



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

CONDOMINIUM PUBLIC REPORT

on

Wiliwili Vista
 747 Wiliwili Street
 Honolulu, Hawaii 96826

Registration No. 2531

Issued: November 19, 1991
 Expires: December 19, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 30, 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: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
 (yellow)

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

SUPPLEMENTARY: Updates information contained in the
 (pink)
 Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
 And Supersedes all prior public reports
 Must be read together with _____
 This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

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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 Chana
 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>
A	40	2/1 1/2	732 sf	none
B	20	2/1 1/2	756 sf	none
<u>See Apartment Description on page 18 of this report.</u>				

Total Apartments: 60

**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>90</u>
Guest Stalls	<u>6</u>
Unassigned Stalls	<u> </u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u> </u>
Total Parking Stalls	<u>96</u>

7. Recreational amenities: Private park area consisting of a swimming pool, jacuzzi, outdoor shower, restrooms for men and women, picnic tables and barbecue grills.

L PEOPLE CONNECTED WITH THE PROJECT

Developer: OG HAWAII - SB HAWAII JV Phone: 945-0141
Name (Business)
1440 Kapiolani Blvd., Suite 1218
Business Address
Honolulu, Hawaii 96814

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

Skyrise, Inc., a Hawaii corporation, General Partner
OG Hawaii Corporation, a Hawaii corporation, Limited Partner

Real Estate Broker: Haseko Realty, Inc., dba Real Estate Showcase Phone: 926-5677
Name (Business)
2233 Kalakaua Ave., Suite B-105
Business Address
Honolulu, Hawaii 96815

Escrow: Title Guaranty Escrow Services, Inc. Phone: 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General Contractor: Hawaiian Dredging & Construction Co. Phone: 735-3211
Name (Business)
614 Kapahulu Avenue
Business Address
Honolulu, Hawaii 96815

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

Attorney for Developer: Hong Iwai Hulbert & Kawano (Donald K. Iwai, Esq.) Phone: 524-4900
Name (Business)
Suite 2200, Pauahi Tower
Business Address
1001 Bishop Street
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

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

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

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

Amendment date(s) and recording/filing information:

- 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 _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

The developer has reserved the right to make changes to such documents which are required by law, any title insurance company, any lender, or any governmental agency as a condition to selling apartments, or which developer determines to be necessary, made at any time before the conveyance of the first apartment to any person other than the developer or the developer's mortgage lender, but only if the changes do not:

(a) substantially change any of the developer's obligations under the Sales Contract; (b) require a substantial change in the design, location or size of the apartment or the building in which the apartment is located; (c) increase the buyer's undivided percentage common interest in the common elements of the Project; or (d) reduce the developer's obligation for common expenses on any unsold apartments in the Project.

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: 747 Wiliwili Street Tax Map Key: (1st Div.) 2-7-03:12
Honolulu, Hawaii 96826 (TMK)

Address TMK is expected to change because _____

Land Area: 18,914 square feet acre(s) Zoning: A-2 Medium Density
Apartment District

Fee Owner: OG HAWAII - SB HAWAII JV
Name

1440 Kapiolani Boulevard, Suite 1218
Address

Honolulu, Hawaii 96814

Sublessor: _____
Name

Address

C Buildings and Other Improvements:

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

2. Buildings: 1 Floors Per Building 17

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass, gypsum board and studs

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>60</u>	<u>Yes</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____	_____	_____		_____	_____

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

5. Special Use Restrictions:

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

Pets: No pets are allowed

Number of Occupants: _____

Other: Residential use only. No transient rental, hotel, or time-share use is permitted.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 2 Stairways 2 Trash Chutes 1

<u>Apt Type</u>	<u>Quantity</u>	<u>Bk/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>40</u>	<u>2/1 1/2</u>	<u>732 sf</u>	<u>none</u>
<u>B</u>	<u>20</u>	<u>2/1 1/2</u>	<u>756 sf</u>	<u>none</u>
_____	_____	_____	_____	_____
<u>See Apartment Description on page 18 of this report.</u>				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 60

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

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

Boundaries of Each Apartment: Each apartment shall be deemed to include (i) all walls, chases and partitions which are not load-bearing within its perimeter walls, (ii) the interior decorated or finished surfaces of all perimeter walls, including glass walls and windows, party walls, floors and ceilings, and (iii) the entry door and door frames, including the exterior unfinished surfaces thereof and all floor coverings.

