



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

PROSPECT STREET TOWNHOUSE

941 Prospect Street
 Honolulu, Hawaii 96822
 TMK: (1) 2 - 4 - 15:25

Registration No. 2473

Issued: July 25, 1991
 Expires: August 25, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 11, 1991, 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:

SPECIAL ATTENTION

1. This Project does not involve the sale of individual, subdivided lots.
2. The prospective purchaser is cautioned to carefully review the documents referred to herein which are on file with the Real Estate Commission.

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GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Building: A #1	<u>1</u>	<u>4 3</u>	<u>3,035</u>	<u>296</u>
A #2	<u>1</u>	<u>4 3</u>	<u>2,809</u>	<u>150</u>
Building: B #3	<u>1</u>	<u>3 3</u>	<u>2,312</u>	<u>143</u>
B #4	<u>1</u>	<u>3 3</u>	<u>2,312</u>	<u>143</u>

Total Apartments: 4

**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>12</u>
Guest Stalls	<u>0</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u> </u>
Total Parking Stalls	<u>12</u>

7. Recreational amenities:

NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: EDWARD KWOCK KEONG GUM/CELINA SHUET MUI GUM Phone: 595-7116
Name (Business)
2528 Waolani Avenue
Business Address
Hon. HI 96817

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

N/A

Real Estate Broker: C-21 Realty Specialists Corporation Phone: 599-6322
Name (Business)
1585 Kapiolani Blvd., Suite 1530
Business Address
Hon., HI 96814

Escrow: Fidelity Escrow Services Corporation Phone: 537-6799
Name (Business)
700 Bishop Street, Suite 1015
Business Address
Hon., HI 96813

General Contractor: Allied Builders System Phone: 847-3763
Name (Business)
1717 Akahi Street
Business Address
Hon., HI 96817

Condominium Managing Agent: N/A (Self-managed) Phone: _____
Name (Business)
Business Address

Attorney for Developer: Arthur K. Nakagawa Phone: 526-1511
Name (Business)
Pacific Tower, Suite 1125
Business Address
1001 Bishop Street
Honolulu, HI 96813

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 91-080487
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. 1523
 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 condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 91-080488
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

N/A

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

To amend the Declaration filing the "as built" verified statement (with plans, if applicable), so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, apartment numbers, and dimensions of the apartment as built, or so long as any plans filed ~~therewith~~ involve only immaterial changes to the layout, location, apartment numbers or dimensions of the apartment as built.

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: 941 Prospect Street Tax Map Key: (1) 2-4-15-25
Hon., HI 96822 (TMK)

Address TMK is expected to change because _____

Land Area: 11,229 square feet acre(s) Zoning: A-2

Fee Owner: Edward Kwok Keong Gum & Celina Shuet Mui Gum
Name

2528 Waialani Avenue
Address

Hon., HI 96817

Sublessor: N/A
Name

Address

C Buildings and Other Improvements:

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

2. Buildings: 2 Floors Per Building 3

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>4</u>	<u>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: No pets of any kind permitted without prior written approval of the Board

Number of Occupants: _____

Other: Hotel or other transient residential purposes not allowed.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 1 per unit Trash Chutes 0

	<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Building: A #1	_____	<u>1</u>	<u>4 3</u>	<u>3,035</u>	<u>296</u>
A #2	_____	<u>1</u>	<u>4 3</u>	<u>2,809</u>	<u>150</u>
_____	_____	_____	_____	_____	_____
Building: B #3	_____	<u>1</u>	<u>3 3</u>	<u>2,312</u>	<u>143</u>
B #4	_____	<u>1</u>	<u>3 3</u>	<u>2,312</u>	<u>143</u>
_____	_____	_____	_____	_____	_____

Total Apartments: 4

**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.

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

N/A

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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	<u> x </u>	<u> </u>	<u> </u>
Structures	<u> x </u>	<u> </u>	<u> </u>
Lot	<u> x </u>	<u> </u>	<u> </u>

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 A describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit B

as follows:

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

Exhibit C describes the common interests for each apartment.

