



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

CONDOMINIUM PUBLIC REPORT

on

THE NEHOA PARK ESTATES
 1303 Nehoa Street
 Honolulu, Hawaii 96822

Registration No. 2409

Issued: April 10, 1991
 Expires: May 10, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 3, 19 91, 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:**
(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 Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

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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.

5 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 Project has 14 apartments of nine model types described in Exhibit "B" attached.

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) |
|----------------------------------|----------|---------|--------------------------|------------------|
| Please see Exhibit "B" attached. | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Total Apartments: 14

*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>28</u> |
| Guest Stalls | <u>2</u> |
| Unassigned Stalls | _____ |
| Extra Stalls Available for Purchase | _____ |
| Other: _____ * 27 owner stalls are in covered garages. One garage is part of each apartment. One exterior uncovered stall | _____ |
| Total Parking Stalls | <u>30</u> |

7. Recreational amenities: is a limited common element.

No special common recreational amenities; however, the Project includes common area landscaping and private yard areas.

I. FUTURE PEOPLE CONNECTED WITH THE PROJECT

Developer: Business Investment, Ltd. Phone: 536-1082
Name (Business)
Suite 2700, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:
Please see Exhibit "A" attached.

Real Estate Broker: There are six brokers - please Phone: See Exhibit "C".
Name (Business)
see Exhibit "C" attached.
Business Address

Escrow: Security Title Corporation Phone: 521-9511
Name (Business)
Suite 1200, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

General Contractor: Not yet selected Phone: Not available
Name (Business)
Business Address

Condominium Managing Agent: Oishi's Property Management Corporation Phone: 949-4702
Name (Business)
750 Amana Street, Suite 101
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Cades Schutte Fleming & Wright Phone: 521-9224
Name (Business)
(Attention: Mark A. Hazlett)
Suite 1200, 1000 Bishop Street
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. _____
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information: N/A

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

The Condominium Map for this condominium project is:

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

Amendment date(s) and recording/filing information: N/A

- 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 condorninium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information: N/A

The Condominium Statute (Chapter 14A, 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> (80% is required for certain decisions) |
| Bylaws | 65% | <u>65%</u> |
| House Rules | -- | The Board of Directors shall have the power to <u>adopt, amend</u> or repeal the House Rules (Rules and Regulations) |

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

Please see Exhibit "D" attached hereto.

For Subleasesholds:

- 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: 1303 Nehoa Street Tax Map Key: (1) 2-4-25-6
Honolulu, Hawaii 96813 (TMK)

Address TMK is expected to change because _____

Land Area: 29,294 square feet acre(s) Zoning: A-1, Punchbowl
District

Fee Owner: Business Investment, Ltd.
Name
Suite 2700, Pacific Tower, 1001 Bishop Street
Address
Honolulu, Hawaii 96813

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: 3 Floors Per Building All apartments will have 3 levels.
 Exhibit B contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
- Other Glass, aluminum and wood window frames and allied building materials. Wood frame construction on a concrete masonry unit foundation.

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>14</u> | <u>Apartment (Residential)</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: Please see Exhibit "E" attached hereto.
- Number of Occupants: None
- Other: Please see Exhibit "E" attached hereto.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

| | | | | | |
|--|-----------------|----------------|--|-------------------------|-------------|
| Elevators | <u>None</u> | Stairways | <u>Interior stairs in each apartment</u> | Trash Chutes | <u>None</u> |
| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> | |
| There are nine model types; please see Exhibit "B" for this information. | | | | | |
| _____ | _____ | _____ | _____ | _____ | |
| _____ | _____ | _____ | _____ | _____ | |
| _____ | _____ | _____ | _____ | _____ | |
| _____ | _____ | _____ | _____ | _____ | |
| _____ | _____ | _____ | _____ | _____ | |

Total Apartments: 14

*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:

Section 4 of the Declaration, "Limits of Apartments", is attached hereto as Exhibit "F".

Permitted Alterations to Apartments:

Please see Exhibit "G" attached hereto.

