**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

**PALM COURT, INCREMENT IIIE**

**91-985 (Bldg. 42), 91-957 (Bldg. 43), 91-925 (Bldg. 44) and 91-905 (Bldg. 45) Puahala Street**

**EWA BEACH, HAWAII**

**(Buildings 42 through 45)**

Registration No. 2414

Issued: June 18, 1991
Expires: July 18, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 6, 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.

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

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

And [ ] Supersedes all prior public reports
[ ] Must be read together with _____
[ ] This report reactivates the _____ public report(s) which expired on _____

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

[ ] Required [x] Not Required - disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

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

[ x] Changes made are as follows:

1. Page 1 & 10. Reflects that addresses have been issued for the buildings of the Project.

2. Page 5. The lot on which the Recreation Center is being developed is identified as Lot 5945-F, Map 557, located adjacent to this Project. The plan for the Recreation Center has been finalized and is now described in paragraph 5 on page 18c.

3. Page 7, Paragraphs A, B & C. Reflects the recording of the Declaration, By-Laws and Condominium Map in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

4. Page 8, Paragraph D. The Developer adopted the House Rules on behalf of the Association of Apartment Owners.

5. Page 10, Paragraph B. Addresses have been issued and Tax Map Key will change because property was recently subdivided.

6. Page 15, Paragraph E. The encumbrances to title have changed as disclosed in updated title report dated April 29, 1991. (See also updated Exhibit "C")

7. Exhibit "C" Encumbrances. Updated to reflect subdivision of property, new easements, etc.

## TABLE OF CONTENTS


page

Report Purpose . . . . . 1
Type of Report . . . . . 1
Summary of Changes from Earlier Public Reports . . . . . 2
Table of Contents . . . . . 3
General Information on Condominiums . . . . . 4
Summary of the Condominium Project . . . . . 5

I. PEOPLE CONNECTED WITH THE PROJECT . . . . . 6

Developer
Real Estate Sales Agent
Escrow Company
Managing Agent
Attorney for Developer

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS
A. Declaration . . . . . 7
B. Condominium Map (File Plan) . . . . . 7
C. Bylaws . . . . . 7
D. House Rules . . . . . 8
E. Changes to Condominium Documents . . . . . 8

III. THE CONDOMINIUM PROJECT
A. Interest to be Conveyed to Buyer . . . . . 9
B. Underlying Land . . . . . 10
C. Buildings and Other Improvements . . . . . 10
D. Common Elements, Limited Common Elements, Common Interest . . . . . 14
E. Encumbrances Against Title . . . . . 15
F. Management of the Common Elements . . . . . 15
G. Maintenance Fees . . . . . 16
H. Utility Charges . . . . . 16
I. Construction Warranties . . . . . 16
J. Status of Construction . . . . . 17
K. Project Phases . . . . . 17
L. Sales Documents Filed with the Real Estate Commission . . . . . 17

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE . . . . . 18

Buyer's Right to Cancel Sales Contract . . . . . 19
Signature of Real Estate Commission Chairman . . . . . 20

EXHIBIT A: APARTMENT DESCRIPTION, PARKING STALL ASSIGNMENTS AND COMMON INTEREST
EXHIBIT B: COMMON ELEMENTS
EXHIBIT C: ENCUMBRANCES AGAINST TITLE
EXHIBIT D: ESTIMATE OF INITIAL MAINTENANCE FEES
EXHIBIT E: SUMMARY OF SALES CONTRACT
EXHIBIT F: SUMMARY OF ESCROW AGREEMENT
EXHIBIT G:
EXHIBIT H:
EXHIBIT I:
EXHIBIT J:

## 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:

[ x ] Fee simple interest in an apartment and an undivided feehold interest in the common elements.
[ ] Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
[ ] Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

**Types of Project:**

1. [ x ] New Building(s) [ ] Conversion
   [ ] Both New Building(s) and Conversion

2. [ x ] Residential [ ] Commercial [ ] Ohana
   [ ] Mixed Residential and Commercial [ ] Agricultural
   [ ] Other _____

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

4. [ ] Single or [ x ] Multiple Buildings

5. Apartment Description

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) **(See Note Below) |
|---|---|---|---|---|
| 810 | 16 | 2/2 | 810 | |
| 874 | 16 | 2/2 | 874 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Total Apartments: 32