As follows:

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

Exhibit G describes the encumbrances against the title contained in the title report dated May 21, 1991 and issued by T.T. of Hawaii, Inc.

Blanket Liens:

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

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

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>
Line of Credit secured by first mortgage on the subject property (Construction money)	Apartment unit may be encumbered by said mortgage, but apartments will be conveyed free and clear of said mortgage and/or released by the mortgagee upon sale and recordation of the conveyance. If the Developer defaults on the first mortgage, then the mortgage lender would take over the Project. In this case the Buyer's deposit may not be returned and the Buyer may lose all rights to acquire the apartment.

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

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

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

H. Utility Charges for Apartments:

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

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:

Warranted against defects in materials and workmanship for one year, except for normal wear and tear.

2. Appliances:

Manufacturer's warranties which will be left with apartment owners at time of closing any sale transaction.

J. Status of Construction and Estimated Completion Date:

The structures are in substantial completion, all structural work, roofing and other heavy construction have been completed. Interior partitioning, cabinetry, installation of plumbing fixtures, electrical fixtures and painting are basically yet undone.

Estimated Completion date is the middle of August, 1991.

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

Escrow Agreement dated June 25, 1991

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

Other Specimen Apartment Deed

DISCLOSURE REGARDING USE OF NONSURETY BOND BY
DEVELOPER AND RESTRICTIONS ON DEVELOPER'S USE
OF PURCHASER'S FUNDS IN ESCROW

Edward Kwock Keong Gum and Celina Shuet Mui Gum, (the "Developer") submitted a nonsurety performance bond in the amount \$750,000, which amount is one hundred per cent of the Developer's verified estimate of the cost of construction of this Condominium Project. The surety for the payment and performance bond is Honolulu Sash and Door (HONSADOR). A copy of the bond was included in the filing submitted to the Real Estate Commission, State of Hawaii ("Commission"). Before signing the sales contract, a prospective purchaser may review this bond and the entire filing by the Developer at the Commission's offices.

Hawaii National Bank which extended the personal line of credit to Developer for the construction of improvements in the Project and which line of credit was secured by a mortgage on the lands upon which the Project is constructed has issued a letter, dated February 25, 1991, to the Commission that it has reviewed the bond and approved the loan using HONSADOR to bond the Project.

Developer submitted an Escrow Agreement which was signed by both the Developer and Fidelity Escrow Services Corporation. A summary of that Escrow Agreement is attached to this public report as Exhibit F. Paragraph 4.(b) of the Escrow Agreement provides, in pertinent part, that a purchaser's funds shall not be disbursed from escrow to pay for construction costs until both the completion of the apartment to be conveyed and satisfactory evidence has been given to Escrow that all mechanics' and materialmen's liens have been cleared or, if liens have been filed, that sufficient funds have been set aside to cover claims; Escrow shall not otherwise disburse purchaser's funds until forty-six (46) days after the filing and publication of a Notice of Completion.

Fidelity Escrow Services Corporation by letter, dated July 2, 1991, has advised said Commission that no part of a purchaser's funds shall be disbursed until the statutory 45 days lien period has expired.

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.

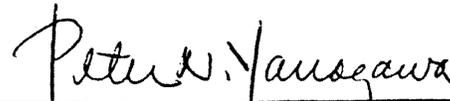
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) 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. 2473 filed with the Real Estate Commission on
July 2, 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"

COMMON ELEMENTS

"PROSPECT STREET TOWNHOUSE"
941 Prospect Street
Honolulu, Hawaii 96822

One fee simple estate is hereby designated in all of the remaining portions and appurtenances of the Project, herein called the "common elements", including specifically but not limited to:

1. Said land;
2. All yards, grounds, landscaping, fencing and other appurtenances;
3. All driveways and parking areas;
4. All walkways, all foundations, columns, girders, beams, floor slabs, roofs, supports, unfinished exterior walls, reinforced concrete slabs, bearing walls and walls which are common to two or more apartments, entrances and exits of said buildings;
5. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, and installations which are used by more than one apartment for services such as power, light, water, gas, refuse, telephone and radio and television signal distribution.
6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use.