7. Parking Stalls: * (27 covered stalls are contained in garages. One garage is part of each apartment. One uncovered exterior stall is a limited common element.)
 Total Parking Stalls: 30

| | Regular | | Compact | | Tandem | | TOTAL |
|------------------------------------|-----------|------|---------|------|---------|------|-------|
| | covered | open | covered | open | covered | open | |
| Assigned (for individual units) | 27* | 1* | | | | | |
| Guest | | 2 | | | | | |
| Unassigned | | | | | | | |
| Extra Available for Purchase | | | | | | | |
| Other: | | | | | | | |
| Total | | | | | | | |
| Covered & Open | <u>30</u> | | | | | | |

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

- Commercial parking garage permitted in condominium project.
 Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Swimming pool | <input type="checkbox"/> Storage Area |
| <input type="checkbox"/> Recreation Area | <input type="checkbox"/> Laundry Area |
| <input type="checkbox"/> Tennis Court | <input type="checkbox"/> Trash Chute |

Other: _____

9. Present Condition of Improvements

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

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

Not Applicable

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

Not Applicable

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

| | <u>Conforming</u> | <u>Non-Conforming</u> | <u>Illegal</u> |
|------------|-------------------|-----------------------|----------------|
| Uses | 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 _____ describes the common elements.

As follows:

- a. The Land in fee simple;
- b. All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, exterior stairs, exterior stairways, ducts, pumps, pipes, wires, conduits, and generally all equipment, apparatus, installations and personal property existing for common use in the buildings or located on the Land; and
- c. All driveways and other common ways, recreational facilities, landscaping, yards, fences, retaining walls, mailbox areas, trash areas, accessory equipment and open parking areas situate on the Land, including guest parking stalls.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

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

described in Exhibit _____

as follows:

One mailbox assigned by box address for each apartment and a private yard area for each apartment as delineated on the Condominium Map. Wood or metal stakes to set off any private yard area shall also be a limited common element appurtenant to the apartment or apartments served by the fencing and staking. Parking stall #1 shall be appurtenant to and for the exclusive use of Apartment 7.

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 _____ describes the common interests for each apartment.

As follows:

| <u>Apartment Number</u> | <u>Common Interest</u> | <u>No. of Units</u> | <u>Total Common Interest</u> |
|-------------------------------|------------------------|---------------------|------------------------------|
| 1, 4 and 15 | 6.4% | 3 | 19.2% |
| 2, 5, 6, 9, 10, 11, 12 and 14 | 7.1% | 8 | 56.8% |
| 3 | 11.7% | 1 | 11.7% |
| 7 | 4.6% | 1 | 4.6% |
| 8 | 7.7% | 1 | 7.7% |
| | | <u>14</u> | <u>100.0%</u> |

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 March 8, 1991 and issued by Security Title Corporation.

Blanket Liens:

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

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

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest If Developer Defaults</u> |
|---------------------|--|
| Mortgages | Exhibit "H" describes two mortgages. The Developer may obtain other mortgage loans. The Buyer's interest under the Sales Contract is subject to the interests of the holder of the mortgages. Among other things, this means that if the Developer defaults, the mortgage lenders would take over the project. Before an apartment is Conveyed by the Developer to the Buyer, it must be free from the existing mortgages. |

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

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

The initial managing agent for this condominium is:

[X] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] self-managed by the Association of Apartment Owners.

[] other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit "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 and water for the common elements will be charged as part of the maintenance fees.)

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other _____

I. Construction Warranties:

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

1. Building and Other Improvements:

The Developer's agreement with respect to warranties is set out in Section E.14 of the Sales Contract, a copy of which is attached as Exhibit "J".

2. Appliances:

Please see Exhibit "J". A description of any warranties for appliances is unavailable because the appliances have not yet been acquired by the Developer.

J. Status of Construction and Estimated Completion Date:

Construction of the project has not started. Construction will commence once arrangements for construction financing are completed.

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:

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 January 25, 1991

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

Other Affidavit of Intent to Purchase a Unit Designated for Owner-Occupants; Apartment Deed

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 Apartment Deed

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

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

This Public Report is a part of Registration No. 2409 filed with the Real Estate Commission on March 25, 1991.

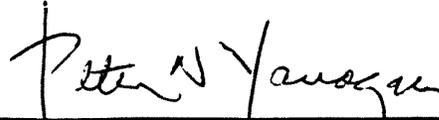
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



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

Distribution:

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

Exhibit "A"

OFFICERS OF DEVELOPER

| <u>Name</u> | <u>Title</u> | <u>Address</u> |
|-------------------|--------------------|---|
| Colin de Silva | President | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 (808) 536-1082 |
| Kaye Hall | 1st Vice President | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 (808) 536-1082 |
| Margaret Smith | Vice President | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 (808) 536-1082 |
| Ranita Le Grande | Vice President | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 (808) 536-1082 |
| Cheryl Brendle | Vice President | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 (808) 536-1082 |
| Kathleen J. Onuma | Vice President | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 (808) 536-1082 |

