



**REAL ESTATE COMMISSION**  
 STATE OF HAWAII  
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION  
 250 South King Street Room 702  
 Honolulu, Hawaii 96813

**CONDOMINIUM PUBLIC REPORT**

FOUNTAINS AT MAKIKI

1433 Kewalo Street  
 Honolulu, Oahu, Hawaii

Registration No. 2352

Issued: November 4, 1992  
 Expires: December 4, 1993

**Report Purpose:**

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 20, 1992, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

**Type of Report:**

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.  
*(yellow)*
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.  
*(white)*
- No prior reports have been issued  
 Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_
- 
- SUPPLEMENTARY:** Updates information contained in the  
*(pink)*
- Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated \_\_\_\_\_  
 Supp. Public Report dated \_\_\_\_\_
- And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_
- This report reactivates the \_\_\_\_\_  
 public report(s) which expired on \_\_\_\_\_

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required       Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

1. Certain portions of the Sales Contract have been revised. Exhibit "K" (Summary of Sales Contract) has been revised.

2. Certain parking stall assignments have been revised. Exhibits "D" and "F" of this public report have been revised.

3. The initial managing agent has been changed as noted on Pages 6 and 15.

The developer has informed the Commission that, subsequent to the publication of Owner-Occupant Pre-Sale Notice on September 16 and 23, 1990 changes to the plan have occurred which affect the square footage of the units and the prospective buyer's attention is directed to paragraph 5 on page 5 and paragraph 6 on page 11 of this public report for the current unit square footage which the developer has submitted to the Commission.

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## GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

### Operation of the Condominium Project

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

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

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

## SUMMARY OF THE CONDOMINIUM PROJECT

**Interest to be Conveyed to Buyer:**

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

**Types of Project:**

1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
2.  Residential  Commercial  Ohana  
 Mixed Residential and Commercial  Agricultural  
 Other \_\_\_\_\_
3.  High Rise (5 stories or more)  Low Rise
4.  Single or  Multiple Buildings

**5. Apartment Description**

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Balcony (sf)
1A	1	1 / 1	492	-
2A	8	2 / 2	840	36 / 12
2B	5	2 / 2	840	36 / 12
2C	3	2 / 2	966	36 / 28
2D	5	2 / 2	840	36 / 12
2E	3	2 / 2	840	36 / 12
2G	2	2 / 2	965	36 / 12
2H	2	2 / 2	840	36 / 12
3A	29	3 / 2	1,025	- / 12
3B	14	3 / 2	1,025	- / 12

Total Apartments: 72

*\*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:**

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>151</u>
Guest Stalls	<u>8</u>
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>159</u>

**7. Recreational amenities:**

Private park, pool, sauna, multi-purpose rooms, spa, picnic/barbecue area.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: BETA DEVELOPMENT CO. Phone: 524-0666  
Name 222 S. Vineyard Street, PH-3 (Business)  
Business Address Honolulu, Hawaii 96813

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

STARTS DEVELOPMENT U.S.A., INC. (GENERAL PARTNER)

MERIDIAN DEVELOPMENT, INC. (GENERAL PARTNER)

Real Estate Broker: MERIDIAN PROPERTIES, INC. Phone: 524-0666  
Name 222 S. Vineyard Street, PH-3 (Business)  
Business Address Honolulu, Hawaii 96813

Broker: GUARDIAN ESCROW SERVICES, INC. Phone: 538-6991  
Name 737 Bishop Street, Suite 2090 (Business)  
Business Address Honolulu, Hawaii 96813

General Contractor: PPC - TOKYU JOINT VENTURE Phone: 537-2922  
Name Pauahi Tower 2350 (Business)  
Business Address 1001 Bishop St., Hon., HI 96813

Condominium Managing Agent: Self-managed by the Association Phone: \_\_\_\_\_  
Name of Apartment Owners (Business)  
Business Address \_\_\_\_\_

Attorney for Developer: GEORGE OKAMURA Phone: 524-4423  
Name 733 Bishop Street, Suite 2530 (Business)  
Business Address Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
- Recorded - Bureau of Conveyances - Document No. 92-144841  
Book \_\_\_\_\_ Page \_\_\_\_\_
- Filed - Land Court - Document No. \_\_\_\_\_

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:

- Proposed
- Recorded - Bureau of Conveyance Condo Map No. 1727
- 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:

- Proposed
- Recorded - Bureau of Conveyances - Document No. 92-144842  
Book \_\_\_\_\_ Page \_\_\_\_\_
- Filed - Land Court - Document No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

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

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

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules

Refer to Exhibit "A"



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: 1433 Kewalo Street Tax Map Key: (1) 2-4-21:32, 33  
Honolulu, Hawaii (TMK) 35, 36, 37, 38

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 45,700  square feet  acre(s) Zoning: A-2

Fee Owner: STARTS DEVELOPMENT U.S.A., INC.