Permitted Alterations to Apartments:

See Permitted Alterations to Apartments on page 18 of this report.

7. Parking Stalls:

Total Parking Stalls: 96

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>43</u>	<u>6</u>	<u>40</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>90</u>
Guest	<u>0</u>	<u>0</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>6</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra Available for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Covered & Open	<u>49</u>		<u>47</u>		<u>none</u>		

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

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Other: jaccuzzi, outdoor shower, picnic tables, barbecue grills and restrooms for recreational area
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

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

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

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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 C 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 D

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 _____ describes the common interests for each apartment.

As follows: Type A Apartments = 0.0164865
Type B Apartments = 0.0170270

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

Exhibit E describes the encumbrances against the title contained in the title report dated September 10, 1991 and issued by Title Guaranty of Hawaii, Inc.
Revised September 23, 1991

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	If the developer defaults after the apartment is conveyed to the buyer, the buyer's interest will not be affected. If the developer defaults before the apartment is conveyed to the buyer, the mortgagee may or may not decide to sell the apartment to the buyer pursuant to the Sales Contract.

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 F 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 - Common Areas Only

Television Cable

Gas

Water & Sewer

Other Telephone (Manager's office)

I. Construction Warranties:

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

1. **Building and Other Improvements:** The construction contract with the general contractor for the Project contains a warranty clause which generally provides as follows:

If within one year after the date of substantial completion of the work, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the developer to do so unless the developer has previously given the contractor a written acceptance of such condition. The developer shall give such notice promptly after discovery of the condition.

The developer makes no warranties itself, but, if buyer shall give the developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of the contractor's warranty, the developer will forward such notice together with the written notice to the contractor to correct such condition.

2. **Appliances:** A description of the warranties on the appliances and the air conditioner to be installed in each apartment is presently unavailable, inasmuch as the purchase contracts therefor have not been executed by the developer. The developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures, appliances and the air conditioner in the apartment. By such assignment, the developer will be merely passing through to the buyers any such manufacturer's or dealer's warranties, and the developer will not be adopting any such warranties as its own or acting as co-warrantor.

J. Status of Construction and Estimated Completion Date:

Construction was commenced on August 28, 1990. The estimated date of completion is March 31, 1992, assuming nothing occurs to cause delays in the construction.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development

L. Sales Documents Filed With the Real Estate Commission:

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated October 1, 1991

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

[X] Other Specimen Apartment Deed

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

A. Apartment Description.

1. Type A apartments will contain one bedroom, one study/bedroom, a living/dining room, a kitchen, and one and one-half baths. The study/bedroom may be used as a bedroom or study or such other permitted uses. The study/bedroom will have direct access to the toilet facilities in the one-half bathroom, but access to the bathtub and shower facilities in the full bathroom will be through the master bedroom.

2. Type B apartments will contain two bedrooms, a living/dining room, a kitchen, and two bathrooms.

B. Permitted Alterations to Apartments.

1. Alterations Solely within Apartment. Alterations solely within an apartment or solely within a limited common element may be undertaken by an apartment owner after the apartment owner has obtained the written approval of the Board and the mortgagees of the apartment. Upon completion of such alterations the apartment owners directly affected must file of record an amendment to the Declaration together with the approved plans showing the alterations within the apartment or limited common element. The amendment to this Declaration need only be signed by the apartment owners directly affected and their mortgagees.

2. Party Walls or Doors. An apartment owner owning two or more apartments which are separated only by walls or doors, may alter or remove all or portions of such intervening walls or doors and make other alterations or additions solely within such apartments and convert such apartments into a single apartment or into two apartments with modified floor plans. However, the structural integrity of the building or the soundness and safety of the Project must not be affected and such alteration, removal and restoration must not reduce the value of the Project or impair any easement or hereditament thereof, and the finish of the common element then remaining shall be restored to a condition substantially comparable to that common element prior to such alteration. All such alterations, removal or additions, including the plans therefor must be prepared by a licensed architect, must be approved by the Board and the mortgagees of the apartments. Upon completion of such alteration, removal or addition, the owners of the apartments must file of record an amendment to the Declaration, together with the approved plans showing such alteration, removal or addition, which amendment need only be signed by such apartment owners and their mortgagees. If the net living areas of the apartments resulting from such alteration, removal or additions (which are called the "modified apartments") shall not be the same as the net living areas of the original apartments to which such alterations, removal or additions were made (which are called the "original apartments"), then the common interests appurtenant to the original apartments must be reallocated among the modified apartments in proportion to the ratio that the net living areas of each of the respective modified apartments bear to the sum of the net living areas of the original apartments, and such reallocation of the common interest must be included in the amendment to the Declaration. Further, the apartment deeds for the original