Exhibit "B"

APARTMENT DESCRIPTION

The Project consists of fourteen (14) Apartments of nine (9) different model types located in three (3) different townhouse buildings without basements. Each Apartment has three levels including a ground level two car enclosed garage/laundry area (Apartment 7 has a one car garage/laundry area only), at least one balcony/lanai (Apartment 3 has two lanai balconies and Apartment 8 has three lanai balconies) with a private yard area, covered entry area, kitchen, living room/dining area, stairwell, and closets. Building A, containing six (6) Apartments numbered 9 through 15 (there is no Apartment 13) running consecutively from East to West, is at the center of the Land aligned along Nehoa Street. Building B, containing four (4) Apartments (numbered 5 through 8 running consecutively South to North), borders Nehoa Street at its North end and is aligned along the Eastern border of the Land. Building C, containing four (4) Apartments (numbered 1 through 4, running consecutively from West to East), is at the Southern border of the Land.

Model Types A-1 (Apartments 9, 12 and 14), A-2 (Apartments 2, 5 and 6) and A-3 (Apartments 10 and 11) are similar three bedroom, two and one-half bath units with minor variations in square footage shown below. Model Types B-1 (Apartment 15) and B-2 (Apartment 1) are similar two bedroom, two and one-half bath units with minor variations in area shown below. Model Type C (Apartment 7) is a one bedroom, one and one half bath unit. Model Type D (Apartment 8) is a three bedroom, three bath unit. Model Type E (Apartment 3) is a three bedroom, two and one-half bath unit. Model Type F (Apartment 4) is a two bedroom and two and one half bath unit.

The floor areas of the Apartments set forth below are in square feet and in terms of "net living area", "garage/laundry", "lanai/balcony", "entry", and "total apartment area". Net living area represents the approximate area of the space within the interior finished surfaces of the perimeter walls of the apartment, including all partitions and walls (load-bearing and nonload-bearing), and all plumbing, mechanical and electrical chases within such perimeter walls. The net living area is the area of the apartment (exclusive of the garage and laundry area, balcony/lanai, entry and private yard) measured in accordance with the regulations of the Real Estate Commission of the State of Hawaii. The areas of private yards are not disclosed because the yards are not included in the definition of an Apartment but are limited common elements appurtenant to the Apartments to which such private yards are set aside. Total apartment area is the sum of the net living area, the garage/laundry, the balcony lanai(s), and entry and is set forth for comparison purposes only. For

local zoning purposes a different method of measurement is used to determine gross floor area, those measurements result in larger square footages than those shown below for Net Living Area.

ALL AREAS ARE APPROXIMATELY ONLY. AREAS ARE GIVEN FOR CONVENIENCE TO FRACTIONS OF A SQUARE FOOT BUT WILL NOT BE THIS PRECISE UPON COMPLETION. THE AREAS OF THE APARTMENTS UPON COMPLETION ARE LIKELY TO VARY SOMEWHAT.

| Model Type | Net Living Area | Garage/Laundry | Entry | Balcony/Lanai | Total Floor Area |
|---------------------|-----------------|----------------|--------|---------------|------------------|
| (#Apt Nos.) | | | | | |
| A-1 (#9, 12, 14) | 1,390.66 | 439.69 | 50.00 | 27.50 | 1,907.85 |
| A-2 (#2, 5 & 6) | 1,346.25 | 439.70 | 108.70 | 27.50 | 1,922.20 |
| A-3 (#10 & 11) | 1,436.49 | 439.69 | 50.00 | 27.50 | 1,953.68 |
| B-1 (#15) | 1,250.66 | 439.69 | 50.00 | 27.50 | 1,767.85 |
| B-2 (#1) | 1,250.66 | 439.70 | 49.00 | 27.50 | 1,766.86 |
| C (#7) | 993.22 | 266.60 | 27.00 | 27.50 | 1,314.32 |
| D (#8) | 1,507.16 | 414.60 | 44.00 | 79.21 | 2,044.97 |
| E (#3) | 2,312.80 | 394.50 | 105.70 | 48.00 | 2,861.00 |
| F (#4) | 1,278.97 | 440.69 | 24.25 | 55.00 | 1,798.91 |

Exhibit "C"