Name  
2250 Kalakaua Avenue, Suite 515

Address  
Honolulu, Hawaii 96815

Sublessor: \_\_\_\_\_

Name

Address

**C Buildings and Other Improvements:**

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

2. Buildings: 1 Floors Per Building 5

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>72</u>	<u>Yes</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____	_____	_____		_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?  
 Yes                       No

5. Special Use Restrictions:

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

- Pets: Permitted with restrictions re. type(s), number(s), control and keeping thereof.
- Number of Occupants: \_\_\_\_\_
- Other: Refer to House Rules.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 2                      Stairways 3                      Trash Chutes 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
1A	1	1/1	492	-
<del>2A</del>	<del>8</del>	<del>2/2</del>	<del>840</del>	<del>36/12</del>
<del>2B</del>	<del>5</del>	<del>2/2</del>	<del>840</del>	<del>36/12</del>
<del>2C</del>	<del>3</del>	<del>2/2</del>	<del>966</del>	<del>36/28</del>
<del>2D</del>	<del>5</del>	<del>2/2</del>	<del>840</del>	<del>36/12</del>
<del>2E</del>	<del>3</del>	<del>2/2</del>	<del>840</del>	<del>36/12</del>
<del>2G</del>	<del>2</del>	<del>2/2</del>	<del>965</del>	<del>36/12</del>
<del>2H</del>	<del>2</del>	<del>2/2</del>	<del>840</del>	<del>36/12</del>
3A	29	3/2	1,025 -	-/12
3B	14	3/2	1,025	-/12

Total Apartments: 72

\*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:

Refer to Exhibit "B"

Permitted Alterations to Apartments:

Refer to Exhibit "C"

7. Parking Stalls:

Total Parking Stalls: 159

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	19		10		122		151
Guest	6		2				8
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open	25		12		122		

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

Commercial parking garage permitted in condominium project.

Exhibit "D" & "F" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage ~~Area~~ Lockers

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: Private park, sauna, multi-purpose rooms, spa, picnic/barbecue 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.  No variances to zoning code have been granted.

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

The Project is situated on six (6) lots which have not been consolidated. The Project is being developed pursuant to a Joint Development Agreement which will be recorded prior to recordation of any apartment deeds. A copy of the Joint Development Agreement is available for inspection at the office of the developer.

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	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.

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.

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

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.

Exhibit "G" describes the common interests for each apartment.

As follows:

**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 Sept. 3, 1992 and issued by Long & Melone, Ltd.

**Blanket Liens:**

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

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

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

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

Type of Lien

Effect on Buyer's Interest  
If Developer Defaults

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

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other \_\_\_\_\_

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.

Utility Charges for Apartments:

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

Not applicable

Electricity (Common elements only)

Television Cable (Basic Cable to Apartments and to Multi-Purpose Room 108)

Gas

Water & Sewer

Other Telephone (elevator and enterphone), refuse collection.

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:

Contractor (but not Developer or Fee Owner) has provided a one-year warranty. It begins on the date of "Substantial Completion" of the project and ends one year thereafter. For a discussion of when the date of "Substantial Completion" is and other discussion and disclaimers, refer to Exhibit "J".

2. Appliances:

Various appliance manufacturers (but not Developer or Fee Owner) have given warranties for varying periods. For discussion and disclaimers, refer to Exhibit "J".

J. Status of Construction and Estimated Completion Date:

Construction commenced on August 1, 1990, and is estimated to be completed on January 31, 1993.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

The Developer or the Fee Owner may acquire an adjoining parcel or adjoining parcels of land, build structures thereon consistent in theme and design with this condominium project. The Developer and the Fee Owner have reserved the right to merge the two condominium projects into one project or to merge the administration of the two projects under one administration. In either of such event, the common interest appurtenant to each apartment in this condominium project will be recalculated, taking into account the total common interests of both projects, and the common element costs and expenses will be consolidated.

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit "K" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated May 15, 1990

Exhibit "L" contains a summary of the pertinent provisions of the escrow contract.

Other

**IV. ADDITIONAL INFORMATION NOT COVERED ABOVE**

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

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

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

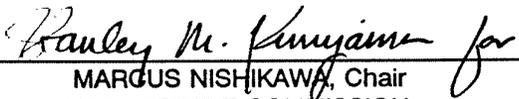
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107)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

This Public Report is part of Registration No. 2352 filed with the Real Estate Commission on  
November 23, 1990.

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\_\_\_\_\_  
MARGUS NISHIKAWA, Chair  
REAL ESTATE COMMISSION  
STATE OF HAWAII

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Federal Housing Administration

EXHIBIT "A"

RESERVATION OF RIGHTS TO CHANGE  
DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES

The Developer and Declarant have reserved the following rights to change the Declaration of Condominium Property Regime (the "Declaration"), the Bylaws, the Condominium Map and the House Rules for the project:

1. The Developer and/or Declarant may amend the Declaration without the consent or joinder of any apartment owner(s) or any mortgagee by filing an amendment to the Declaration pursuant to the provisions of Chapter 514A, Hawaii Revised Statutes, after completion of construction of the project by attaching to such amendment a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments, as built.

2. The Developer and/or Declarant have reserved the right to designate, locate, grant, convey, lease, modify, transfer, cancel, relocate, and otherwise deal with any and all utility and other easements (now or hereafter located) over, across and under the common elements (including limited common elements) of the project, including, without limitation, for lines and other transmission facilities and appurtenances for air conditioning, electricity, gas, t.v., telephone, hot and cold water, sewer, drainage, and other services and utilities, and to enter any apartment and common elements (including limited common elements) for purposes of the foregoing.

3. Further, the Declarant and/or the Developer may amend the Declaration, without the vote, joinder, consent, approval, signature or participation of any person or entity (including any Apartment owner, encumbrancer or the Association of Owners) in order to subdivide an approximate 2' wide strip of land fronting Kewalo Street, to convey the same to the City and County of Honolulu, and to amend the Declaration to change the description of the land upon which the Project is situated.