apartments must also be amended to show the modification to the apartments and reallocation of the common interests.

C. Reservation of Rights. Developer has reserved the following rights regarding the Project;

1. Right to change common element to limited common element. In case the developer sells all of the apartments on a single floor to the same buyer, developer may, at the request of the buyer, change the hallway of the floor where such apartments are located from a common element to a limited common element for the exclusive use of the apartments on such floor.

If at any time an apartment owner becomes the owner of all of the apartments on a single floor, the board of directors may, at the request of such owner, change the hallway of such floor from a common element to a limited common element by an amendment to the Declaration. In any case where the hallway on a floor is changed from a common element to a limited common element, the owner of the apartments on such floor assumes the rights and obligations in connection with such hallway.

2. Right to Conduct Sales Activities. The developer has reserved the right to conduct extensive sales activities on the Project, including the use of model apartments, sales offices, sales displays and parking stalls of the Project. These activities may continue for 2 years after the first conveyance of an apartment or until the last apartment in the Project is sold, whichever occurs earlier. Even if all of the apartments are not sold after two years, the developer may still continue its sales activities, provided, that such sales activities do not unreasonably interfere with the use and possession of the apartments by the owners.

3. Right to Complete Improvements and Correct Defects. The developer has reserved the right and an easement over the Project to complete the improvements of the Project and correct defects. This right and easement will continue until two years after (i) the date the first apartment is conveyed, or (ii) "substantial completion" of the Project as said term is used in Chapter 507, Part II, Hawaii Revised Statutes, as amended, whichever occurs earlier.

D. Agreements Affecting the Project. The developer, or the developer's predecessor in interest in the land, has entered into several agreements in connection with the development of the Project. The Declaration provides that the obligations of the developer under these agreements be passed on to the apartment owners, and that the apartment owners, by and through the Association of Apartment Owners, shall assume and upon becoming apartment owners do assume all such obligations. These agreements affecting the Project are:

1. Holding Tank Agreement. This agreement is with the Department of Public Works, Division of Wastewater Management, City and County of Honolulu, and by this agreement the developer is permitted to install a holding tank system of sewage disposal. By this system the holding tank will temporarily hold

sewage from the Project and discharge such sewage into the City's sewer system during specified hours of the day when the flowage in the City's system is low. This holding system is necessary because at the present time the City's sewer system does not have the capacity to handle the sewage from the Project at the same time it handles all other sewage. The agreement (which is a letter agreement) has certain conditions which must be observed and performed by the apartment owners of the Project by and through the Association of Apartment Owners. These conditions as stated in the letter agreement are:

- "1. Discharges shall be strictly controlled to ensure that the holding tank wastes are released to the municipal sewer system only during periods of low sewage flow - 1:00 a.m. to 4:00 a.m. A recording device shall be installed to daily chart the release of wastes to the municipal sewer system. The charts shall be submitted to the Division of Wastewater Management (DWM) no later than ten (10) days after the end of each calendar year quarter for City use.
- "2. Holding tank wastes may be pumped or discharged by gravity directly from the tank to the municipal sewer system.
- "3. The use of the holding tank is considered a temporary action to provide sewer service for the subject development. The owner shall be required to eliminate the holding tank and connect directly to the municipal sewers in the future when the wastewater system becomes adequate.
- "4. The holding tank facility shall be available for inspection by the DWM personnel when requested.
- "5. The holding tank shall be constructed in a location approved by the City to ensure easy accessibility by City personnel for inspection purposes.
- "6. The owner shall be responsible for the proper operation and maintenance of the holding tank and appurtenances. In the event of improper operation and maintenance, the City reserves the right of terminating the connection to the municipal wastewater system.
- "7. No overflow or bypass line will be permitted. We recommend the installation of a sewage level alarm to alert of possible sewage overflow.
- "8. The construction plans of the holding tank system shall be submitted to the DWM for review and approval. At that time, other details relating to the holding tank shall be addressed.
- "9. The owner shall be responsible for the disclosure of this agreement to a succeeding owner or lessee (successor). Such

disclosure shall be in the form of a supplement to this agreement containing all the provisions of this agreement and duly acknowledged and accepted by the Successors with a copy being forwarded to the City."