PROJECT BROKERS

| <u>Name</u> | <u>Business Address</u> | <u>Business Phone</u> | <u>License #</u> |
|---|---|-----------------------|------------------|
| Business Investment Ltd. Real Estate Division Ranita Le Grande, Principal Broker | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 | 536-1082 | RB 9841 |
| Virginia Epley-Sprinkle, dba Century 21 Kahala Hale | 4400 Kalaniana'ole Hwy., Ste. C21 Honolulu, HI 96821 | 735-7888 | RB 13311 |
| David R.V. Golding, dba, Golding & Associates Realty David & Marijane Golding, Realtors | 1210 Queen Street, Suite 14 Honolulu, HI 96814 | 531-5996 | RB 9030 |
| Vivia B. Lee Realtor, Inc. Vivia Lee, Principal Broker | Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813 | 524-1818 | RB 5234 |
| Julie T. Itchner, dba Julie Itchner Realty | 1210 Queen St., Suite 14 Honolulu, HI 96814 | 528-3320 | RB 14161 |
| Alfred Jussel, dba Jussel Realty | 4614 Kilauea Avenue, Suite 378 Honolulu, HI 96816 | 734-6730 | RB 13799 |

EXHIBIT "D"

DEVELOPER RIGHT TO CHANGE DOCUMENTS

A Developer acting as owner of all of the Apartments and as the Association of Apartment Owners may change all of the condominium documents at any time, including the Rules and Regulations. Under the Sales Contract, however, the Developer agrees to limit its rights to revise certain documents. Section E.18 of the Sales Contract provides as follows:

"Your Right to Make Changes to Documents. You reserve the right to make changes to all documents related to the Project, including the Declaration, Bylaws, Condominium Map, the Apartment Deed and any exhibits to any such document provided that no changes will:

- (a) Increase my percentage of Common Expenses without my consent;
- (b) Require a substantial physical change in the Project;
- (c) Reduce your obligations for common expenses on unsold apartments;
- (d) Substantially impair or modify any of the obligations given or undertaken by you; or
- (e) Render unenforceable any commitment for my Loan.

You further reserve the right to require minor changes of the Project (and to change any of the documents accordingly) to change the configurations of, or to alter the number of rooms of or to decrease or increase the size of, or to change location of any other apartment in accordance with complete plans and specifications prepared by a licensed architect, and to make minor changes in my Apartment and other apartments and in the Common Elements.

You reserve the right to grant to the State of Hawaii, the City and County of Honolulu, the Board of Water Supply, any other government agency, public utility or other public or private corporation, without notice to me or my consent, easements for water, sewer, drainage, flowage, communications (including microwave, radio and television antennas) electrical, gas, cable television, and other utility facilities and purposes,

over, under, across or through the Project under the usual terms and conditions required by the entity receiving such easement rights, including tree trimming. This reservation shall expire three years after the Declaration is recorded.

I authorize you as the present owner of all Apartments in the Project, to exercise all powers of the Association of Apartment Owners of the Project and the Board of Directors of the Project, including voting, until the first annual meeting of the Association. I further authorize you to exercise all of the rights and incidents of membership in the Association in regard to the Apartment I am purchasing under this Contract until the recordation of the Apartment Deed transferring to me my full interests in the Apartment I am purchasing."

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EXHIBIT "E"

SPECIAL USE RESTRICTIONS

The condominium documents contain numerous Special Use Restrictions, including restrictions on pets, which cannot all be set out here. Section 10 of the Declaration limits use of the Apartments to residential purposes; however, under Subsection 8.g. the Developer is permitted to use the Project for sales purposes until all Apartments are initially sold. Time-sharing and transient rental activity are not permitted. The Rules and Regulations also contain considerable details concerning the operation and use of the common elements, which are Use Restrictions. The Rules and Regulations should be separately reviewed for this purpose. Section 8.4 of the Bylaws provides as follows:

(a) Each Apartment in the Project shall be used only for the residential purposes set forth in the Declaration.

(b) All common elements of the Project shall be used only for their respective purposes as designed, subject to:

(i) The right of the Board, upon the approval of the Owners of seventy-five percent (75%) of the common interests, to change the use of the common elements;

(ii) The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those common elements which are not actually used by any of the Apartment Owners for an originally intended special purpose, as determined by the Board; provided that unless the approval of the Owners of seventy-five percent (75%) of the common interest is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days written notice;

(iii) The right of the Board to lease or otherwise use for the benefit of the Association those common elements not falling within paragraph (ii) above, upon obtaining (A) the approval of seventy-five percent (75%) of the Apartment Owners, including all directly affected Owners and all Owners of

Apartments to which such common elements are appurtenant in the case of limited common elements, and (B) approval of all mortgagees of record on Apartments with respect to which Owner approval is required by (A) above, if such lease or use would be in derogation of the interest of such mortgagees.