4. The Declarant and the Developer each reserves and is given the rights without the vote, joinder, consent, approval signature or participation of any person or entity (including any Apartment owner, encumbrancer or the Association of Owners): (a) to designate, locate, grant, convey, lease, modify, transfer, cancel, relocate, and otherwise deal with any and all utility and other easements (now or hereafter located) over, across and under the common elements (including limited common elements) including, without limitation, for lines and other transmission facilities and appurtenances for air conditioning, electricity, gas, t.v.

telephone, hot and cold water, sewer, drainage, and other services and utilities and further reserve the right to enter any Apartment and Common Elements (including limited common elements) for purposes of the foregoing; (b) to maintain development facilities and conduct sales of units in the Project, which rights shall include, but not be limited to, maintaining model units, operating a sales and construction office, conducting advertising, placing signs, using parking spaces, and erecting lighting in connection with such sales, provided, however, that no use of any unit with respect to which a deed has been issued (other than to the Developer) will be made; (c) to enter upon the land and the Project and carry on such construction and demolition activities as may be necessary in connection with rights reserved in the Declaration, including, but not limited to, parking and storage of construction equipment and materials, and (d) to subdivide the land on which the Project is situated to separate an approximate 2' strip of land fronting Kewalo Street, to convey the same to the City and County of Honolulu, and to amend the Declaration to change the description of the land upon which the Project is situated. In exercising any rights aforesaid, Declarant and/or Developer shall assure that there shall be no interference with the right of any Apartment owner to the use of said owner's Apartment or limited common element appurtenant thereto and shall exercise such rights in a manner as to minimize as much as reasonably possible inconvenience to users of common elements of the Project. The Declarant and the Developer further each reserves and is given an easement on, through, under and within all common elements of the Project as may be reasonably necessary for the purpose of discharging Declarant's and/or Developer's obligations or exercising any Declarant's and/or Developer's rights under the Condominium Property Act or reserved or given in the Declaration, whether or not expressly reserved or given by the terms of the Declaration, provided, that Declarant and/or Developer, as the case may be, shall promptly repair and restore any affected portions of the Project to a condition compatible with the remainder of the Project.

5. The Declarant expressly reserves and is given the right to build, develop, add, modify and merge later phase(s) of the project, as allowed by H.R.S. 514A-11(12) and 514A-19, or otherwise allowed by law or equity, for itself and its successors and assigns, including, without limitation:

(1) The right to create and construct any building(s), condominium apartments, common elements and limited common elements and to subject the same to the Declaration and to integrate the same into the Project;

(2) The right to add land to the Project, whether by way of legal consolidation or by way of joint ownership and use of non-consolidated parcels of land, for example, as allowed under Section 4.40-21 and/or 4.40-22 of the Land Use Ordinance of the City and County of Honolulu, and/or any substitution therefor or amendment thereof or any like Law or Covenant (as defined in the Declaration);

(3) The right to withdraw land from the Project in connection with any of the foregoing, including, without limitation, for granting to utility companies or municipalities or as may be required by any governmental authority in connection with the development or construction of the new phase(s);

(4) The right to construct utility lines, pipes, wires, ducts, conduits, sidewalks, driveways, gates and fences, parks and landscaped areas and elements, mail boxes, lobbies, entries and exits, hallways, and other structures and facilities on existing common areas of the Project and in areas of the new phase(s) for the purpose of service to or servicing of the new phase(s) and to connect the same to the existing facilities in the existing phase of the Project (as long as the same shall not result in material modification of any existing Apartment not owned by Declarant in the existing Project);

(5) The right to create and grant easements to utility companies; and

(6) The right to do construction work and to store materials as required for the new phase(s), provided that the same are done with an effort to minimize inconvenience to owners of Apartments in the existing Project.

6. The Declarant further reserves the right to create additional common elements and limited common elements and, in the latter event, to assign limited common elements to the newly created condominium apartments. The Declarant expressly reserves the right to add, delete, relocate, realign, reserve and grant all easements and rights of way over, under, on and through the common elements necessary or desirable to service the later phase(s) of the Project, including, without limitation, easements and rights of way for access, utilities, cesspools, sewers, sanitary and drainage purposes, T.V. cable, telephone, electricity, gas, water, refuse disposal, parking areas and driveways, provided that such easements and rights of way shall not materially impair the use of any Apartment in the present Project or its appurtenant interest in the common elements. The Declarant expressly reserves easements on, over, under and through all common elements of the present Project for purposes of development and construction of the additional phase(s) of the Project, including, without limitation, for ingress, egress, storage of building materials and equipment, parking of vehicles and building equipment, surveying, grading, clearing, construction, sales (which shall include the right to place signs and sales offices or tents on any portion of the common elements), and related activities. The vote, consent, signature, approval, act, joinder or participation of any kind by any Apartment owners in the present Project or any encumbrancer(s) of any Apartment shall not be necessary for any of the foregoing. The Declarant may record an amended Declaration to accomplish any of the foregoing, without the signature, approval, joinder, act, consent or participation of any person or entity.

7. The Declarant may cause the administrative merger of the present Project with any later phase(s) without the signature, approval, joinder, act, consent or participation in any way by or of any Apartment owner, any encumbrancer(s) of any Apartment, or any third party, by recording such amendment(s) to the Declaration, By-laws and/or condominium map setting forth certain information.