2. Agreements for Joint Development. These agreements include an Agreement for Issuance of Conditional Use Permit Under Section 4.40-21 of the Land Use Ordinance and a Joint Development Agreement, both dated March 9, 1990 (both of which Agreements will be called collectively "Agreements for Joint Development" and both of which have been or will be filed with the Assistant Registrar and/or recorded in the Bureau of Conveyances of the State of Hawaii). By these Agreements for Joint Development the land in the Project and certain adjoining land are permitted to be considered and treated as a single "zoning lot" and the development of the land in the Project is permitted accordingly. The Agreements for Joint Development contain covenants for maintenance of the Project as developed by the developer and approved by the Director of Land Utilization of the City and County of Honolulu, and each person, upon becoming an apartment owner, shall assume, by and through said Association of Apartment Owners, the obligation to observe and perform the covenants contained in the Agreements for Joint Development.

3. Declaration of Restrictive Covenants (Private Park). A Declaration of Restrictive Covenants (Private Park) dated May 1, 1990 has been executed and delivered to the Department of Land Utilization of the City and County of Honolulu. The Declaration of Restrictive Covenants will be filed with the Assistant Registrar. By this Declaration of Restrictive Covenants the private park area as shown on the Condominium Map has been designated as a private park and must at all times be improved, maintained and used exclusively for private park, playground and recreational purposes by the occupants, owners and lessees of the Project. Each person upon becoming an apartment owner, shall assume, by and through the Association of Apartment Owners, the obligation of perpetually maintaining and using the private park area exclusively for playground and recreational purposes.

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 Holding Tank Agreement; Joint Development Agreement; Declaration of Protective Covenants (Private Park)

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. 2531 filed with the Real Estate Commission on October 7, 1991.

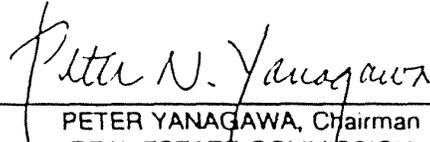
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Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the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



PETER 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

Description of Building and Other Improvements.

The 17 story building which has no basement will be located at the corner of Wiliwili and Fern Streets. It will be facing Wiliwili Street with vehicular access from Fern Street. The building will contain 60 apartments (6 per floor), 96 parking stalls, 2 elevators and 2 stairways. The apartments will be located from the 8th floor through the Penthouse (18th) floor. There will be no 13th floor. The elevator lobby, the lobby/lounge, the office and the trash room will be located on the 1st floor. The 96 parking stalls of the Project will be located on the 1st through the 7th floors.

Other improvements include an underground sewer holding tank, a fuel pump, and an emergency generator which will be the source of standby power for the fire alarm system, the exist and emergency lighting, the fire pump, the elevators and the ventilation fans in the stairways. There will be also a private park containing a swimming pool, jaccuzzi, outdoor shower, restrooms, picnic tables and barbecue grills.

Wiliwili Vista
Parking Stall Assignment

<u>Apartment No.</u>	<u>Parking Stall No.</u>
801	16c
802	24c
803	15c
804	40c
805	17c
806	37c
901	11c
902	87
903	25c
904	22c
905	3c
906	23c
1001	27
1002	95
1003	42
1004	57
1005	12
1006	72
1101	88
1102	73
1103	89
1104	93
1105	80
1106	94
1201	86
1202	65
1203	79
1204	78
1205	81
1206	74
1401	64 & 90c
1402	66 & 76c
1403	63 & 91c
1404	59 & 92c
1405	71 & 77c
1406	58 & 96c
1501	48 & 82c
1502	56 & 62c
1503	44 & 83c
1504	43 & 84c
1505	49 & 85c
1506	50 & 75c
1601	29 & 68c
1602	34 & 70c
1603	28 & 69c

