitness for a particular use. The seller does, however, gree to attempt to pass through to the purchaser the benefit of the eneral contractor's warranties, if any.

(3) The seller may cancel the Sales Agreement and hold the purchaser n default if any material discrepancies are discovered between the inancial information furnished by the purchaser and the purchaser's ctual financial status. Seller may also cancel if the purchaser's pplication or eligibility for a mortgage loan is rejected or not given nqualified approval within forty-five (45) days after application. If urchaser proposes to pay the purchase price in cash and seller, in its ole discretion, after reviewing the written evidence submitted to it by urchaser, determines that seller is not satisfied as to purchaser's bility to make such cash payment, then seller may cancel the Sales greement. Seller may also cancel the Sales Agreement if the purchaser should die or dissolve (if the purchaser is a partnership or orporation).

(4) The seller's mortgage loan (interim, renewals and extensions, sed for acquiring the land, constructing the project, and associated osts) shall be and remain at all times a lien or charge on the project, including the individual apartments prior to and superior to any and all other liens or charges on the project, and purchasers intentionally waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest they may have under the Sales Agreement in favor of the lien or charge on the project of the security interest of the lender. The purchasers also consent to the assignment

for security of seller's interest in the Sales Agreement and purchasers' escrow deposits to lender. The purchasers also irrevocably appoint the Managing Agent to receive and accept service of process on behalf of the purchasers.

(5) Seller and its agent have no program at this time nor is any program planned or contemplated to offer a rental service of any kind to the owners of apartments in the project, either individually or in any form of pooling arrangement, or by a third-party designated or arranged for by Seller, nor have any representations been made by Seller or its agent as to the feasibility of renting the apartment, or otherwise generating income or deriving any other economic benefit from ownership of the apartment. Seller and its agent have made no representations (nor is anyone authorized to do so) contrary to this paragraph with respect to either benefits to be derived from the rentals or other tax treatment of any Purchaser of an apartment, except as to the availability of income tax deductions for mortgage interest payments and real estate taxes.

(6) The purchaser will pay all closing costs and the nonrefundable start-up fee for commencement of the operations of the project by the Managing Agent and the Association of Apartment Owners. Real property taxes, maintenance costs and other prorations shall be made, and risk of loss shall transfer from seller to purchaser on the scheduled Closing Date as defined in the specimen Sales Agreement. Purchaser shall execute all documents necessary for closing and deposit with escrow all funds other than proceeds of purchaser's first mortgage loan within ten (10) days after receiving written notice to pre-close. Pre-closing may commence at any time after the effective date of the Sales Agreement.

(7) In the event development and construction of the project is delayed due to governmental restrictions or regulations enacted after the date of the Sales Agreement, or by occurrency of a contingency, the non-occurrence of which was a basic assumption upon which the contract was made, the seller determines that increases in development and construction costs because of such delay require increases in sales prices to maintain financial feasibility of the project, then and in any such event, and provided the sale of the property has not finally closed and the condominium conveyance document has not been recorded, seller may increase the total purchase price stated in the Sales Agreement only to the extent necessitated by said increases in development and construction costs and seller shall notify purchaser in writing of any such increase in the total purchase price. After receipt of such notice, purchaser shall have fifteen (15) days within which to affirm or terminate said Sales Agreement. If, within said fifteen day period, purchaser does not notify seller in writing that purchaser elects to terminate said Agreement, purchaser shall be deemed to have affirmed said Agreement at the increased purchase price. If purchaser elects to terminate said Agreement, seller shall cause escrow to refund to purchaser all deposits made pursuant to the Agreement, without interest and less any escrow cancellation fee, and seller may then offer said apartment to other prospective purchasers. Nothing in this paragraph shall be deemed to

.erminate, modify or qualify the obligations of the seller to complete :onstruction within the period prescribed in the Sales Agreement if ›urchaser timely affirms said Agreement at the increased purchase price.

It is incumbent upon purchasers and prospective purchasers that they ·ead with care the specimen Sales Agreement and the executed Escrow ıgreement. The Escrow Agreement establishes how the proceeds from the ;ale of the condominium apartments are placed in trust, as well as the :etention and disbursement of funds.

EXHIBIT K

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement dated February 6, 1990 is made by the Developer and Title Guaranty Escrow Services, Inc. and sets forth certain understandings and agreements with respect to the handling of buyers' funds and the closing of sales. Specifically, the Escrow Agreement provides in part that:

(1) All payments made under the sales agreement will be deposited with the escrow agent, who will in turn deposit the funds in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement. Any interest earned on such funds will be credited to the Developer. (Note that the Developer has certain obligations to pay interest on deposits to buyers under the Reservation and Sales Agreement.)

(2) Except for refunds to buyers, no disbursement of buyers' funds will be made until the escrow agent has received a letter from the Developer, assuming that the buyers have signed the required Receipt and Notice of Right to Cancel or are deemed to have receipted for the public reports and to have waived their right to cancel, and further that no subsequent events occur which give buyers the right to rescind, that the Reservation and Sales Agreements have become effective, and the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes (pertaining to the delivery of public reports and rescission rights) have been met.

(3) Each buyer is entitled to a return of his funds, and the escrow agent must pay such funds to the buyer if one of the following has occurred:

(a) The escrow agent receives a written request from the Developer to return to the buyer the buyer's funds then being held by the escrow agent; or

(b) The Developer notifies the escrow agent in writing of the Developer's exercise of the option to rescind the Reservation and Sales Agreement; or

(c) The conditions provided for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes have been met, and written notice thereof has been provided to the Developer.

(4) If the buyer is in default under the Reservation and Sales Agreement and fails to cure such default upon notice of same being given to the buyer, then, if the Developer certifies in writing to the escrow agent that (i) the Developer has elected to terminate the Reservation and Sales Agreement and has notified the buyer, or (ii) the buyer is otherwise in default, then, the escrow agent shall, subject to the provisions relating to dispute and conflicting demands set forth in the Escrow Agreement, treat all funds of the buyer, less any cancellation fee, as the funds of the Developer.