(c) No Apartment Owner shall make or permit to be made any noise by himself or his tenants, employees, guests, customers, or invitees, which will unreasonably annoy or interfere with the rights, comfort or convenience of other Owners or occupants of the Project.

(d) Every Apartment Owner and occupant shall at all times keep his Apartment in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the Project.

(e) No garments, rugs or other objects shall be hung from the windows or facades of the Project.

(f) No rugs or other objects shall be dusted or shaken from the windows of the Project or cleaned by beating or sweeping on any hallway or exterior part of the Project.

(g) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the Project outside of the disposal facilities provided for such purpose.

(h) No Apartment Owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, television antenna, machines or air-conditioning units, or other equipment, fixtures, appliances or appurtenances whatsoever on the exterior of the Project or protruding through the walls, windows or roofs thereof.

(i) Nothing shall be allowed, done or kept in any Apartment or common element of the Project which would overload or impair the floors, walls or roofs thereof, or cause any

increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(j) No Apartment Owner or occupant shall place, store or maintain on walkways, roadways, grounds or other common elements any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.

(k) No Apartment Owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his Apartment or the Project nor alter or remove any furniture, furnishings or equipment of the common elements.

(l) No Apartment Owner shall decorate or landscape any entrance of his Apartment or any other portion of the Project except in accordance with standards therefor established by the Board or specific plans approved in writing by the Board.

(m) No Apartment Owner or occupant shall enclose or make any structural modifications, changes, additions or alterations to their respective balconies, lanais or patios, add any awnings, sunscreens, louvers, exhaust vents, wind baffles, or drain without the prior written approval of the Board. It is intended that the exterior of the Project present a uniform appearance, and to effect that end the Apartment Owners hereby agree that the use of balconies, lanais, patios and railings for the hanging and drying of clothing or garments, the open storage of equipment or building supplies and materials or the displaying of signs or art of any sort or kind whatsoever is prohibited and that the Board may prohibit such use.

Section 10.7 of the Bylaws and the Rules and Regulations regulate pets. Section 10.7 provides as follows:

Restrictions on Pets. No livestock, poultry, or other animals whatsoever shall be allowed or kept in any part of the Project except as may be approved in writing by the Board of Directors for dogs, cats and other household pets limited to a total of two (2) in number upon written permission of the Board of

Directors. Any such approved pets may be kept by occupants in their respective apartments, but shall not be kept, bred, or used therein for any commercial purpose. Except for dogs used by visually impaired persons or hearing impaired persons, no animals shall be allowed on any common elements except in transit when carried or on leash. Any pet causing a nuisance or unreasonable disturbance to any occupant of the premises shall be promptly and permanently removed upon notice given by the Board or the managing agent. All pets must be registered immediately with the managing agent. The requirement of prior Board approval shall not apply to fish or to certified guide or signal dogs used by blind or deaf persons.

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Exhibit "F"

LIMITS OF APARTMENTS

Paragraph 4 of the Declaration provides as follows:

Limits of Apartments. Each Apartment shall be deemed to include: (i) all the walls and partitions which are not load-bearing within its perimeter walls, (ii) the interior decorated or finished surfaces of all walls, floors and ceilings, including floor coverings, (iii) any doors and door frames, including garage doors, windows or panels along the perimeters, window frames, and (iv) all fixtures originally installed therein and (v) the covered entry area. Each Apartment contains two parking stalls in a garage which is part of the Apartment, except Apartment 1 which contains one stall, and a covered entry area. The respective Apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the party walls, (b) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Apartment, or (c) any pipes, shafts, wires, conduits or other utility or services lines running through such Apartment which are utilized for or serve more than one Apartment, the same being deemed common elements as hereinafter provided.

Exhibit "G"

PERMITTED ALTERATIONS

The Declaration and Bylaws contain a number of provisions dealing with alterations including special provisions dealing with alterations arising as a result of damage, destruction or condemnation of the Project (see Sections 14 and 15 of the Declaration and Article VIII of the Bylaws). In addition, Subsection 10.c. of the Declaration provides as follows:

c. No Apartment owner will, without the prior written consent of the Board of Directors, make any structural alterations within an Apartment or any common element or make any alterations in or additions to the exterior of the Project (including awnings, jalousies, screens or air conditioners); provided, however, that any alterations or additions shall be subject to the provisions of the Act, including without limitation, Section 514A-89 of the Act. The Board of Directors shall not unreasonably withhold or delay its consent, and shall have the obligation to answer any written request by an Apartment owner for its consent to any structural alterations of his Apartment within thirty (30) days after its receipt of such request describing the proposed alteration in reasonable detail, and the Board's failure to do so shall constitute its consent to the proposed alteration.

