

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Kapalele Associates
Address One Keahole Place, Unit 3110, Honolulu, HI 96825

Project Name(*): KALELE KAI
Address: One Keahole Place, Honolulu, HI 96825

Registration No. 2568

Effective date: November 10, 1993

Expiration date: August 28, 1994

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

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 by the developer 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.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
 - FIRST SUPPLEMENTARY: This report updates information contained in the:
(pink)
 - Preliminary Public Report dated: _____
 - Final Public Report dated: July 28, 1993
 - Supplementary Public Report dated: _____
- And Supersedes all prior public reports
 Must be read together with Final Public Report date 7/28/93
 This report reactivates the _____
 public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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 developer.

Changes made are as follows:

THIS PUBLIC REPORT SETS FORTH ONLY THE PAGES CONTAINING CHANGES TO THE FINAL PUBLIC REPORT, EFFECTIVE DATE JULY 28, 1993 ISSUED BY THE STATE OF HAWAII REAL ESTATE COMMISSION, FOR THE KALELE KAI CONDOMINIUM PROJECT ("Project").

Changes to the Final Public Report are as follows:

1. Estimated Common Expenses and Monthly Maintenance Fees Per Unit Type. A revised estimate of the common expenses for the Project and monthly maintenance fees per unit type for 1993 and 1994 are attached hereto and incorporated herein in Exhibit "K". The revised estimate of common expenses and monthly maintenance fees per unit type have increased.
2. Estimated Date of Completion of Construction. The new estimated date of substantial completion of construction for the Project are disclosed on Page 16 herein. The normal one (1) year warranty period, in accordance with Section 514A-70, Hawaii Revised Statutes, for Building 3, Clubhouse and recreational facilities shall expire on October 28, 1993. Developer has extended the mechanical warranty for Building 3, Clubhouse and recreational facilities for one (1) additional year which shall expire, on October 28, 1994. The normal one (1) year warranty period for Buildings 1, 2 and townhomes will commence on the actual day of substantial completion.
3. Traffic and Transportation Improvement Fee. Paragraph 8 of Exhibit "B" of the Kalele Kai Condominium Sales Contract discloses that buyer may be required to pay at pre-closing a one-time, non-transferable, nonrefundable fee for improvements to the traffic and transportation facilities servicing Hawaii Kai. The actual amount of the fee has not been determined. Developer has recorded a Second Amendment To The Declaration Of Condominium Property Regime, Document No. 93-168809 in the Bureau of Conveyances of the State of Hawaii. The Second Amendment discloses that a one-time, non-transferable, non-refundable fee for improvements to the traffic and transportation facilities servicing Hawaii Kai may be assessed in the future and each owner of a Kalele Kai condominium unit shall be obligated to pay such fee upon assessment. As of the date of this public report, estimates of the fee are in the \$300 range. Paragraph 21(1) of the Declaration provides a more detailed disclosure of this fee.
4. Attorneys for Developer. The new attorney selected for the project is Kobayashi, Sugita & Goda, Attention Kenneth Y. Sugita, Esquire, whose place of business is 745 Fort Street, 8th Floor, Honolulu, Hawaii 96813. Telephone (808) 539-8700.

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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 the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expense. 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 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 project's 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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: No change from Final Public Report Phone: _____
Name (Business)

Business Address

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

Real Estate Broker: *Bedford Properties, Inc. Phone: 396-5422
Name (Business)
One Keahole Place, Unit 3110
Business Address
Honolulu, Hawaii 96825

Escrow: No change from Final Public Report Phone: _____
Name (Business)

Business Address

General Contractor: No change from Final Public Report Phone: _____
Name (Business)

Business Address

Condominium Managing Agent: No change from Final Public Report Phone: _____
Name (Business)

Business Address

Attorney for Developer: Kobayashi, Sugita & Goda Phone: (808) 539-8700
(Kenneth Y. Sugita, Esq.) (Business)
Name
745 Fort Street, 8th Floor
Business Address
Honolulu, Hawaii 96813