Each apartment owner may use the common elements in accordance with the purpose(s) for which they were intended without hindering or encroaching upon the lawful rights of other apartment owners, subject, however, to: (a) the right of the Board of Directors to change the use of the common elements, upon approval by the owners of seventy-five (75) percent

of the common interests; (b) the right of said Board to lease on behalf of the Association of apartment owners, 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. Every such lease 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. No such lease or agreement for use shall be for a term of more than five (5) years, unless the approval of the owners of at least seventy-five (75) percent of the common interests shall have been received; and (c) the right of said Board to lease or otherwise use for the benefit of the Association of apartment owners those common elements which are used by an apartment owner(s) for the originally intended purpose(s); PROVIDED HOWEVER, that said Board may do so only with (i) the approval of the owners of seventy-five (75) percent of the common interest, including the approval of all of the apartment owners who are directly affected and the owners of apartment(s) to which such common elements are appurtenant thereto in the case of limited common elements, and (ii) the approval of all mortgagees of record on apartments with respect to which owner approvals are required.

EXHIBIT "B"

LIMITED COMMON ELEMENTS

"PROSPECT STREET TOWNHOUSE
941 Prospect Street
Honolulu, Hawaii 96822

Certain parts of the common elements, hereinafter called and designated "LIMITED COMMON ELEMENTS", are hereby set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements.

The limited common elements so set aside and reserved are:

1. The respective entry of each apartment shall be appurtenant to each of the apartments served thereby.

2. Each Apartment shall have one mailbox. The mailbox which has been reserved to and designated for use by each of the respective apartments shall be appurtenant to each such apartment.

3. All lanais which extend out from and immediately abut the various apartments shall be appurtenant to each such apartment.

4. The sole and exclusive right to use those parking spaces designated in the description of the various apartments and as shown and delineated on the Condominium Map No. 1523 filed at the Bureau of Conveyances of the State of Hawaii are hereby designated to be appurtenant to and reserved for the exclusive use of each such apartment, including the garage doors to the garage. The Parking Stalls appurtenant to each apartment, as described and designated, are as follows:

<u>Bldg.</u>	<u>Apartment Number</u>	<u>Parking Stall: Number(s) and Type</u>
A	1	101, 102, 103** Reg/comp.
A	2	201, 202, 203* Reg
B	3	301, 302, 303* Reg
B	4	401, 402, 403* Reg

* Parking is uncovered. + Compact stall

EXHIBIT "C"

COMMON PERCENTAGE INTEREST

"PROSPECT STREET TOWNHOUSE"
941 Prospect Street
Honolulu, Hawaii 96822

Each apartment shall have appurtenant thereto an undivided percentage ownership interest in and to the land and in all common elements of the Project herein called the "common interest" and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting. The percentage of undivided ownership interest for each apartment is as follows:

<u>Bldg.</u>	<u>Apartment Number</u>	<u>Common Interest Percentage (%)</u>
A	1	.2511
A	2	.2652
B	3	.2485
B	4	<u>.2352</u>
TOTAL COMMON INTEREST PERCENTAGE:		100.0000

The common interest percentage for each apartment was calculated by adding the square feet of land appurtenant to each apartment and determining the ratio that the land appurtenant to each of the apartments bore to the total of the lands appurtenant to all of the apartments.