Sections 8.2, 8.5 and 8.7 of the Bylaws provide as follows:

SECTION 8.2 Alterations and Additions to Apartments. Subject to the provisions of the Declaration and the Act, no Owner of an Apartment shall, without the prior written consent of the Board, make any structural alterations in or additions to his Apartment or make any alterations in (including painting, awnings, jalousies and screens) or additions to the exterior of his Apartment or to the common elements. Owners may make non-structural alterations and additions solely within an Apartment which do not affect the common elements or change the exterior or appearance of the Project as long as any building permit required for such alterations is first duly obtained and filed with the Board and the proposed alteration will not adversely affect the insurance rating for the building in which the Apartment is located or the Project's insurance rating or premiums.

SECTION 8.5 Alteration of the Project.

(a) Additions, alterations, repairs or improvements to the common elements of the Project may be made only by or at the direction of the Board of Directors, except as provided for in the Declaration. Subject to the provisions of the Declaration and of the Act, no Owner may, except with the written permission of the Board of Directors, any alteration, addition, repair or improvement to (i) his Apartment which may affect the common elements or change the exterior or appearance of the Project; or (ii) any of the common elements including, without limitation, common elements within, encompassing or adjacent to his Apartment.

(b) Whenever in the judgment of the Board, the common or limited common elements shall require additions, alterations, repairs or improvements with a total cost of less than TEN THOUSAND DOLLARS (\$10,000.00), the Board may proceed with such additions, alterations, repairs or improvements and shall assess the cost thereof as a common expense, except that the cost of any such work performed on any limited common elements shall be charged to the Owners of Apartments to which such limited common elements are appurtenant. Any additions, alterations, repairs or improvements costing in excess of TEN THOUSAND DOLLARS (\$10,000.00) may be made by the Board only after obtaining approval of the Owners of a majority of the interests in the common elements; except that such approval shall not be required for any additions, alterations, repairs or improvements required by law or in the event of an emergency threatening immediate and substantial damage to person or property. If such approval shall be obtained, the cost thereof shall constitute part of the common expense.

(c) Unless otherwise prohibited by the provisions of the Declaration or these Bylaws, an Apartment Owner may make additions, alterations or improvements solely within his Apartment or within a limited common element appurtenant to and for the exclusive use of his Apartment at his sole cost and expense and with the approval of the Board if Board approval is otherwise required.

(d) Restoration or replacement of the Project or any building or other facility or construction or structural alteration or addition to any such structure different in any material respect from the Condominium Map, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the Apartment Owners and accompanied by the written consent of the holders of all liens affecting any of the Apartments, and in accordance with complete plans and specifications therefore first approved in writing by the Board; and promptly upon completion of such restoration, replacement or construction, the Association shall duly record such amendment together with a complete set of floor plans reflecting such alteration certified by a registered architect or professional engineer to accurately depict the layout, location, apartment numbers and dimensions of the apartments as built. Notwithstanding any provision in the Declaration or these Bylaws to the contrary, but expressly subject to the provisions of Section 8.7 below, any alterations or additions within an Apartment or within a limited common element appurtenant to and for the exclusive use of an Apartment, shall require the written consent thereto, and the written approval of the Apartment Owner's plans therefor, by the holders of liens affecting such Apartment (if the lien holders require such approval), and any other Apartment Owner thereby directly affected and such alterations or additions may be undertaken by recording an amendment to the Declaration and Condominium Map; provided, however, that upon obtaining such consents as are necessary, such amendment may be recorded without the further consent of any such Apartment Owner.

SECTION 8.7 Certain Work Prohibited. Anything herein to the contrary notwithstanding, no Apartment Owner shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, nor may any Apartment Owner add any material structure or excavate any basement or cellar without in every such case the consent of seventy-five percent (75%) of the Apartment Owners, together with the consent of all Apartment Owners whose Apartments or limited common elements appurtenant thereto are directly affected, being first obtained; provided that nonmaterial structural additions to the common elements, including "solar energy devices" as defined in Section 514A-89 of the Act, which do not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of

the Project, interfere with or deprive any nonconsenting Owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting Owner shall require approval only by the Board and the Apartment Owners directly affected thereby.