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

**NOTE: Lanai sizes vary between the same apartment types.

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

6. Parking:

| | Number of Stalls |
|---|---|
| Assigned Stalls (Individual Units) | 64 |
| Guest Stalls | 3 |
| Unassigned Stalls | -- |
| Extra Stalls Available for Purchase | -- |
| Other: _____ | -- |
| Total Parking Stalls | 67 |

7. Recreational amenities: There are no recreational amenities within the Palm Court, Increment IIIE project itself; however, the Developer is developing a Recreation Center on Lot 5945-F, Map 557, adjacent to Increment IIIB and this project and intends to cause fee simple title of same to be conveyed to the respective Associations of Apartment Owners for the Palm Court III project after the administrative merger of all of the increments in the project, such merger being more fully disclosed in paragraph K herein and in paragraph 19 of the Declaration. The Recreation Center facilities are described in more detail in paragraph 5 on page 18c.

## I. PEOPLE CONNECTED WITH THE PROJECT

Developer: GENTRY HOMES, LTD.
Name
Phone: (808) 671-6411 (Business)

94-539 Puahi Street
Business Address

Waipahu, Hawaii 96797

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

GENTRY HOMES, LTD.

JOSEPH J. RAMIA -- President

NORMAN H. GENTRY and JEFFREY K. BROWN -- Vice Presidents

HARVEY JAY MIGDAL -- Secretary, Assistant Vice President

DEAN B. WISE -- Treasurer

Real Estate Broker: GENTRY REALTY, LTD.
Name
Phone: (808) 671-6411 (Business)

94-539 Puahi Street
Business Address

Waipahu, Hawaii 96797

Escrow: SECURITY TITLE CORPORATION
Name
Phone: (808) 521-9511 (Business)

1001 Bishop Street, 1200 Pacific Tower
Business Address

Honolulu, Hawaii 96813

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

Business Address

Condominium Managing Agent: CHANEY, BROOKS & COMPANY
Name
Phone: (808) 544-1600 (Business)

606 Coral Street
Business Address

Honolulu, Hawaii 96813

Attorney for Developer: DAWN SUYENAGA
Name
Phone: (808) 599-8200 (Business)

560 North Nimitz Highway, #212
Business Address

Honolulu, Hawaii 96817

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[ ] Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
[ x ] Filed - Land Court - Document No. 1815848

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. _____
[x ] Filed - Land Court Condo Map No. 845

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. _____
Book _____ Page _____
[ x ] Filed - Land Court - Document No. 1815849

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 [ x] Adopted [ ] Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

| | Minimum Set by Law | This Condominium |
|---|---|---|
| Declaration (and Condo Map) | 75% | 75% |
| Bylaws | 65% | 65% |
| House Rules | --- | |

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.

[ x ] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules The Developer has reserved the right to make any changes to said documents, and any other documents affecting this Project, as may be required by law, any title insurance company, or as Developer decides is necessary, all without the consent or approval of the Purchaser, provided that the changes do not substantially impair the prospective use and enjoyment of the apartment, materially alter the arrangement of the rooms or reduce the useable space within the apartment; render unenforceable the Purchaser's mortgage loan commitment; increase Purchaser's share of common expenses or reduce the obligations of the Seller for common expenses on unsold apartments; Developer also reserves the right to file the as-built verified statement required by Section 514A-12 of the Hawaii Revised Statues, as amended, and also to make any changes to the documents necessary in connection with the merger of this Project as set forth in paragraph K, page 17 of this report.

## III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

_____

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

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

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

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

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

_____

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

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

[ ] Other:

For Subleaseholds:

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

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

B. **Underlying Land:**

Address: 91-985 (Bldg. 42), 91-957 (Bldg. 43), 91-925 (Bldg. 44) and 91-905 (Bldg. 45) Puahala Street
Ewa Beach, Hawaii 96706

Tax Map Key: (TMK) 9-1-61-2(por.)

[ ] Address [x] TMK is expected to change because property was recently subdivided.