<u>Apartment No.</u>	<u>Parking Stall No.</u>
1604	35 & 60c
1605	33 & 67c
1606	51 & 61c
1701	13 & 54c
1702	18 & 52c
1703	20 & 45c
1704	36 & 46c
1705	14 & 53c
1706	41 & 47c
PH 1	8 & 30c
PH 2	2 & 38c
PH 3	21 & 31c
PH 4	26 & 32c
PH 5	4 & 39c
PH 6	19 & 55c

The foregoing assigned parking stalls constitute 90 of the total 96 parking stalls in the project. 6 parking stalls are set aside for guest parking. The developer has reserved the right to designate some of the parking stalls as common elements and/or to reassign parking stalls to other apartments in the Project as and when sales of apartments are made. When such reassignment of parking stalls is completed, each apartment will have at least one parking stall. Subject to the limitation that each apartment shall at all times have at least one parking stall, apartment owners will have the right to exchange parking stalls by amendment to this Declaration and the respective apartment deeds involved, such amendment to the Declaration and apartment deeds must be in writing and must be signed only by the owners of the apartments seeking such change (and their respective mortgagees, if any) and will become effective only upon filing the same with the Assistant Registrar of the Land Court.

NOTE: The letter "c" denotes a compact stall

lml/3214/91.001/docs/prkgst11

COMMON ELEMENTS

The common elements of the Project will include, but are not limited to, the following:

(a) The Land in fee simple;

(b) All foundations, beams, floors, slabs, supports, perimeter walls, including glass walls, glass windows and frames, party walls, load-bearing walls, floors and ceilings (except for the decorated or finished interior surfaces of such perimeter walls, party walls, load-bearing walls, floors and ceilings within each apartment space and except as expressly provided otherwise), the roof and stairways of the building.

(c) All areas, structures or facilities of the Project, within or outside of the building, which are for common use or which serve more than one apartment space, including without limitation, electrical, machine, mechanical and equipment rooms and the equipment and facilities therein, elevator shafts, elevators and all equipment and appurtenances thereof, surveillance system and facilities, if any, hallways, lobbies (except such hallway or lobby on a single floor which shall be designated as a limited common element as hereinbelow described), walkways and common ways, planters, fences, landscaping, yards, storage rooms, the office, the loading area, the trash room, the underground sewer holding tank, the emergency generator, the fuel pump, the parking structure and the parking stalls therein, and the private park area and the facilities therein, including the swimming pool;

(d) Parking stalls numbered 1C, 5C, 6C, 7C, 9C and 10C which will be guest parking stalls;

(e) All central and appurtenant installations serving more than one apartment space for power, light, gas, water, ventilation, refuse, telephone, radio and television signal distributions and all pipes, wires, conduits, ducts, vents and other service utility lines, including any drain lines for air condition units, which serve more than one apartment space;

(f) All tanks, pumps, motors, fans and in general, all apparatus and installations for common use, and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use;

(g) All other parts of the Project or the building which are not included in the definition of an apartment space.

LIMITED COMMON ELEMENTS

Certain of the common elements are designated as "limited common elements" and are set aside and reserved for the use of certain apartments which apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements so set aside and so reserved are as follows:

(a) Parking Stalls. The parking stalls and the respective apartment spaces to which the parking stalls are assigned are set forth in the Parking Space Assignment attached to this report as EXHIBIT A. The developer has reserved the right to designate some of the parking stalls as common elements and/or to reassign parking stalls to other apartments in the Project as and when sales of apartments are made so that when such reassignment of parking stalls is completed, each apartment will have not less than one parking stall for the exclusive use of such apartment. Subject to the limitation that each apartment shall at all times have at least one parking stall appurtenant to it, apartment owners will have the right to change the assignment (but not the numbering) of parking stalls by amendment to this Declaration and the respective apartment deeds involved, such amendment to the Declaration and apartment deeds must be in writing and signed only by the owners of the apartment spaces seeking such change (and their respective mortgagees, if any) and will be effective only upon filing the amendment with the Assistant Registrar.

(b) Mailboxes. The mailbox assigned to an apartment shall be limited to the use of such apartment space. Each apartment shall at all times have at least one mailbox appurtenant to it.