EXHIBIT "B"

BOUNDARIES OF APARTMENTS

Each Apartment consists of that portion of the building containing the Apartment which lies within the boundaries of the Apartment as shown on said Condominium Map, exclusive of any stairways, interior or exterior loadbearing walls and pillars, and any existing and future pipes, wires, conduits, ducts, vents and other service and utility lines, spaces or equipment which are utilized for or serve more than one Apartment or the common areas. The Apartment shall be considered to include any door, window, or other closure therein, and the boundary shall be the unfinished surface of the walls on the side of the Apartment, to the effect that the Apartment shall include the paint, enamel, stain, wallpaper, carpet, tile or other finishings on such surface(s). The respective Apartments shall not be deemed to include the unfinished surfaces of the perimeter or party walls and interior load-bearing walls, the floors and ceilings surrounding each Apartment or any pipes, wires, conduits or other utility or service lines, spaces or equipment running through such Apartment, which are utilized for or serve more than one Apartment or the common elements. Each Apartment shall be deemed to include all the walls and partitions that are not load-bearing within its perimeter or party walls, and all fixtures installed therein. The horizontal boundaries of each Apartment shall be the unfinished surface of the top of the concrete floor and the unfinished surface of the bottom of the concrete ceiling. Where an Apartment consists in whole or in part of unenclosed space, the boundary defining such space is the boundary as shown on said Condominium Map. For those Apartments having a balcony and or lanai, the Apartment shall be deemed to include the balcony and/or lanai, provided that the boundary of the balcony and/or lanai shall be the unfinished surface of the balcony and/or lanai floor on the side of the balcony and/or lanai, and the finished surface of the walls, ceiling and rails of the balcony and/or lanai, to the effect that the Apartment shall include the tile, carpet, or other finishing on the balcony and/or lanai floor (but not the paint or other finishings on the walls, ceiling or rails), and shall not be deemed to include the perimeter or party walls (full or partial height), retaining walls, rails, load-bearing walls, or floors and ceiling surrounding each balcony and/or lanai, or any pipes, wires, conduits or other utility or service lines, spaces or equipment running through the balcony and/or lanai which are utilized for or serve more than one Apartment or the common elements, the same being deemed common elements.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS.

Alterations or additions of a non-structural nature within an Apartment (as long as such alteration or addition is not visible from the exterior of the building or the Apartment, does not affect the elevation drawings of the building, does not increase or decrease the area of the Apartment, and does not affect the structural integrity of the building) shall require only the vote or consent thereto, by the owner(s) owning not less than seventy-five percent (75%) of the interest in each Apartment affected thereby, provided further, however, that in the event and to the extent the layout or description of the Apartment is changed from that described in this Declaration or as depicted on the Condominium Map, an amendment to this Declaration, or Condominium Map, or both, shall be duly executed and filed or recorded. The owner(s) desiring to make such change(s) shall provide plans and specifications to the Association so the Association may approve it if it does not endanger or affect any other Apartment or common element, and meets the aforesaid conditions. Owners who do any of the foregoing shall do so entirely at their own risk, cost and expense and shall be solely responsible for all permits, governmental approvals and other requirements of such alteration.

EXHIBIT "D"

ADDITIONAL INFORMATION REGARDING PARKING STALLS

The "R", "C", and "T" designations explained below will not appear on the stall numbering at the Project itself. Certain Parking Stalls are "compact" parking stalls, as defined by the Land Use Ordinance presently in effect for the City & County of Honolulu. These stalls are designated by a "C" following the parking stall number. An "R" following the parking stall number indicates that the stall is not a "compact" stall. Certain Parking Stalls, designated by a "(T)" following the stall number are "tandem" parking stalls, i.e., two (2) parking stalls positioned end-to-end such that a vehicle parked in the innermost of the tandem stalls cannot exit the stall should a vehicle be parked in the outermost of the tandem stalls.

The dimensions for the parking stalls contained on the Condominium Map include areas which may be used by pillars or other common elements. Therefore, the full width of some parking stalls may not be as wide (at the places where the pillar(s) intrude into the parking stalls) as shown on the Condominium Map.

Buyers are urged to physically inspect each parking stall to determine if any pillar(s) or other structure intrudes therein, how much of the stall (if any) is covered, and if the parking stall is otherwise suitable for the vehicle(s) of the buyer.

EXHIBIT "E"

COMMON ELEMENTS OF PROJECT

A. The land submitted to the condominium property regime, as described in Exhibit "A" of the Condominium Property Regime;

B. The foundations, pillars, columns, girders, beams, supports, main walls, load-bearing walls and pillars, and floors;

C. The corridors, hallways, walkways, driveways, stairs and stairways, loading area(s), ramps, Parking Stalls and guest Parking Stall Nos. 40, 41, 42, 47, 48, 49, 58 and 59;

D. Foyer and lobby, entrances and exits to the building, walkways and sidewalks on or adjacent to the Project;

E. Electrical equipment and electrical room(s), elevator equipment and elevator equipment room, t.v. and telephone equipment room, pool pump room, storage lockers and storage locker room, emergency generator room, janitor's closet and storage, manager's office, multi-purpose rooms #108 and 108A, men's and women's lavatories and saunas, pool, pool deck and appurtenances, sump pump(s) and generator;

F. Lines, pipes, ducts, wires, vents, equipment, fixtures and appurtenant installations for services such as air conditioning, electricity, light, t.v., water, sewage, and utilities which serve the Project or building as a whole;

G. Landscaped areas and landscaping, perimeter walls and fences, fountain, decorations, exterior gate(s) or door(s), intercom, mailboxes, trash enclosure and chutes and appurtenant equipment, private park area(s);

H. The roof and appurtenant installations;

I. All other parts of the Property existing for the common use or necessary to the existence, maintenance, or safety of the building or the Project.