Land Area: 1.595 [ ] square feet [x] acre(s) Zoning: A-1 (apartment)

Fee Owner: GENTRY HOMES, LTD.
Name

94-539 Puahi Street
Address

Waipahu, Hawaii 96797

Sublessor: _____
Name

_____
Address

_____

C **Buildings and Other Improvements:**

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

2. Buildings: 4 Floors Per Building 2

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[x] Concrete [ ] Hollow Tile [x] Wood

[x] Other Asphalt Shingles; Composition siding

4. Permitted Uses by Zoning:

| | No. of Apts. | Use Determined By Zoning | | No. of Apts. | Use Determined By Zoning |
|---|---|---|---|---|---|
| [ ] Commercial | | | [ ] Industrial | | |
| [x] Residential | 32 | A-1 | [ ] Agricultural | | |
| [ ] Timeshare/Hotel | | | [ ] Recreational | | |
| [ ] Other: | | | | | |

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

[x] Pets: Dogs, cats and other household pets limited to two in number and subject to compliance with provisions of House Rules.

[ ] Number of Occupants:

[x] Other: Apartment cannot be used for transient or hotel use. The apartment cannot be sold, rented or used for "time share", "time interval", "vacation license" or "travel club membership".

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators NONE Stairways (all exterior) Trash Chutes NONE

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) **(See Note Below) |
|---|---|---|---|---|
| 810 | 16 | 2/2 | 810 | |
| 874 | 16 | 2/2 | 874 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Total Apartments: 32

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

**NOTE: Lanai sizes vary even between the same apartment types.
*Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.*

Boundaries of Each Apartment: Each apartment includes the walls and partitions which are not load bearing within its perimeter or party walls; glass windows or panels; doors (except for exterior surface of any door located on perimeter) and any fixtures and appliances originally installed. The apartment does NOT include undecorated or unfinished surfaces of perimeter or party walls or interior load-bearing walls, floors and ceilings; any pipes, wires or other utility lines running through the apartment and utilized for more than one apartment. The apartment also does not include the adjacent lanai which is considered a limited common element.

Permitted Alterations to Apartments: Additions, alterations or improvements solely within an apartment or within a limited common element appurtenant to and for the exclusive use of the apartment may be made by the apartment owner with only the approval of the Board of Directors of the Association of Apartment Owners and any other apartment owner directly affected.

7. Parking Stalls:

Total Parking Stalls: 67

| | Regular | | Compact | | Tandem | | |
|---|---|---|---|---|---|---|---|
| | covered | open | covered | open | covered | open | TOTAL |
| Assigned (for individual units) | 32 | 32 | | | | | 64 |
| Guest | | 3 | | | | | 3 |
| Unassigned | | | | | | | |
| Extra Available for Purchase | | | | | | | |
| Other: | | | | | | | |
| Total Covered & Open | 67 | | | | | | 67 |

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

[ ] Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

[ x ] There are no recreational or common facilities. (See Paragraph 7 on Page 5)

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] 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. [ x] No variances to zoning code have been granted.

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

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

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

| | Conforming | Non-Conforming | Illegal |
|---|---|---|---|
| Uses | x | | |
| Structures | x | | |
| Lot | x | | |

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

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

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

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

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

   [ x] Exhibit B describes the common elements.

   [ ] As follows:

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

   [ ] There are no limited common elements in this project.

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

   [ ] described in Exhibit _____

   [x ] as follows:

(a) The mailbox bearing the same designation as the apartment;
(b) The fenced courtyard area adjoining the apartment (for apartments on the ground floor);
(c) The lanai area adjacent to second story apartments;
(d) The storage closet located on the lanai (except for Apartment Type 874 which has no exterior storage closet).
(e) Two automobile parking stalls assigned to each apartment upon the original conveyance thereof which are appurtenant to and for the exclusive use of such apartment.

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

   [ x ] Exhibit A describes the common interests for each apartment.

   [ ] As follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit C describes the encumbrances against the title contained in the title report dated April 29, 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.

| Type of Lien | Effect on Buyer's Interest If Developer Defaults |
|---|---|
| Mortgage | Lender has priority over Purchaser's rights under a Sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before apartment sale is closed. Should the lender terminate Purchaser's Sales Contract, Purchaser shall be entitled to a refund of all deposits less a nominal cancellation fee. |

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

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

The initial managing agent for this condominium is:

[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 D contains a schedule of maintenance fees and maintenance fee disbursements.

Exhibit D is only an estimate.