(c) Other. All other common elements of the Project which are rationally related to less than all of the apartments or which shall be designated as a limited common element as hereinafter provided shall be limited to the use of such apartment or apartments to which the same are related.

ENCUMBRANCES AGAINST TITLE

A Preliminary Report dated September 10, 1991, issued by Title Guaranty of Hawaii, Inc., on the real property submitted to the condominium property regime shows the following encumbrances:

1. Joint Development Agreement dated October 7, 1988, by and between Aki Mizushima, husband of Ryoko Mizushima ("Developer"), and Frederick Usui and Edwin Usui ("Adjoining Owner") filed in the Office of the Assistant Registrar of the Land Court as Document No. 1609208.

2. Joint Development Agreement dated October 14, 1988, by and between Aki Mizushima, husband of Ryoko Mizushima ("Developer"), and Mitsuo Hoota and Hatsumi Hoota, Trustees ("Adjoining Owner"), filed as aforesaid as Document No. 1625992.

3. Mortgage, Security Agreement and Financing Statement made by and between OG Hawaii - SB Hawaii JV, a Hawaii limited partnership, as mortgagor, and OG Hawaii Corporation, a Hawaii corporation, as mortgagee, dated October 9, 1990, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1772580.

4. Agreement for Issuance of Conditional Use Permit under Ordinance No. 86-96, Bill No. 127 (1985), as amended, dated March 9, 1990, filed as aforesaid as Document No. 1743653, by and among Skyrise, Inc., a Hawaii corporation ("Developer"), Richard Kazuo Oka and Doris Fumie Oka, husband and wife ("Oka"), Mitsuo Hoota and Hatsumi Hoota, husband and wife, as Trustees under trust instrument, a short form of which is filed as Document No. 1190009

("Mitsuo Hoota Trustees"), and Mitsuo Hoota and Hatsumi Hoota, husband and wife, as Trustees under trust instrument, a short form of which is filed as aforesaid as Document No. 1190010 ("Hatsumi Hoota Trustees").

5. Joint Development Agreement dated March 9, 1990, filed as aforesaid as Document No. 1837822, by and among Skyrise, Inc., a Hawaii corporation ("Developer"), Richard Kazuo Oka and Doris Fumie Oka, husband and wife ("Oka"), Mitsuo Hoota and Hatsumi Hoota, husband and wife, as trustees under trust instrument filed as aforesaid as Document No. 1190009 ("Mitsuo Hoota Trustees"), Mitsuo Hoota and Hatsumi Hoota, husband and wife, as trustees under trust instrument, a short form of which is filed as aforesaid as Document No. 1190010 ("Hatsumi Hoota Trustees").

The following security agreements have been recorded in the Bureau of Conveyances of the State of Hawaii and are included in the above-mentioned Preliminary Report:

(a) General security agreement dated October 9, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-158758, by and between OG Hawaii Corporation, as "Lender", and OG Hawaii - SB Hawaii JV, as debtor.

(b) Security Agreement and Assignment of Rights to Payment Under Certain Agreements dated October 9, 1990, recorded as aforesaid as Document No. 90-158760, by and between OG Hawaii - SB Hawaii JV and Norimasa Nishida (president of the general

partner of OG Hawaii - SB Hawaii JV), as "Borrower", and OG Hawaii Corporation, as "Lender".

The foregoing security agreements are not filed in the Office of the Assistant Registrar of the Land Court and constitute liens on the personal property of the developer or such other debtor named in the security agreement. However, they are not liens affecting the developer's title to the Land.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

WILIWILI VISTA

<u>Estimate of Initial Maintenance Fees:</u>			<u>Monthly Fee x 12 = Yearly Total</u>		
<u>Apartment Income</u>			Percent %	# Units	Rounded to nearest dollar
All 01, 03, 04, 06	(732 sq. ft.)	1.648649	40	240. x 40	115,200.
All 02, 05	(756 sq. ft.)	1.702703	20	248. x 20	59,520.
TOTAL MAINTENANCE FEES					174,720.
<u>Estimate of Other Income</u>					
Interest				43.33	500.
					=====
TOTAL INCOME					\$175,220.