EXHIBIT D

DISCLOSURE ABSTRACT
Date: June 24, 1991

PROJECT: PROSPECT STREET TOWNHOUSE
941 Prospect Street
Honolulu, Hawaii 96822
TMK: 2-4-15:25 (1st)

DEVELOPER: Edward Kwock Keong Gum and
Celina Shuet Mui Gum

Developer's Agent:

Arthur K. Nakagawa, Attorney at law
Pacific Tower, Suite 1125
Honolulu, Hawaii 96813
Tel: 526-1511

DESCRIPTION OF PROSPECT STREET TOWNHOUSE: This Project involves a fee simple condominium development of four apartments contained in two, three story duplex, detached, residential structures constructed on an 11,229 square feet lot. The duplex structures are basically constructed of reinforced concrete slabs and hollow tile walls with monier tile roofs. Interior partitions are of metal stud, double walls with gypsum board sidings.

The improvements to be completed by the Developer consists of construction of these new residential structures together with the construction of a concrete access driveway and concrete paved parking area in the limited common area appurtenant to the new apartment dwellings.

ACCESS TO PUBLIC WAY: Each apartment shall have access to the public way through a concrete driveway to be built as part of the improvements of the Project and which is to be maintained by the Association of Apartment Owners as a common element of the Project.

MAINTENANCE COSTS:

A. Estimated Maintenance Costs: The concrete drive and paved parking area are not believed by the Developer to involve any substantial maintenance costs during the reasonably foreseeable future and Developer has, therefore, made no provisions for any such costs to be included in the estimated maintenance costs.

Also, the owners of the various apartments are to maintain and keep their respective apartment units and common elements appurtenant to their units in good repair, together with all other improvements found on the lands appurtenant to the respective units as shown and delineated on the Condominium Map, whether any such improvements are or have been designated as a limited or common element. Therefore, Developer has not included any estimate of costs for the repair, replacement or maintenance of such improvements, if any.

The monier tile roof is further believed by Developer will not require replacement and will not pose any serious maintenance problems or require substantial periodic maintenance within the reasonably foreseeable future. Accordingly, no provisions for any maintenance costs for this item is provided in the estimated maintenance costs by Developer.

B. Maintenance Costs in General. All costs and expenses of maintenance of the Project as shall be assessed by the Association of Apartment Owners of Prospect Street Townhouse pursuant to authority stated in the Declaration of Condominium Property Regime and By-laws are to be borne by the respective apartment owner(s) as provided in those documents.

1. Separate Apartment Meters. All utilities are separately metered to the various apartments and are to be paid by such apartment owners.

2. Maintenance of Landscaping and Gardening Costs: A minimal estimated cost for maintenance of the landscaping is believed to be necessary. The cost would be for twice a month visits by the gardener whose work would be restricted to areas in the common elements only.

RESERVE FUNDS: The Developer will create a "Painting Reserve Fund" in the amount of \$5,000.00 on or before the time that the first annual meeting of the Association of Apartment Owners of Prospect Street Townhouse is held as such meeting is provided for in the Declaration of Condominium Property Regime. The "Painting Reserve Fund" will be in the name of said Association of Apartment Owners.

WARRANTIES: The Developer will warrant the residential structures against defective work and materials for a period of one year commencing from the date of closing the transaction. Warranties on appliances, as applicable, will be those of the manufacturer's, which will be

either left at the apartments or delivered to Buyer at the time of occupancy.

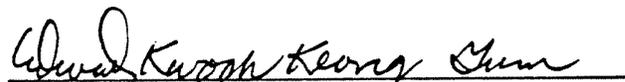
USE OF PROPERTY: The Development is for residential use only, and no commercial or other non-residential uses will be permitted.

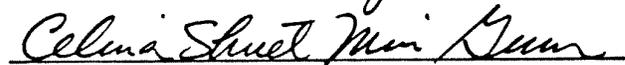
OTHER DISCLOSURES:

1. Disclosure of Real Estate Licensee Status: One of the individuals, Celina Shuet Mui Gum, named both as an "Owner" and as one of the "Developer", is a licensed real estate agent in the State of Hawaii. She is the wife of Edward Kwock Keong Gum, the other "Owner" and "Developer", and is the "listing agent" placing the apartments on the market for sale and selling for her own account.