H. **Utility Charges for Apartments:**

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

[ ] Not applicable

[ ] Electricity

[ ] Gas

[ ] Other _____

[ ] Television Cable

[ x ] Water & Sewer

I. **Construction Warranties:**

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

1. Building and Other Improvements: The Developer warrants against defects in the apartment due to faulty material or workmanship which are discovered and brought to the attention of Developer within one year from the date of conveyance of title to the apartment owner or the date of occupancy, whichever occurs first. In addition, the Developer warrants the common elements against all defects for a period of two years from the date of completion of the common elements or two years from the date the first apartment in the Project is conveyed to a purchaser other than the Developer, whichever is later. For purposes of this warranty, the Developer agrees to repair, renovate, restore or replace any defective material or workmanship within the respective warranty periods. ROUTINE MAINTENANCE WORK IS NOT COVERED BY ANY WARRANTY.

2. Appliances: Warranties on appliances furnished with an apartment are not provided by the Developer. The execution and delivery of the apartment deed will operate as an assignment from the Developer to the purchaser of the respective manufacturers or dealers' warranties, if any.

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

Construction on the project is expected to be completed in June, 1991.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:
The project is the third increment of the Palm Court III project which is also part of the overall Palm Court project ultimately planned to consist of 400 apartments being developed in thirteen separate increments. Each increment is or will be a separate condominium project. The Developer intends to merge the thirteen increments for purposes of administration and use so that the management, control, administration and use of the thirteen condominium projects will be unified under one Association of Apartment Owners. The merger will only affect the administration and use of the increments and result in the sharing of common expenses. It will not affect the ownership of the apartments nor their appurtenant common interests in their respective increments.

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

The documentation for this Increment IIIE (Registration No. 2414) is substantially the same as that for Increment IIIA (Registration No. 2412) and Increment IIIB (Registration No. 2413), Increment IIIC (Registration No. 2436) and Increment IIID (Registration No. 2437) of this project. The documentation for this Increment IIIE is also substantially the same as that for Increments IB through ID and Increments IIA through IID. The Final Public Report for Increments IIIA and IIIB are available for buyer's inspection at the Sales Office of the Developer upon request.

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

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

[ x ] Notice to Owner Occupants

[ x ] Specimen Sales Contract

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

[ x ] Escrow Agreement dated Effective September 11, 1988

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

[ ] Other _____

## IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. One of the access roads to the Palm Court Project located at the end of Koka Street ("Koka Street Access Road") is presently owned by Gentry Development Company, but rights of access have been given to all of the Palm Court Projects. It has not yet been determined whether Koka Street Access Road will be a private road or a public road. If it is decided to make the Koka Street Access Road a public road, it will be deeded to the City and County of Honolulu.

If the Koka Street Access Road remains a private road, the various Associations of Apartment Owners of Palm Court, as well as others who use the Koka Street Access Road including the owners of the condominium project developed to the east of the Koka Street Access Road (approximately 750 apartment units total) will all share in the cost of maintaining the road. No road maintenance costs have been included in the maintenance fees at this time. In the event the various Associations are required to maintain the road, it is not anticipated that the maintenance costs will be significant. If the Koka Street Access Road remains a private road, it is contemplated that ownership will be ultimately held by the Ewa-by-Gentry Community Association, or some other appropriate entity.

Changes may be made to the road in the future, such as widening and extending the road beyond the railroad right-of-way to Renton Road (north of the Project). If these changes are made, the Koka Street Access Road will probably be dedicated to the City and County of Honolulu for public use.

2. The Developer has reserved the right to the respective Associations of Apartment Owners of Palm Court to purchase an apartment in one of the increments of Palm Court which the Association may use as lodging for a resident manager. The apartment selected is Apartment No. 25-B located in the Palm Villas, Increment IIC project. Currently the apartment is being rented by the various Associations of Palm Court for $900 a month. The costs associated with the Resident Manager are included in the maintenance fees shown in Exhibit "D" for the Project. At the time the various Associations wish to purchase the apartment from the Developer, a fair market price will be agreed upon between the Associations and the Developer.