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	Budget code		
Air Conditioning			
Electricity	1	1,000.00	12,000.00
{ X } common elements only			
{ } common elements and apartments			
Gas			
Refuse Collection	2	838.00	10,056.00
Telephone	3	175.00	2,100.00
Water and Sewer	4	1,856.00	22,272.00
Maintenance, Repairs and Supplies			
Building	5	2,729.17	32,750.00
Grounds	6	700.00	8,400.00
Management			
Management Fee	7	900.00	10,800.00
Payroll and Payroll Taxes	8	2,978.83	35,746.00
Office Expenses	9	125.00	1,500.00
Insurance	10	883.33	10,600.00
Reserves	11	2,281.33	27,376.00
Taxes and Government Assessments	12	1.66	20.00
Audit Fees	13	133.33	1,600.00
Other			=====
Total			\$175,220.00

We, Oishi's Property Management Corporation, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Riz M. J. J.

Its Property Manager

Date: SEPTEMBER 30, 1991

Summary of Provisions of the Sales Contract

The Sales Contract establishes the developer's willingness to sell and a buyer's willingness to purchase an apartment.

Among other provisions, the Sales Contract includes the following:

1. A Sales Contract signed prior to the issuance of a Final Public Report for the Project shall be a "reservation" and not a "binding Contract" for the purchase of an apartment.

2. In addition to the purchase price the buyer will be required to pay at closing "Additional Sums" which include (i) a Start-Up Fee equal to one month's estimated maintenance charge, (ii) one month's estimated maintenance fee, and (iii) closing costs.

3. The buyer will pay the following closing costs: all notary fees; all appraisal fees; all recording costs, the cost of preparing the Apartment Deed; all title insurance costs; all mailing, air courier and other delivery charges; and 1/2 of the escrow fee.

4. Appliances and furnishings included in the sale are only those listed in the Sales Contract. No wall covering, mirrors, window covering or other furnishings or appliances which are not listed in the Sales Contract are included in the sale even if they are included in any model apartment.

5. The developer makes no warranties, express or implied, regarding the apartments, the Project, or consumer products or other things installed in the apartment including warranties or merchantability, habitability, workmanlike construction, or fitness for a particular purpose.

6. The developer has made no representations as to whether the apartment can be rented out for income producing purposes, or as to whether income or other economic benefit can be derived from the apartments in any other manner.

7. The buyer agrees that the developer shall have the right to conduct construction activities for the completion of the improvements and correction of defects in the Project, and such rights shall terminate 24 months after the later of (a) the date of filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the first Apartment Deed to an apartment in the Project, or (b) "substantial completion" (as the term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvements to be completed or corrected.

8. The buyer further agrees that the developer shall have the right to conduct sales activities on the project, including the use of model apartment units, sales offices, signs and extensive sales displays and activities, and the use of parking spaces in the Project for parking for prospective purchasers, until the earlier to occur of (a) 24 months from the recording as aforesaid of the first Apartment Deed to an apartment in the Project, or (b) the sale of the last unsold apartment in the Project.

9. The developer has the right to change the Declaration, the Bylaws, the Condominium Map, the House Rules, the form of Apartment Deed and other Documents. Such changes to the condominium documents may not, however, (i) substantially change the developer's obligation under the Sales Contract, (ii) substantially change the design, location or size of buyer's apartment (iii) increase the buyer's common interest, or (iv) reduce the developer's obligation for common expenses on unsold apartments.

10. The developer may not make any changes to the design or location of the buyer's apartment, but may make changes to other apartments of the Project, the parking areas, the location and numbering of parking stalls, and to the common elements of Project such as walkways, stairways, corridors, driveways, lobbies, utility rooms, recreational facilities and the manager's office.

11. If the developer should sell to a single buyer all of the apartments on any one floor of the building, the developer has the right to change the Declaration by changing the hallway of such floor from a common element to a limited common element for the exclusive use of such apartments. Also, the board of directors may, but is not required to, make such change if an apartment owner owning all of the apartments on a single floor requests. If the hallway on a floor is changed from a common element to a limited common element, the owner of the apartments which have exclusive use of such hallway will have all of the rights and obligations connected with limited common elements as provided for in the Declaration and the Condominium Laws.