EXHIBIT "F"

LIMITED COMMON ELEMENTS OF PROJECT

A. Each Apartment shall have appurtenant thereto the exclusive right to use, occupy and enjoy one or more Parking Stall(s). The Parking Stalls which are limited common elements and the respective Apartments to which they are appurtenant are as follows:

<u>APARTMENT NO.</u>	<u>UNIT TYPE</u>	<u>STALL NO.</u>	<u>APARTMENT NO.</u>	<u>UNIT TYPE</u>	<u>STALL NO.</u>
101	3B	156R & 157C (T)	309	3B	78R & 79C (T)
102	3A	34R & 35C (T)	310	3A	76R & 77C (T)
103	3A	30C & 31C (T)	311	3B	52R & 53R (T)
104	3A	158R & 159C (T)	312	3A	120R & 121C (T)
105	2B	22C & 23C (T)	313	2A	9C & 10C (T)
106	2H	26C & 27C (T)	314	2E	15C & 16C (T)
107	2D	3C & 4C (T)	315	2C	134R & 135C (T)
109	1A	69C, 19R, 45R, 46R, 68C, 84C, 85C, 95C 122C	401	3B	106R & 107R (T)
110	3A	43C & 44C (T)	402	3A	136R & 137C (T)
111	3B	124C & 125C (T)	403	3A	138R & 139C (T)
112	3A	36R & 37C (T)	404	3A	108R & 109R (T)
113	2A	1C & 2C (T)	405	2B	93R & 94C (T)
114	2G	126C & 127C (T)	406	2A	89R & 90C (T)
			407	2D	88C & 88AC (T)
			408	3A	128R & 129R (T)
201	3B	154R & 155C (T)	409	3B	56R & 57R (T)
202	3A	148R & 149C (T)	410	3A	91R & 92C (T)
203	3A	66R & 67C (T)	411	3B	102R & 103R (T)
204	3A	72R & 73C (T)	412	3A	132R & 133R (T)
205	2B	13C & 14C (T)	413	2A	11C & 12C (T)
206	2H	24C & 25C (T)	414	2E	28C & 29C (T)
207	2D	7C & 8C (T)	415	2C	130R & 131R (T)
208	3A	64R & 65C (T)			
209	3B	62R & 63C (T)	PH1	3B	110R & 112R
210	3A	60R & 61C (T)	PH2	3A	82C & 83C
211	3B	38R & 39C (T)	PH3	3A	86R & 97C
212	3A	70R & 71C (T)	PH4	3A	118R & 119R
213	2A	20C & 21C (T)	PH5	2B	54R & 55R (T)
214	2G	74R & 75C (T)	PH6	2A	142R & 143C (T)
			PH7	2D	144R & 145C (T)
301	3B	140R & 141C (T)	PH8	3A	104R & 105R
302	3A	116R & 117C (T)	PH9	3B	99R & 101R
303	3A	146R & 147C (T)	PH10	3A	114R & 115R
304	3A	50R & 51R (T)	PH11	3B	98R & 100R
305	2B	32C & 33C (T)	PH12	3A	87R & 96C
306	2A	5C & 6C (T)	PH13	2A	152R & 153C (T)
307	2D	17C & 18C (T)	PH14	2E	150R & 151C (T)
308	3A	80R & 81C (T)	PH15	2C	111R & 113R

(A "(T)" following any parking stall designation denotes that the two parking stalls immediately preceding the "(T)" and bearing consecutive stall numbers are "tandem" Parking Stalls. A "C" following any parking stall denotes a "compact" stall and an "R" designates a non-compact stall under the current ordinances and rules of the City and County of Honolulu. The "(T)", "C" and "R" designations will not appear on the Parking Stalls themselves.)

B. Each Apartment shall have appurtenant thereto the exclusive right to use the mailbox and storage locker assigned to said Apartment bearing the same number as said apartment.

C. Each Apartment shall have appurtenant thereto the exclusive right to use the air conditioning condenser, fans, compressor, air handlers, switches and controls, fan coils, and other air conditioning hardware and equipment serving such Apartment, to the effect that this limited common element shall include all such installations serving such Apartment whether located in the Apartment, on the roof, on the lanai or on any other portion of the Project, excluding, however, all pipes, wires, conduits and lines from said equipment or installations to the boundary of such Apartment and excluding the concrete pad on which any such equipment shall be situated.

(NOTE: The limited common elements shall be supervised, repaired, maintained and replaced by the Association of Owners, but the costs and expenses therefor shall be paid by the owner(s) of the Apartment(s) to which such limited common elements are appurtenant.)

EXHIBIT "G"

COMMON INTERESTS FOR APARTMENTS

The percentage of undivided interest in the common elements appertaining to each Apartment is as follows:

<u>APARTMENT TYPE</u>	<u>APPROXIMATE AREA</u>	<u>PERCENTAGE OF UNDIVIDED INTEREST IN COMMON ELEMENTS</u>
1A	<u>492</u> square feet	<u>0.715%</u>
2A	<u>840</u> square feet	<u>1.222%</u>
2B	<u>840</u> square feet	<u>1.222%</u>
2C	<u>966</u> square feet	<u>1.405%</u>
2D	<u>840</u> square feet	<u>1.222%</u>
2E	<u>840</u> square feet	<u>1.222%</u>
2G	<u>965</u> square feet	<u>1.404%</u>
2H	<u>840</u> square feet	<u>1.222%</u>
3A	<u>1,025</u> square feet	<u>1.492%</u>
3B	<u>1,025</u> square feet	<u>1.492%</u>

For purposes of voting on all matters requiring action by the owners and for purposes of allocation of common expenses, the above percentages shall govern.