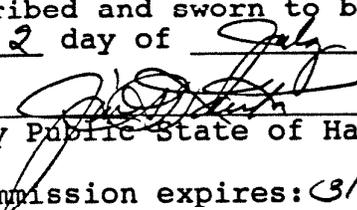
2. Construction Financing: Developer owns the subject property in fee simple but is financing construction of the proposed improvements in the Project by using both personal funds and a personal line of credit with Hawaii National Bank. Developer has also agreed with Hawaii National Bank to secure the line of credit with a first mortgage on the subject property and to use the funds for no other purpose(s) until such time as the construction of improvements is completed. Hawaii National Bank will make periodic inspection to check on the progress of construction.

Purchasers, at the time of closing any sales transaction, will receive their respective units free and clear of the Hawaii National Bank first mortgage and/or the various apartment units will be released from any claims under said mortgage.


EDWARD KWOCK KEONG GUM


CELINA SHUET MUI GUM

Subscribed and sworn to before me
this 2 day of July, 1991.



Notary Public State of Hawaii

My commission expires: 3/7/93

EXHIBIT E

SALES AGREEMENT SUMMARY

PROSPECT STREET TOWNHOUSE
941 Prospect Street
Honolulu, Hawaii 96822

1. CONDITIONS OF SALE. Buyer understands and agrees:

(a) From the time of the first publication of the Pre-Sale Notice to Owner Occupants is first published until ten (10) days after the issuance of the Final Public Report by the Real Estate Commission, all sales must be made to "owner occupants".

(b) Buyer agrees to sign an Affidavit of Intent to be such an owner occupant.

(c) It is a violation of law if a false statement is made in the Affidavit of Intent. But no false statement of intent is made if circumstances, such as serious illness of the individual making the statement or of a member of that individual's family, job or military transfer, unforeseeable change in marital status, or the birth of a child, after the execution of the affidavit causes the person making the affidavit to be unable to occupy the residential unit.

(d) Seller reserves the right to ask Buyer for other information and Buyer agrees to cooperate with Seller in providing any such information and to sign such other documents as will assure Seller that Buyer is an "owner occupant" as defined in the Condominium Property Regime and the Condominium Property Act.

(e) No offer for sale will be made by the Developer (and no executed sales contract will be binding) unless and until the Real Estate Commission has issued a Final Public Report, Buyer has had a chance to read it after signing a receipt acknowledging that Buyer has received a copy of such Final Public Report (or under certain circumstances where there is no receipt the Buyer may be considered to have received a copy.) The Buyer should be aware then, that signing of a sales agreement before the issuance of a Final Public Report does not assure Buyer will be able to purchase the unit reserved, at any price. A sales agreement signed before the Final Public Report is issued is only a "reservation," and can be cancelled by either Buyer or Seller at any time. If a reservation is cancelled or terminated, Buyer's money shall be refunded, less the escrow cancellation fee of twenty-five dollars (\$25.00).

(f) Seller reserves the right to amend the Declaration of Condominium Property Regime and By-laws filed in the Bureau of Conveyances for the State of Hawaii without Buyer's consent before the Final Public Report is issued in order to make amendments to conform to the Condominium Property Act and the requirements of registration for the Project if such changes are minor and do not affect the value or common interest of the unit, or the purchase price, or substantially impair or reduce the obligations of Seller to pay for common expenses on unsold apartments. If the changes are material or substantial or requires physical modification of the residential structures, then Buyer will be given notice of such changes, together with a rescission and waiver of rescission form, and will be given a right to rescind the sales contract or to waive any right to rescission. In the event Buyer decides to rescind, then Buyer must sign the rescission form and return it to Seller and all of Buyer's monies will be refunded in full without interest.

2. RISK OF LOSS. Risk of loss to the apartment and other improvements shall be borne by the Seller until the date of closing or the date that Buyer occupies the apartment, whichever occurs first, and thereafter Buyer assumes the risk of loss.