Under Section E.27 of the Sales Contract, the Developer reserves the right to permit certain buyers who purchase two or more adjoining apartments to provide for entries through the common walls on certain terms and conditions.

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Exhibit "H"

LIST OF TITLE ENCUMBRANCES

The following list is taken from a Commitment for Title Insurance dated March 8, 1991 issued by Security Title Corporation showing the following encumbrances:

1. Real Property taxes that may be due and owing.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The terms and provisions of that certain Unilateral Agreement for Conditional Zoning dated June 16, 1976, made by Anabel S. Hungerford, "Declarant", recorded in the Bureau of Conveyances of the State of Hawaii in Book 11474, Page 30, to which reference is hereby made. Confirmation thereto recorded in Book 11474, Page 33.
4. That certain Mortgage in favor of GECC Financial Corporation, a Hawaii corporation, dated July 26, 1990, recorded in the Bureau as Document No. 90-113241.
5. That certain Mortgage in favor of First Presbyterian Church of Honolulu, a Hawaii non-profit corporation, dated July 24, 1990, recorded in the Bureau as Document No. 90-113242.
6. Financing Statement in favor of GECC Financial Corporation, recorded in the Bureau as Document No. 90-113243.

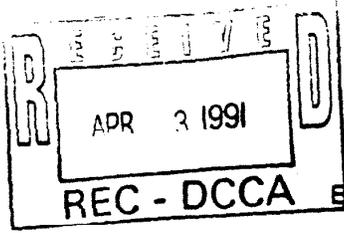


EXHIBIT "I"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

| <u>Apartment</u> | <u>Common Interest</u> | <u>Monthly Fee</u> x 12 months = <u>Yearly Total</u> |
|------------------|------------------------|--|
| 1 | 6.4% | \$117.76 |
| 2 | 7.1% | \$130.64 |
| 3 | 11.7% | \$215.28 |
| 4 | 6.4% | \$117.76 |
| 5 | 7.1% | \$130.64 |
| 6 | 7.1% | \$130.64 |
| 7 | 4.6% | \$ 84.64 |
| 8 | 7.7% | \$141.68 |
| 9 | 7.1% | \$130.64 |
| 10 | 7.1% | \$130.64 |
| 11 | 7.1% | \$130.64 |
| 12 | 7.1% | \$130.64 |
| 14 | 7.1% | \$130.64 |
| 15 | 6.4% | \$117.76 |

Total \$22,080.00

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

| | <u>Monthly</u> | <u>Yearly Total</u> |
|--|--------------------|---------------------|
| Utilities and Services | | |
| Air Conditioning | | |
| Electricity | | |
| <input checked="" type="checkbox"/> common elements only | \$150.00 | \$ 1,760.00 |
| <input type="checkbox"/> common elements and apartments | | |
| Gas | | |
| Refuse Collection | City | |
| Telephone | | |
| Water and Sewer | \$300.00 | \$ 3,600.00 |
| Maintenance, Repairs and Supplies | | |
| Building | | |
| Grounds | \$500.00 | \$ 6,000.00 |
| Management | | |
| Management Fee | \$300.00 | \$ 3,600.00 |
| Payroll and Payroll Taxes | | |
| Office Expenses | \$100.00 | \$ 1,200.00 |
| Insurance | \$210.00 | \$ 2,520.00 |
| Reserves | \$200.00 | \$ 2,400.00 |
| Taxes and Government Assessments | \$ 30.00 | \$ 360.00 |
| Audit Fees | | |
| Other | \$ 50.00 | \$ 600.00 |
| TOTAL | \$ 1,840.00 | \$22,080.00 |

We, OISHI'S PROPERTY MANAGEMENT CORPORATION, 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.