12. The developer intends to pre-close Sales Contracts by having all documents and funds necessary for final closing signed and deposited with Escrow prior to the date set for final closing and the buyer agrees to sign all necessary documents, including escrow instructions, and deposit all monies required for final closing. If the buyer does not sign all documents and deposit the necessary monies in escrow as aforesaid at least 5 days before the scheduled date of closing, the developer will have the option to assess the buyer a late

charge of 1% per month on the unpaid amount, and the buyer will have to pay all maintenance charges, common expenses and real property taxes from the scheduled closing date (no matter what date the actual closing occurs).

13. The buyer agrees to inspect the buyer's apartment at such time set by the developer or the contractor, and after such inspection to sign a sheet listing all the defects. If buyer fails to make such inspection, buyer waives his right to inspect and his rights to the developer's assistance with any contractor or other persons. Inspection of the apartment is not a requisite for closing to take place, and buyer agrees to close the sale of his apartment and accept possession even if there are defects, as long as the apartment is livable. Further, even if construction of certain parts of the common areas of the Project may still be going on, so long as a temporary or permanent certificate of occupancy is issued covering buyer's apartment, buyer will be required to close.

14. The buyer agrees that his rights under the Sales Contract is subordinated to a mortgagee who makes a construction loan for the Project. This does not mean that the buyer is or will be in any way responsible for the payment of such loan. It merely means that if the developer defaults under the construction loan mortgage before the apartment is conveyed to the buyer (i.e., before final closing of the Sales Contract) and the mortgagee forecloses the mortgage, the Sales Contract which the buyer has signed for the purchase of an apartment may or may not be honored by the mortgagee. If the developer defaults after the apartment is conveyed to the buyer (i.e., after final closing of the Sales Contract), buyer's interest in the apartment will not be affected at all.

15. The Escrow Agreement is made a part of the Sales Contract. All buyer's payments under the Sales Contract are to be made to the escrow agent, all interests accrued on buyer's payments held in escrow belongs to the developer.

The foregoing are only excerpts from certain paragraphs in the Sales Contract. The buyer is urged to read with care the entire Sales Contract.

Summary of Provisions of the Escrow Agreement

The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust as well as the retention and disbursements of said funds.

Among other provisions, the Escrow Agreement includes the following:

1. Escrow shall deposit any or all funds received and held in escrow in interest bearing accounts in federally-insured lending institutions designated by the developer. Any and all interest earned on such funds during the holding thereof shall accrue to the credit of the developer in accordance with the agreements and instructions contained in the Sales Contracts.

2. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such buyer, if one of the following has occurred:

(a) The developer and the buyer shall have requested Escrow to return to the buyer the funds of the buyer then being held by Escrow; or

(b) The developer notifies Escrow of the developer's exercise of the option to rescind or cancel the Sales Contract pursuant to any right of rescission or cancellation stated in the Sales Contract or otherwise available to the developer;

(c) The conditions provided for a refund under Section 514A-63 of the Condominium Property Act (as amended on the date upon which the Sales Contract becomes binding and effective) have been met and the buyer shall have exercised buyer's right to rescind the Sales Contract.

(d) With respect to a buyer holding a nonbinding reservation agreement, the buyer shall have exercised the buyer's right to cancel the Sales Contract pursuant to Section 514A-62 of the Condominium Property Act.

(e) With respect to any buyer who has been placed on the developer's reservation list of owner-occupant buyers, Escrow will refund such buyer's funds held in escrow if developer and the buyer so request in writing and any one of the following events have occurred:

(i) no Sales Contract has been offered to the buyer;

(ii) the buyer has been unable to obtain adequate financing, or a commitment for adequate financing for the purchase of the buyer's reserved unit within 45 calendar days following the end of the 10 calendar day period during which the developer is limited to selling to owner-occupants; or

(iii) the buyer desires to cancel the Sales Contract on account of hardship circumstances as described in Section 514A-104(1) of the Condominium Property Act; or

(iv) the buyer decides not to become an owner-occupant.

3. Escrow shall make no disbursements of any buyer's funds, except by way of refunds thereof, until such buyer's Sales Contract has become effective and the requirements of Section 514A-39, 514-62 and 514A-63 of the Condominium Property Act have been met.

The foregoing is only a summary of certain provisions in the Escrow Agreement. The buyer is urged to read the entire Escrow Agreement with care.