3. BUYER'S FINANCING. This sale is conditioned upon Buyer obtaining adequate financing, or a commitment for such, within forty-five (45) calendar days after the 10 day period in which sales are restricted to owner occupants has expired. If Buyer fails to obtain this financing or a commitment or the application is rejected, then this sales agreement is cancelled.

Buyer may go to the financial institution of his choice. Buyer agrees to apply for a mortgage within five (5) business days after this Sales Agreement is accepted by Seller. Further, Buyer agrees to notify Seller promptly of the date of application for the mortgage and the name of the financial institution to which such application was made. Buyer shall also notify Seller promptly of actions taken by said financial institution on the application, whether such application was approved or disapproved.

4. PRORATION OF TAXES, RENTS, ASSESSMENTS, etc. All real property taxes, monthly maintenance fee, assessments and other charges of every kind and nature against the aforesaid apartment shall be borne by Seller prior to the occupancy date and/or closing date, whichever shall first occur, and thereafter Buyer shall bear all of such costs, taxes, assessments and charges in accordance with the provisions of the Declaration and By-laws aforesaid.

5. BUYER'S ACKNOWLEDGEMENT. Buyer acknowledges and agrees that:

(a) Buyer has examined the Declaration of Condominium Property Regime, By-laws of the Association of Apartment Owners of the Project, the Escrow Agreement and the plans for the Project, all of which have been filed at the Office of the Real Estate Commission for the State of Hawaii. Buyer approves of the foregoing and agrees to be bound by the terms, covenants, and restrictions contained therein.

(b) Neither Seller nor any of Seller's representatives has made any representation or reference as to rental of the apartment, income from the apartment or any other economic factor or benefit to be derived from the rental of the apartment, including but not limited to, any reference or representation to the effect that Seller will provide, directly or indirectly, any services to Buyer relating to the rental or sale of the apartment. It is understood and agreed by Buyer that rental or other disposition of the apartment, if any, and the providing of management services in connection therewith is and shall be the sole responsibility of the Buyer.

Seller reserves the right, as a requirement for closing, to require Buyer, the sales person and anyone else who may have been connected with this offer to sell and the sale of the apartment to buyer to sign additional documents to assure Seller that no violation of the securities laws have occurred.

6. ASSIGNMENT. Buyer shall not assign or convey in any manner this Sales Agreement or any of Buyer's rights therein, whether in whole or in part, without the prior written consent of the Seller. Consent shall be given or withheld in the sole discretion of Seller and may be arbitrarily withheld.

7. SELLER'S WARRANTIES. Seller warrants the materials and workmanship of the Apartments against defects for a period of one year commencing from the closing date of this transaction. Defects shall mean those items reasonably requiring repair or restoration or renovation or replacement of the components constituting the apartment, reasonable wear and tear excepted.

Warranties on appliances and other manufactured items, if any, shall be manufacturer's warranties which would normally be expected to be issued by the various manufacturers. All applicable warranties will be left with Buyer at the time of occupancy.

8. SELLER'S CANCELLATION. Seller has the right to cancel this Sales Agreement if Buyer's loan application for a mortgage is not approved by the financial institution within the 45 days period described above or if Buyer informs Seller

that Buyer will not be an "owner occupant" or that Buyer wish to cancel because of hardship.

9. SELLER'S LENDERS. Seller has given or may give to one or more lenders, a mortgage(s), security agreement(s) and other instruments to secure repayment of loan(s) covering Seller's interests in the development (including the individual apartments). All of these lenders will have priority over Buyer's rights and interest under this Sales Agreement. Buyer agrees to subordinate their interests and rights under this Sales Agreement to Seller's lenders until the date of closing and delivery of signed instruments conveying the apartment to Buyer.

Any apartment deed conveying the property to Buyer will, however, convey the apartment free and clear of any encumbrance(s) from Seller's lenders or a release of Buyer's apartment from such encumbrance(s) will be executed by Seller's lenders and recorded in the Bureau of Conveyances.