3. The Developer has no control over certain activities on adjacent property owned by others ("Activities on Adjacent Land"). For example:

a. The Project is located in the vicinity of several military installations, including Barber's Point Naval Air Station and the West Loch Branch of the Lualualei Naval Magazine ("West Loch"). In the event of military action, these military installations are sensitive areas. The Navy has denoted an area east of the Project as an Explosive Safety Hazard Zone in connection with munitions which may be loaded onto ships at West Loch. This area is depicted on a map which is available for inspection in the sales office of the Developer. The Navy has represented that the boundary of said area represents the probable limit of any impact on the adjacent community;

b. The Project is located in the vicinity of a commercial airport (Honolulu International Airport) and a military air base (Barber's Point Naval Air Station) and there is a likelihood of noise from planes passing overhead or nearby.

c. The Project is near or adjacent to land that is used for the cultivation and harvesting of sugar cane and other agricultural products. The Hawaii Right-to-Farm Act (H.R.S. Ch. 165) and Hawaii law limits the types of farm activities that may be deemed a nuisance.

d. The Project is located near the Honouliuli Sewage Treatment Plant.

e. The Project is located next to railroad tracks situated between the Project and Renton Road. This area is owned by the State of Hawaii and is being considered as a transit corridor by the City and County of Honolulu.

f. The Project is located near a temporary cane haul road connecting Geiger Road and Renton Road. This cane haul road will, at a later date, become a major roadway connecting the various communities in Ewa (such as the Ewa Marina and Kapolei City projects being developed by others). In addition, a portion of the Project is located adjacent to Kolowaka Drive, the main entry and exit road into the Ewa by Gentry planned community which leads to Ft. Weaver Road.

g. Buildings 48, 49 and 50 located in Increment IIIC of the Palm Court project will be located adjacent to the site of a future Hawaiian Electric substation to be constructed at the juncture of the railroad tracks and the future roadway.

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

4. The Developer has reserved the right in the Declaration and until December 31, 1991, to amend the instrument entitled "Amendment to Agreement for Issuance of Conditional Use Permit under Section 4.40-21 of the Land Use Ordinance ("Joint Development Agreement") disclosed as an encumbrance to the property in Item 11 of Exhibit "C" without the joinder or consent of the Association. The Amendment will be made in the future for the purpose of

withdrawing The Hawaiian Electric Substation Lot from the encumbrances of the Joint Development Agreement.

5. The Recreation Center being developed on Lot 5945-F, Map 557, adjacent to this Project is currently under construction and are planned for completion by September, 1991. The Recreation Center improvements will consist of (a) the main meeting room which will also house the resident manager's office and the maintenance room, (b) two smaller pavilions located adjacent to gas barbeque grills, and (c) a free form swimming pool. The Recreation Center will be available for use by all of the apartment owners of the overall Palm Court Project. The maintenance fees for this Project include the costs of operating the Recreation Center.

**Buyer's Right to Cancel Sales Contract:**

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

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

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

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

This Public Report is a part of Registration No. 2414 filed with the Real Estate Commission on March 22, 1991.

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

[ ] yellow paper stock [ x] 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.

Shirley M. Kuroda for
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"

APARTMENT DESCRIPTION, PARKING STALL ASSIGNMENTS AND COMMON INTEREST

| Bldg. and Apt. | Apt. Type | Net Living Area |
|---|---|---|
| 42-A | 874 | 874 |
| 42-B | 810 | 810 |
| 42-C | 874 | 874 |
| 42-D | 810 | 810 |
| 42-R | 874 | 874 |
| 42-S | 810 | 810 |
| 42-T | 874 | 874 |
| 42-U | 810 | 810 |
| 43-A | 874 | 874 |
| 43-B | 810 | 810 |
| 43-C | 874 | 874 |
| 43-D | 810 | 810 |
| 43-R | 874 | 874 |
| 43-S | 810 | 810 |
| 43-T | 874 | 874 |
| 43-U | 810 | 810 |
| 44-A | 874 | 874 |
| 44-B | 810 | 810 |
| 44-C | 874 | 874 |
| 44-D | 810 | 810 |
| 44-R | 874 | 874 |
| 44-S | 810 | 810 |
| 44-T | 874 | 874 |
| 44-U | 810 | 810 |
| 45-A | 874 | 874 |
| 45-B | 810 | 810 |
| 45-C | 874 | 874 |
| 45-D | 810 | 810 |
| 45-R | 874 | 874 |
| 45-S | 810 | 810 |
| 45-T | 874 | 874 |
| 45-U | 810 | 810 |

DESCRIPTION OF APARTMENT TYPES:

Type 810 (2 Bedroom/2 Bath) (810 sq. ft.)