The method or formula used in computing the percentage of common interest was to derive a fraction, the numerator of which was the approximate square footage of the Apartment type, the denominator of which was the total approximate square footages of all Apartments. (The foregoing was arbitrarily rounded down to the nearest thousandth of a percent for Apartment Types 1A and 2C to cause the total percentage to equal 100%).

Provided, that in the case of limited common elements, the cost of all utilities, maintenance, repairs and replacement and/or improvements to limited common elements and all costs associated therewith shall be charged to, assessed against and paid by the owner(s) of the Apartment(s) to which they are appurtenant.

EXHIBIT "H"

ENCUMBRANCES ON TITLE

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. AS TO PARCEL FIRST ONLY (TK 2-4-21-32):
  - (a) Right of way (12 feet wide) along a portion of the southerly boundary of said parcel, as shown on the tax map.
3. AS TO PARCEL SECOND ONLY (TK: 2-4-21-37):
  - (a) Easement for right of way for road purposes along portion of the makai or southwest boundary of said parcel, as set forth in Deeds dated December 7, 1933, recorded in the Bureau of Conveyances in Book 1223, Page 411 and dated July 28, 1937, recorded in the Book 1390, Page 216, containing an area of 993 square feet, more or less.
4. AS TO PARCEL FOURTH ONLY (TK: 2-4-21-35):
  - (a) Easement for a right of way (15 feet wide, area 720 square feet) for road and public utility purposes along the makai or southwest boundary of said parcel.
5. AS TO PARCEL SIXTH ONLY (TK: 2-4-21-por.38):
  - (a) Easement for a right of way for road purposes along portion of the makai boundary of said parcel, containing an area of 337 square feet, more or less.
6. AS TO PARCEL SEVENTH ONLY (TK: 2-4-12-36):
  - (a) Easement for a right of way (15 feet wide, area 720 square feet) for road and public utility purposes along makai or southwest boundary of said parcel.
7. Agreement for Issuance of Conditional Use Permit Under Section 4.40-21 of the Land Use Ordinance dated April 16, 1990, recorded in the Bureau of Conveyances as Document No. 90-053212.
8. Declaration of Restrictive Covenants (Private Park) dated September 28, 1990, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 91-033205.
9. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title and all other provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime of Fountains of Makiki dated July 17, 1992, recorded in the Bureau of

Conveyances as Document No. 92-144841, (By-Laws thereto dated July 16, 1992, recorded in the Bureau of Conveyances as Document No. 92-144842), Condominium Map No. 1727; any instrument creating the estate or interest therein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.

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EXHIBIT "I"

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
TYPE 1A	\$ 145.90	\$ 1750.80
2A	239.18	2870.16
2B	239.18	2870.16
2C	272.87	3274.44
2D	239.18	2870.16
2E	239.18	2870.16
2G	272.69	3272.28
2H	239.18	2870.16
3A	288.87	3466.44
3B	288.87	3466.44

[ X ] Revised on Sept. 3, 1992

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[  ] common elements only  
 [    ] common elements  
           and apartments

2,500.00

30,000.00

Gas

Refuse Collection

600.00

7,200.00

Telephone

200.00

2,400.00

Water and Sewer

2,155.00

25,860.00

Maintenance, Repairs and Supplies

Building

1,325.00

15,900.00

Grounds

150.00

1,800.00

Management

Management Fee

1,600.00

19,200.00

Payroll and Payroll Taxes

5,015.00

60,180.00

Office Expenses

Insurance

900.00

10,800.00

1,940.00

23,280.00

Reserves

1,500.00

18,000.00

Taxes and Government Assessments

Audit Fees

400.00

4,800.00

Other

1,147.44

13,769.28

TOTAL

19,432.44

233,189.28

I/We, BETA DEVELOPMENT CO., as the Developer of ~~XXXXXXXXXXXX~~  
~~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.

BETA DEVELOPMENT CO.  
 By MERIDIAN DEVELOPMENT, INC.

By:   
 Its: President  
 Date: 9/3/92

EXHIBIT "J"

DISCUSSION REGARDING WARRANTIES AND DISCLAIMERS OF WARRANTIES

The construction contract which the Developer has with the contractor for the Project contains in the "General Conditions of the Contract for Construction" the following provisions regarding warranties which the contractor makes to the Developer:

"3.5.1. The Contractor warrants to the Owner and the Architect that all materials and equipment furnished under the Contract will be of good quality and new unless otherwise required or permitted by the Contract Documents, that the work will be free from defects not inherent in the quality required or permitted, and that the Work will conform with the requirements of the Contract Documents. Work not conforming to these requirements including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty excludes remedy for damage or defect caused by abuse, modification not executed by the Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. If required by the Architect, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment."

"12.2.2. If, within one year after the Date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Subparagraph 9.9.1, or by items of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, the Contractor shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition. This period of one year shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual performance of the Work. This obligation under this Subparagraph 12.2.2 shall survive acceptance of the Work under the Contract and termination of the Contract. The Owner shall give such notice promptly after discovery of the condition."

"9.8.1. Substantial Completion is the stage in the progress of the work when the work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so the Owner can occupy or utilize the Work for its intended use."

"9.8.2. When the Contractor considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Contractor shall prepare and submit to the Architect a comprehensive list of items to be completed or corrected. The Contractor shall proceed promptly to complete and correct items on the list. Failure to include an item on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. Upon receipt of the Contractor's list, the Architect will make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Architect's inspection discloses any item, whether or not included on the Contractor's list, which is not in accordance with the requirements of the Contract Documents, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Architect. The Contractor shall then submit a request for another inspection by the Architect to determine Substantial Completion. When the Work or designated portion thereof is substantially complete, the Architect will prepare a Certificate of Substantial Completion which shall establish the date of Substantial Completion, shall establish responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance, and shall fix the time within which the Contractor shall finish all items on the list accompanying the Certificate. Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion. The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for their written acceptance of responsibility assigned to them in such Certificate."