EXHIBIT F

ESCROW AGREEMENT SUMMARY

PROSPECT STREET TOWNHOUSE

941 Prospect Street
Honolulu, Hawaii 96822

The following is a summary of the Escrow Agreement entered into by the Developer ("Seller") and Fidelity Escrow Services Corporation (Escrow) whose business address is AMFAC TOWER, Suite 1015, 700 Bishop Street, Honolulu, HI 96813. The buyer is urged to review the Escrow Agreement itself which is on file with the Real Estate Commission of the State of Hawaii.

1. The Seller shall deliver all funds received from a buyer promptly upon its receipt to Escrow together with a copy of the sales contract.

2. Escrow shall deposit all funds received from the Seller into a special, interest bearing account and all interests accruing on these funds shall be credited to the Seller.

3. Seller shall give written notice to Escrow whenever payments from a buyer(s) are due under a sales contract, Escrow shall then give written notice to each buyer under such a sales contract that payments are to be made to Escrow.

4. Upon prior approval of Seller's mortgagee, disbursements from escrow funds (including Buyer's funds) shall be made by Escrow to pay for (a) construction costs in proportion to the valuation of the work completed by the contractor on the residential unit(s) constructed on the land, as certified by a registered architect or professional engineer, and (b) architectural, engineering, finance and legal fees and other incidental expenses upon submission of bills for disbursements to the extent approved by Seller's mortgagee. The balance of the monies remaining in Escrow shall be disbursed in accordance with the discretion of Seller only upon completion of the units and only upon Escrow receiving satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover claims, if liens have been filed. No disbursements shall be made by Escrow otherwise unless forty-six (46) days after a copy of the Affidavit of Publication of a Notice of Completion has been given to Escrow.

5. If at any time Seller shall certify in writing to Escrow that a buyer, whose funds are being held hereunder by Escrow, has defaulted under the terms of his sales contract and that Developer (Seller) has terminated said sales contract pursuant to the terms thereof, Escrow shall notify said buyer by

registered mail of such default and shall thereafter treat all funds which Buyer may have paid into Escrow, less Escrow's cancellation fee of \$25, as the escrowed funds belonging to Seller and not as funds belonging to Buyer.

6. Escrow shall arrange for and supervise the signing of all documents relating to the development and which are to be signed by Purchaser and Seller in accordance with the terms of the sales contract in order to convey the subject apartment of the sales contract to Purchaser.

7. Escrow is entitled to a cancellation fee of \$25 whenever an escrow is cancelled for any reason. This cancellation fee is to be paid by Purchaser.

8. The Escrow Agreement may be terminated by either Escrow or Seller upon giving 15 days written notice to the other party. However, any sale pending in Escrow at the time of such termination shall be completed under the terms of the Escrow Agreement.

9. Buyer and Seller agree, jointly and severally, to pay to Escrow on demand and to indemnify and hold Escrow harmless from and against all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with or arising out of this escrow, including but not limited to all costs and expenses incurred for interpretation of these instructions, or with respect to any interpleader proceeding; and further, Buyer and Seller agree that any sums which may be payable to Escrow may be deducted from the monies held hereunder before any payment thereof.

10. Buyer is informed that Fidelity Escrow Services Corporation has submitted a letter, dated July 2, 1991, to the Real Estate Commission of the State of Hawaii advising said Commission that "...no part of any of buyer's funds held by Escrow in the above-captioned Project will be disbursed until the statutory forty-five (45) days lien period has expired...."

NOTE: Buyer is referred to: Part IV. ADDITIONAL INFORMATION NOT COVERED ABOVE of the Final Public Report for the "Disclosure Regarding the Use of a Nonsurety Bond by the Developer and Restrictions on the Developer's Use of a Purchaser's Funds as Contained in the Escrow Agreement".

EXHIBIT "G"

ENCUMBRANCES ON TITLE

"PROSPECT STREET TOWNHOUSE"
941 Prospect Street
Honolulu, Hawaii 96822

The land upon which the Condominium is built is encumbered by a first mortgage which covers all of the apartments and the land upon which the Project is built. If Developer defaults on the mortgage, this may affect a purchaser of an apartment unit.