Two bedroom, two bath apartment containing a living room/dining room, kitchen, two bathrooms and two bedrooms. All Type 810 apartments contain 810 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element fenced courtyard area, including a concrete walkway within the courtyard area, and second story apartments have a limited common element lanai. Each apartment has a storage closet located adjacent to the lanai.

Type 874 (2 Bedroom/2 Bath) (874 sq. ft.)

Two bedroom, two bath apartment containing a living room/dining room, kitchen, two bathrooms and two bedrooms. All Type 874 apartments contain 874 square feet of NET LIVING AREA. In addition, first story apartments have a limited common element fenced courtyard area, including a concrete walkway within the courtyard area, and second story apartments have a limited common element lanai.

BREAKDOWN OF MODEL TYPES
AND PERCENTAGE COMMON INTEREST FOR PALM COURT, INCREMENT IIIE

| Model | Percentage Common Interest | | Number in Project | Total Percentage of Common Interest |
|---|---|---|---|---|
| 810 | 3.01% | x | 16 | 48.16% |
| 874 | 3.24% | x | 16 | 51.84% |
| | | | 32 | 100.00% |

As nearly as practicable, the percentage of common interest for each residential apartment is determined by calculating what percentage of the total interior net floor area of all of the residential apartments is represented by the net floor area of the particular apartment and multiplying the percentage thus obtained by one hundred percent (100%).

| Apt. No. | Parking Stall Assignments Covered/Uncovered | |
|---|---|---|
| 42-A | 523 | 524 |
| 42-B | 530 | 529 |
| 42-C | 533 | 527 |
| 42-D | 520 | 853 |
| 42-R | 522 | 525 |
| 42-S | 531 | 526 |
| 42-T | 532 | 528 |
| 42-U | 521 | 854 |
| 43-A | 849 | 841 |
| 43-B | 851 | 852 |
| 43-C | 844 | 840 |
| 43-D | 842 | 838 |
| 43-R | 848 | 846 |
| 43-S | 850 | 847 |
| 43-T | 845 | 839 |
| 43-U | 843 | 837 |
| 44-A | 537 | 538 |
| 44-B | 542 | 541 |
| 44-C | 545 | 552 |
| 44-D | 534 | 540 |
| 44-R | 536 | 834 |
| 44-S | 543 | 550 |
| 44-T | 544 | 551 |
| 44-U | 535 | 539 |
| 45-A | 549 | 561 |
| 45-B | 553 | 560 |
| 45-C | 556 | 557 |
| 45-D | 546 | 564 |
| 45-R | 548 | 562 |
| 45-S | 554 | 559 |
| 45-T | 555 | 558 |
| 45-U | 547 | 563 |

NOTE: In addition to the foregoing parking stall assignments, Parking Stalls 835, 836 and 855 have been designated as common element visitor stalls.

EXHIBIT "B"

Common Elements

1. The land described in Exhibit "A" attached hereto;

2. All structural components, such as foundations, girders, beams, supports, unfinished perimeter walls and loadbearing walls (except for the inner decorated surfaces within each apartment) and the roofs of the buildings; the attic crawlspaces; all exterior stairways, walkways, landings, railings and the fences enclosing the fenced courtyard areas of said buildings;

3. All yards, gardens, planting areas, fences, trash collection areas and parking areas, including uncovered parking stalls numbered 835, 836 and 855, which are visitor parking stalls, carports, driveways, the loading area and access lanes;

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

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

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

END OF EXHIBIT "B"

EXHIBIT "C"
Encumbrances Against Title

1. Real property taxes as may be due and owing. Check with County tax assessor.

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 and Declaration for Conditional Zoning dated September 4, 1984, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1256439.

4. The restrictions, covenants and conditions as contained in the Declaration of Covenants, Conditions and Restrictions dated July 21, 1988, recorded in the Office of said Assistant Registrar as Document No. 1568352, as amended May 30, 1989, recorded in the Office of said Assistant Registrar as Document No. 1652870, as amended by Declaration of Addition of Real Property dated May 8, 1991, recorded in the Office of said Assistant Registrar as Document No. 1819083.

5. Rights, easements, privileges and reservations thereof and certain terms, conditions and provisions, as set forth in that certain limited warranty deed dated January 4, 1989, recorded in the Office of said Assistant Registrar as Document No. 1605407. *Developer intends to record a document to release this encumbrance prior to conveyance of apartment to purchaser.*

6. Reservations in favor of Gentry Development Company, a Hawaii limited partnership, as contained in that certain deed dated January 29, 1991, filed in said Office of the Assistant Registrar as Document No. 1797975.