The Developer (who is identified in the construction contract as the Owner) shall endeavor to assign to purchasers of units in the project the benefit of the foregoing warranties of the contractor, to the extent assignable.

The appliances installed in the Units in the Project carry limited warranties from the manufacturers of the respective appliances that the appliances are free of defects in materials and workmanship for specified time(s) from the date of purchase or installation. The limited warranties are made by each manufacturer in favor of the Developer. The limited warranty materials with respect to each appliance are available for inspection at the office of the Developer. The Developer will endeavor to assign what right and interest it has in the limited manufacturers' warranties described above to the buyer(s) of each respective Unit in the Project, to the extent assignable. Because the appliance warranties commence from date of installation, not the date a buyer purchases the apartment, a substantial portion of the warranty period for some or all of the appliances may have been expired when buyer purchases the apartment.

NOTICE: Developer or Seller does not adopt the contractor's or appliance manufacturers' warranties and Developer or Seller is not acting as warrantor or co-warrantor. Except to assign (to the extent assignable) the benefit of the contractor's and appliance manufacturers' warranty as set forth above, THE DEVELOPER OR SELLER ITSELF MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, DOES NOT UNDERTAKE, MAKE OR GIVE ANY OF THE CONTRACTOR'S OR APPLIANCE MANUFACTURERS' WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF WORKMANSHIP, MATERIALS OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR USE.

EXHIBIT "K"

SUMMARY OF SALES CONTRACT

(Note: The following is merely a summary of some of the points contained in the Sales Contract. The following does not modify or affect the content of the Sales Contract itself and, therefore, Purchaser is urged to read and understand the entire Sales Contract. If there is any conflict between the summary below and the Sales Contract itself, the latter will control.)

CONDOMINIUM DEPOSIT RECEIPT AND SALES CONTRACT (the "Sales Contract").

A. The terms "Seller", "Purchaser", "Unit", "Project", "Closing Date", "Contract" and "Escrow" are defined in this section of the Sales Contract.

B. The Purchaser agrees to buy the Unit, and the price and terms of the Sales Contract are specified in this section.

C. This section of the Sales Contract specifies that Purchaser will pay the Total Purchase Price in accordance with a schedule established in the Sales Contract, and that Purchaser will pay other costs, for various items and services, as specified in the Sales Contract, in connection with the purchase. This section also specifies those situations in which Purchaser's deposit(s) and payment(s) prior to payment of the final balance of the purchase price become non-refundable.

D. This section of the Sales Contract establishes the type of tenancy that title will be taken by Purchaser, and contains other information on the Purchaser.

E. This section of the Sales Contract establishes that Seller and Purchaser agree that the additional terms, conditions, and agreements which are attached to the Sales Contract are incorporated into the Sales Contract.

F. This section of the Sales Contract establishes that Purchaser acknowledges the receipt, reading, and understanding of the preliminary, final or supplemental public report, as the case may be, for the Project, issued by the Hawaii Real Estate Commission.

ADDITIONAL TERMS, CONDITIONS, AND AGREEMENTS

1. This section specifies that all interest earned from any deposits made by Purchaser under the Contract shall be credited to, and belong to, Seller.

2. This section establishes that Purchaser is responsible for Purchaser's financing, if any, and that the Seller will not offer or arrange for financing. This section also sets forth what Seller may require of Purchaser if Purchaser does not obtain any financing required by Purchaser. This section also says that if Purchaser is an "owner-occupant" under Hawaii statute, the Sales Contract can be canceled if Purchaser does not obtain financing as described in the statute. This section further says that if Purchaser does obtain a commitment for financing and fails to keep it in effect, Purchaser will still be responsible to Seller as stated in this section. This section also provides that Seller will be entitled to obtain various information and material from potential lenders to whom Purchaser applies for financing.

3. This section establishes that if Purchaser elects to purchase in cash (without financing) Seller may make credit inquiries about Purchaser and Seller may declare Purchaser to be in default if there are discrepancies or if Seller is not satisfied that Purchaser has the ability to purchase.

4. This section establishes that moneys will be handled by escrow and that the Purchaser has inspected and approves of the escrow arrangement. This section also establishes that the Purchaser approves of the disbursements of Purchaser's funds from escrow for construction and other purposes in connection with the project.

5. This section provides that if Seller elects to preclose, Purchaser will sign all necessary documents, but that Purchaser will have no duties, obligations, or interest in the Unit until Seller gives Purchaser possession of the Unit.

6. This section establishes that Purchaser has inspected and accepts the plans and specifications for the Project, and other documents, and that Purchaser has read and understands the Public Report for this Project. Additionally, this section establishes that Purchaser agrees that the sale is subject to all of the Contract documents, and that Purchaser agrees to observe and perform all of the terms and conditions of those and other documents and materials.

This section also establishes that Seller reserves the right to make minor changes that may improve the Project, and it specifies the limitations of such changes.

This section also establishes that the maintenance budget contained in the Developer's Disclosure Abstract is only an estimate, that Purchaser acknowledges such, that no representation or warranty of accuracy is made, and that Purchaser specifically authorizes and agrees to increases in those amounts.

This section also authorizes Seller to make changes to the documents and Project, as may be required by law, by unforeseen circumstances, any title insurance company, mortgage lender or

governmental agency, and provides the limitations of any such modifications.