Raymond A. Oishi
Date: 3/18/91

Exhibit "J

WARRANTY INFORMATION

Section E.14 of the Sales Contract provides for respective warranties as follows:

14. Limited Warranty. You agree to require from the General Contractor of the Project a written warranty with respect to any defects in my Apartment and the Common Elements due to faulty materials or workmanship or both which are discovered and reported within the one (1) year warranty period provided for in the Contract between you and the General Contractor for construction of the Project. You do not promise that the General Contractor will honor his warranty. You will attempt to mail me a reminder notice (if I still own my Apartment) about ninety (90) days before this period expires; however, failure to mail the notice by you will not affect my rights or give me any rights against you for defects or otherwise. You also will transfer to me any manufacturer's or dealer's warranties covering appliances in my Apartment. No such warranties will be adopted or guaranteed by you but are merely passed on to me to the extent they may be transferred. You further agree without incurring any legal liability, to cooperate with me to try to have all the warranties performed by the General Contractor for which he is responsible. This promise to cooperate by you is referred to as your "Limited Warranty" and will continue after the title transfer. THE LIMITED WARRANTY IS GIVEN TO ME INSTEAD OF ANY WARRANTY OF ANY KIND FROM YOU, EXPRESS OR IMPLIED, WITH RESPECT TO MY APARTMENT AND THE COMMON ELEMENTS. I KNOW YOU ARE NOT THE MANUFACTURER OR MANUFACTURER'S AGENTS FOR ANY OF THE FURNISHINGS OR APPLIANCES IN MY APARTMENT OR THE PROJECT AND YOU DISCLAIM (DO NOT MAKE) ANY EXPRESS OR IMPLIED WARRANTY.- I AGREE THAT YOU HAVE NOT MADE AND WILL NOT BE LEGALLY OBLIGATED FOR, ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO MY APARTMENT, THE COMMON ELEMENTS, OR ANYTHING INSTALLED IN EITHER.

Exhibit "K"

SALES CONTRACT AND ESCROW AGREEMENT SUMMARY

The Sales Contract provides for the sale of an Apartment by the Developer to a Buyer. The Escrow Agreement provides how the funds paid by the Buyer under the Sales Contract to the Escrow are to be held and released. Both the Sales Contract and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Both documents have been written in language intended to be easier for Buyers to read than that used in traditional legal documents. Some of the important provisions of the Sales Contract are described elsewhere in this report (for example, exhibits "D", "G" and "J") and are not included in this summary.

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Developer under the Sales Contract and Escrow Agreement gets to keep all interest that may be earned on the funds with Escrow. The Sales Contract may be cancelled by the Developer, among other reasons, if the Buyer is obtaining financing and fails to obtain a lender commitment within certain time limitations or if the Buyer is a cash buyer and fails to furnish satisfactory evidence of ability to pay within other time periods, if the Buyer's deposit check bounces, or if one of the Buyers dies. The Buyer may cancel the Sales Contract, among other reasons, before the issuance and acceptance of a Final Public Report on the Project; however, Hawaii law provides that under certain conditions the Buyer may be deemed to "accept" the Final Public Report, even if the Buyer has not signed a receipt for it. In certain cases, the Buyer may be responsible for cancellation fees.

The Escrow Agreement provides for the closing or settlement of the sale. Under certain conditions set out in the Escrow Agreement after a Final Public Report is issued and before the Project is complete, funds may be released by Escrow to pay certain costs of developing the Project as permitted by Hawaii law. The Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and the Buyer as set forth in the Sales Contract.

If the Buyer defaults under the Sales Contract after the Final Public Report is issued and "accepted" by the Buyer, the Buyer may lose all of the deposits with Escrow (up to 20% of the purchase price) and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract after the Final Public Report is issued and "accepted" by

the Buyer, the Buyer shall be entitled to all funds paid under the Sales Contract to the Escrow or the Developer, as well as \$500 in liquidated damages but shall have no further remedy.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws and Rules and Regulations. The Sales Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of the Buyer under the Sales Contract.

The Sales Contract limits the Buyer's right to assign the Sales Contract and provides for a consent fee to any transfer. The Sales Contract and Escrow Agreement provide for "pre-closing", signing of the Apartment Deed and other closing documents by the Buyer before the Apartment is completed. The Escrow then handles the closing, the transfer of title in accordance with the Escrow Agreement. The Apartment must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one Apartment.

The Sales Contract provides that certain disputes between the Buyer and the Developer or certain parties involved in development of the Project must be arbitrated. The Buyer acknowledges that sales and construction activity at the Project by the Developer may continue after closing of the Buyer's purchase.

Under certain contingencies that increase development costs, the Developer may increase prices to maintain the financial feasibility of the Project; however, in any such unexpected event the Buyer is given a right to terminate the Sales Contract or to purchase at the increased price.

The Escrow Agreement provides certain protections to the Escrow in the event of a dispute between the Buyer and the Developer, these rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

This summary is not complete and will not control in the event of any conflict with a provision in the Sales Contract or the Escrow Agreement. Prospective Buyers are cautioned and encouraged to carefully read the Sales Contract and Escrow Agreement.