7. Restrictions, covenants and conditions as contained in that certain deed dated January 29, 1991, filed in said Office of the Assistant Registrar as Document No. 1797975.

8. Mortgage in favor of First Hawaiian Bank, a Hawaii corporation, dated January 29, 1991, recorded in said Office of the Assistant Registrar as Document No. 1797976 to secure $25,000,000 and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to.

9. Financing Statement covering all right, title and interest of the Debtor in and to that certain Escrow Agreement, etc., given as security by Gentry Homes, Ltd. in favor of First Hawaiian Bank, filed on January 30, 1991, in the Bureau of Conveyances of the State of Hawaii as Document No. 91-12544.

10. Declaration of Condominium Property Regime of Palm Court, Increment IIIE dated April 23, 1991, recorded on April 29, 1991, in said Office of the Assistant Registrar as Document No. 1815848.

11. By-Laws of the Association of Apartment Owners of Palm Court, Increment IIIE, dated April 23, 1991, recorded on April 29, 1991, in said Office of the Assistant Registrar as Document No. 1815849.

12. Condominium Map No. 845, filed in said Office of the Assistant Registrar on April 29, 1991.

13. Amendment to Agreement for Issuance of Conditional Use Permit Under Section 4.40-21 of Land Use Ordinance (LUO) dated March 6, 1991, recorded in said Office of the Assistant Registrar as Document No. 1805385.

END OF EXHIBIT "C"

*The Developer discloses that it intends to record an additional grant in favor of Hawaiian Electric and Hawaiian Telephone and a Declaration of Restrictions and Confirmation of Reservation of Rights which prohibit drilling for water on the property and reserves to Campbell Estate all rights to water on the property.*

EXHIBIT "D" -- Page 1 of 3
PALM COURT, INCREMENT IIIE

## ESTIMATE OF INITIAL MAINTENANCE FEES

| APARTMENT MODEL | MONTHLY FEE x 12 MONTHS | YEARLY TOTAL |
|---|---|---|
| 810 (16 units) | $122.40 | $1,468.80 |
| 874 (16 units) | $131.75 | $1,581.00 |

The Developer has reserved the right to merge all of the increments of Palm Court as set forth in the Declaration. The Developer does not know at this time when all of the Palm Court increments will be able to be merged, but anticipates it will be some time in the last quarter of 1991. A tentative budget for the entire Palm Court Project after merger of all of the increments is attached hereto as Exhibit "D-2". Once all of the increments of Palm Court have been merged, the maintenance fees will be recalculated based upon the project expenses for the merged increments.

The resident manager for the Palm Court Project has been hired. The expenses related to the Resident Manager have been included in the attached budget, and are reflected in the foregoing monthly maintenance fees. Until the Palm Court Association makes a decision regarding the purchase of an apartment for the Resident Manager, an apartment will be rented for the Resident Manager from the Developer. The rental is currently $900 a month.

The Developer anticipates that the Recreation Area will be ready for use around September, 1991. The expenses relating to the Recreation Area are already reflected in the foregoing maintenance fees.

The foregoing maintenance fees do not include the dues payable to the Ewa by Gentry Community Association. At the present time, those dues are $30 per unit per quarter.

Based upon the tentative budget for the merged Palm Court project attached hereto on Exhibit "D-2", once all of the Palm Court projects are merged, the maintenance fees will be approximately $100 a month, but may be more or less depending on the Increment in which the apartment is located. The Buyer should be aware that any maintenance fees prepared for a new project are estimated only and may not initially reflect actual costs of operating the project.