7. This section establishes that Seller is the owner of the Unit and any other property interest covered by the Contract until such time that risk of loss passes to Purchaser.

8. This section establishes that time is of the essence in this Contract, and specifies procedures, deadlines for action by Purchaser, and remedies available to Seller if Purchaser fails to pay or perform any obligations.

9. This section specifies the parties responsible for payment of closing, escrow conveyance and other expenses.

10. This section establishes that Seller may employ the first managing agent of the Project, in accordance with State law.

11. This section specifies that Seller shall designate the Closing Date, and notification of Purchaser for closing.

12. This section specifies the provisions of possession, occupancy and release of the Unit keys to Purchaser.

13. This section establishes that Seller may exercise all powers of the Association of Owners, the Board of Directors, and officers of the Association of Owners, until the election of the Board and officers.

14. This section establishes that if a Final Public Report has not been issued by the Real Estate Commission at the time that this Contract is signed by Purchaser, Purchaser shall have the option to terminate this Contract as is allowed by State law, and establishes the procedures and rights of the parties.

15. This section establishes that until the Unit Deed in favor of Purchaser is recorded, all of the rights of Purchaser under the Contract are and shall be junior to any mortgages and other contracts for construction of the Project.

16. This section establishes the manner in which effective notice may be given to Seller or Purchaser.

17. This section provides that the Seller will try to transfer (to the extent possible) any contractor's or appliance manufacturers' warranties to the Purchaser but that the Seller does not make any warranties of its own and contains a disclaimer (denial) of warranty by the Seller. This section also provides that, if Seller provides an inspection checklist to Purchaser, Purchaser must list all claimed defects in or damage to the Unit or contents, and that Purchaser waives (gives up and releases) any claim for any defect or damage if Purchaser fails to complete the inspection checklist, and that Purchaser waives (gives up and releases) any claim for any defect or damage not listed on the

inspection checklist. (Exhibit "J" of public report is referenced here, which contains descriptions of and disclaimers of warranties.)

18. This section provides that the Total Purchase Price may be increased by Seller, and establishes the terms and procedures by which the Contract can be amended or canceled.

19. This section provides that the Declaration for the Project contains reservations of certain rights and certain other conditions to which Purchaser consents.

20. This section provides that the Contract constitutes the entire agreement between Purchaser and Seller, that all prior representations are not valid, and that no modification of the Contract shall be valid unless approved in writing by Purchaser and Seller.

21. This section provides that Purchaser agrees to pay reasonable attorney's fees and costs incurred by Seller to enforce the Sales Contract.

22. This section provides that Purchaser's interests under the Contract are not assignable except through survivorship or inheritance, and, if Purchaser makes a profit on an assignment (whether or not Seller consents) Seller receives all of such profit.

23. This section establishes that the terms and conditions of the Contract can be separated so if some are not enforceable, the remainder will be.

24. This section provides general definitions and provisions of the Contract.

25. This section provides that if completion of the Project is determined by Seller not to be feasible for certain reasons, Seller may elect not to complete the Project and may cancel the Contract. This section also establishes the procedures and rights of parties in this situation.

26. This section makes certain disclosures as to the real state agents or brokers.

27. This section advises the Purchaser that a Declaration of Restrictive Covenants (Private Park) and Joint Use Agreement are required by the City and County and are or will be recorded affecting the project.

28. This section contains an acknowledgement by the Purchaser that the Purchaser is not relying on the model unit or scale model.

In addition to the foregoing, the Developer has provided a rider to

the Sales Contract, entitled "Additional Information for Buyer", which discloses an agreement regarding the responsibility with regard to certain "soil nails" used in the construction of the Project and that an approximate 2' wide strip of land fronting Kewalo Street will be deleted from the Project and conveyed to the City and County of Honolulu.

EXHIBIT "L"

SUMMARY OF ESCROW AGREEMENT

(Note: The following is merely a summary of some of the points contained in the Escrow Agreement. The following does not modify or affect the content of the Escrow Agreement itself and, therefore, Purchaser is urged to read and understand the entire Escrow Agreement. If there is any conflict between the summary below and the Escrow Agreement itself, the latter will control.)

The parties to the Escrow Agreement are Guardian Escrow Services, Inc. ("Escrow"), and Beta Development Company ("Seller"). The following discussion, denominated by section numbers of the Escrow Agreement, is a summary only. Purchasers are urged to read the entire Escrow Agreement to become familiar with its specific terms and conditions.

1. This section of the Escrow Agreement specifies that all monies received by Seller from Purchasers shall be transmitted to escrow, and certain information Seller will give to escrow.
2. This section of the Escrow Agreement specifies that all monies received by Escrow shall be held under the terms of the Escrow Agreement. This section also provides that upon notice from Seller, Escrow shall give notice to purchasers that payments are due.
3. This section describes the circumstances under which a purchaser may be entitled to a refund, and the costs, terms and conditions of such a refund.
4. This section of the Escrow Agreement establishes the requirements prior to disbursement of a purchaser's funds.
5. This section of the Escrow Agreement specifies that disbursement of purchasers' funds for construction costs and other costs connected with the project can be made.
6. This section of the Escrow Agreement provides that upon notification by Seller that a Purchaser is in default and that Seller has terminated the Sales Contract, the purchaser's funds belong to Seller and will be disbursed to Seller.
7. This section provides that Escrow shall be relieved from liability for a variety of specified actions, and establishes procedures to resolve disputes which may arise.
8. This section establishes compensation to Escrow for its services.
9. This section provides general definitions and interpretations of terms in the escrow agreement.