However, upon the closing of a sales transaction for an apartment unit, Developer will give a good and sufficient Apartment Deed to the purchaser free and clear of the blanket first mortgage and/or will have the apartment released from this first mortgage by the lender.

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Building A: #1	(.2511 x 350.00)	\$87.89 x 12 =	\$1,054.68
#2	(.2652 x 350.00)	92.81 x 12 =	1,113.72
Building B: #3	(.2485 x 350.00)	86.98 x 12 =	1,043.76
#4	(.2352 x 350.00)	82.32 x 12 =	987.64
<hr/>			
TOTAL		\$350.00	\$4,200.00

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

Utilities and Services (All four units separately metered)

Air Conditioning

Electricity

[] common elements only

[] common elements
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

0.0

\$ 0.0

Grounds

100.00 x 12 =

1,200.00

Management (Self-managed)

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Liability

\$100.00 x 12 =

1,200.00

Fire Insurance

75.00 x 12 =

900.00

Reserves

Building Painting Fund ***

75.00 x 12 =

900.00

Taxes and Government Assessments

Audit Fees

Other (**Developer to establish Painting Reserve Fund of \$5,000.00.)

TOTAL

\$350.00

\$4,200.00

I/We, EDWARD KWOCK KEONG GUM, 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.

Edward Kwock Keong Gum
Date: July 2, 1991

RECEIPT FOR PUBLIC REPORT(S) AND NOTICE OF RIGHT TO CANCEL

I acknowledge receipt of the Hawaii Real Estate Commission's FINAL (Preliminary, Final, and Supplementary) Public Report(s) and Disclosure Abstract, contained in the public report, in connection with my purchase of apartment(s) in the PROSPECT (apt. no.) (name of STREET TOWNHOUSE condominium project) condominium project.

I understand that I have a legal right under Hawaii law to cancel my purchase, if I desire to do so, without any penalty or obligation within thirty days from the date the above Public Report or Reports were delivered to me. If I cancel, I understand that I will be entitled to receive the refund of any downpayment or deposit, less any escrow cancellation fees and other costs, up to \$250.

If I decide to cancel, I understand that I can do so by notifying Edward Kwock Keong Gum (name of seller) at 2528 Waiolani Ave., Hon., HI 96817 (address of seller) by mail or telegram sent before: (1) the conveyance of my apartment(s) to me; or (2) midnight of the thirtieth day after delivery of the Public Report(s) to me, whichever is earlier. If I send or deliver my written notice some other way, it must be delivered to the above address no later than that time. I understand that I can use any written statement that is signed and dated by me and states my intention to cancel, or I may use this notice by checking the appropriate box and by signing and dating below.

I understand that if I do not act within the above thirty-day period or if the apartment is conveyed to me within the above thirty-day period, I will be considered to have executed this receipt and to have waived my right to cancel my purchase. I also understand that I can waive my right to cancel by checking the appropriate box, by signing and dating below, and by returning this notice to Edward Kwock Keong Gum (name of seller).

I HAVE RECEIVED A COPY OF:

- (1) THE HAWAII REAL ESTATE COMMISSION'S FINAL (Preliminary, Final and Supplementary) PUBLIC REPORT(S) ON PROSPECT STREET TOWNHOUSE; AND (name of condominium project)
(2) THE DISCLOSURE ABSTRACT CONTAINED IN THE PUBLIC REPORT.

(Purchaser's signature) (Date)

(Purchaser's signature) (Date)

I HAVE HAD AN OPPORTUNITY TO READ THE PUBLIC REPORT(S) AND

- [] I WAIVE MY RIGHT TO CANCEL.
[] I HEREBY EXERCISE MY RIGHT TO CANCEL.

(Purchaser's signature) (Date)

(Purchaser's signature) (Date)