**PALM COURT III, INCREMENT E**
**(32 UNITS)**

**Estimated Annual Common Expense**

| | MONTHLY | ANNUAL |
|---|---|---|
| **Utilities and Services** | | |
| Electricity (common elements) | 160 | 1,920 |
| Refuse collection | 392 | 4,704 |
| Telephone | 8 | 96 |
| Water and sewer | 560 | 6,720 |
| **Maintenance, Repairs and Supplies** | | |
| Building | 100 | 1,200 |
| Grounds | 660 | 7,920 |
| Equipment | 100 | 1,200 |
| Pool | 25 | 300 |
| **Management** | | |
| Management fee | 321 | 3,852 |
| Payroll and payroll taxes | 240 | 2,880 |
| Office Expenses | 75 | 900 |
| **Insurance** | 640 | 7,680 |
| **Reserves** | 500 | 6,000 |
| **Taxes and Government Assessments** | 15 | 180 |
| **Audit and Tax Preparation** | 150 | 1,800 |
| **Other** | 120 | 1,440 |
| TOTAL DISBURSEMENTS | 4,066 | 48,792 |

We, Chaney, Brooks & Company, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and the monthly cash operating costs were prepared in accordance with generally accepted accounting principals. The information contained herein is based on the data available to us at this time.

Mary Lou Nagi
Vice President

10 June 91
Date

S-90-11460-1/hy
06-10-91

Chaney, Brooks & COMPANY
COMPREHENSIVE REAL ESTATE SERVICES



PALM COURT
(400 UNITS)

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

| | Monthly | x 12 months = | Yearly Total |
|---|---|---|---|
| **Utilities and Services** | | | |
| Electricity (Common Elements Only) | 2,000 | | 24,000 |
| Refuse Collection | 4,900 | | 58,800 |
| Telephone (Res. Mgr & Rec Area) | 100 | | 1,200 |
| Water/Sewer | 7,000 | | 84,000 |
| **Maintenance, Repairs & Supplies** | | | |
| Buildings | 1,150 | | 13,800 |
| Grounds | 7,175 | | 86,100 |
| Pool | 200 | | 2,400 |
| **Management** | | | |
| Management Fee | 4,003 | | 48,036 |
| Payroll and Payroll Taxes (Resident Manager) | 2,750 | | 33,000 |
| Office Expenses (Initial Equip) | 817 | | 9,804 |
| Insurance | 4,599 | | 55,188 |
| Reserves | 1,750 | | 21,000 |
| Taxes and Government Assessments | 21 | | 252 |
| Other (legal) | 100 | | 1,200 |
| Audit and Tax Preparation | 150 | | 1,800 |
| TOTAL | 36,715 | | 440,580 |

The annual cash operating budget (prorated on a monthly basis) and the estimated monthly cost for each apartment is for one year commencing December 1991. The information contained herein is based on the data available to us at this time.

We, Chaney, Brooks and Company, as managing agents for the condominium. certify that the above maintenance fee and the monthly cash operating costs have been on generally accepted accounting principles.

Linda T. Alexander
Vice President

THIS IS AN ESTIMATE ONLY. FINAL COSTS OF OPERATING THE PROJECT WILL NOT BE AVAILABLE UNTIL THE PROJECT IS COMPLETED AND MERGED.

## EXHIBIT "E"

## Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

1. That the buyer of the apartment must live in the apartment for at least 12 months.

2. What the obligations are of the buyer if the buyer wants a mortgage loan to cover part of the purchase price.

3. That a buyer's money will be held in escrow, under the terms of the Escrow Agreement.

4. That a buyer will not receive interest on deposits made under the Sales Contract.

5. That the apartment will be subject to various other legal documents which the buyer should examine.

6. That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to buyer.

7. That the Seller has no control over certain activities on adjacent property owned by others including agriculture, military, utility and aviation; that these activities may cause some inconveniences to the buyers; and that the buyer will indemnify the Developer and the owners of the properties involved except in cases of negligence or willful misconduct.

8. That under certain circumstances where the apartment is ready for occupancy and the buyer has not completed his financing arrangements for the purchase of the apartment, buyer will be responsible for all of the Seller's expenses as a result of buyer's delay.

9. That the Developer has reserved the right to administratively merge the increments of Palm Court.

END OF EXHIBIT "E"

EXHIBIT "F"

Summary Of Escrow Agreement

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

1. Escrow will let buyers know when payments are due.

2. The Escrow Agreement says that interest on buyer's deposits will accrue in favor of the Developer and not the buyer unless the Sales Contract specifically provides that interest be credited to the buyer.

3. Escrow will arrange for buyers to sign all necessary documents.

4. The Escrow Agreement says under what conditions a refund will be made to a buyer.

5. The Escrow Agreement says what will happen to a buyer's funds upon a default under the Sales Contract.

6. The Escrow Agreement contains various other provisions and establishes certain charges with which the buyer should become acquainted.

END OF EXHIBIT "F"