*McCormack Real Estate, Inc. dba.
Coldwell Banker McCormack Real Estate
841 Bishop Street, PH 2300
Honolulu, Hawaii 96813
Phone: 539-9600

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*ITOCHU Corporation
5-1, Kita-Aoyama 2-Chome
Minato-ku, Tokyo 107-77, Japan
The cooperating broker for sales in Japan
ITOCHU Corporation is not licensed in
Hawaii and shall not engage in real estate
sales activities in Hawaii

**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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

- 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. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

Second Amendment to Declaration dated October 9, 1993, recorded October 13, 1993
as Document No. 93-168809.

- 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 Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Second Amendment to Declaration dated October 9, 1993, recorded October 13, 1993
as Document No. 93-168809 ("As Built" Statement for Building 3).

- 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 manner in which meetings will be conducted, whether pets are prohibited or allowed 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. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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%*	_____
Bylaws	65%	_____
House Rules	---	_____

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

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 may amend the Declaration, Bylaws and Condominium Map (a) at any time prior to recording of the first deed, conveyance document or other conveyance to a party not a signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project, or by any governmental agency of any other jurisdiction as a condition to marketing the Project in such jurisdiction; (c) to file the "as built" verified statement required by Section 514A-12, H.R.S.; and (d) to exercise any rights reserved in the Declaration.

G. Status of Construction and Estimated Completion Date:

Date of Commencement - January 14, 1991

Estimated Date of Substantial Completion

Building 3, Clubhouse, recreational facilities and boat moorings	-	October 28, 1992
Building 1, 2 and townhomes	-	December 31, 1993

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

V. MISCELLANEOUS

A. 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 _____ contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated _____
Exhibit _____ contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime., as amended
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map., as amended
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2568 filed with the Real Estate Commission on 12/20/91.

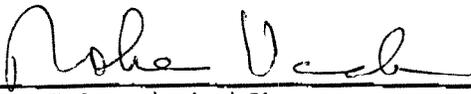
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D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Kapalele Associates

Name of Developer

By: 
Duly Authorized Signatory

10/9/93
Date

Mohan Vachani, Vice President of Bedford Properties, Inc.,
print name & title of person signing above the general partner of
Kapalele Associates

Distribution:

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

EXHIBIT I

SUMMARY OF SALES CONTRACT

A specimen Condominium Sales Contract ("Sales Contract") has been submitted to the Real Estate Commission as part of the registration. The following is a brief summary of the pertinent provisions of the Sales Contract:

(a) Seller shall offer for sale fee simple condominium units and buyer must purchase the fee simple interest together with the condominium unit and percentage common interest. Buyer shall have the option of financing the purchase of the fee simple interest by entering into a purchase money mortgage. If buyer elects to finance the purchase of the fee simple interest by way of a purchase money mortgage, buyer shall be required to pay a fee deposit equivalent to ten percent (10%) of the fee price and execute a promissory note and purchase money mortgage for the full fee price at pre-closing. Seller may assign the promissory note and purchase money mortgage to the Trustees without the consent of buyer. If buyer defaults under the purchase money mortgage, buyer shall become obligated to make lease rent payments to Seller. A specimen copy of the purchase money mortgage setting forth the terms and conditions will be available from the Seller;

(b) All monies paid by buyer shall be held in escrow pursuant to an escrow agreement. Buyer shall not be entitled to any interest earned from the deposit of such monies;

(c) If buyer intends to obtain a loan from a lending institution to purchase the unit, buyer shall apply for a loan within five (5) days of Seller's acceptance of the Sales Contract. If buyer does not obtain a mortgage commitment within fifty (50) days after the date of Seller's acceptance of the Sales Contract, the Seller may elect to cancel the Sales Contract upon written notice to the buyer and, upon such cancellation, all monies paid by the buyer less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred by the Seller or lending institution in processing such loan application, shall be refunded to buyer. If the Seller ascertains that the buyer has failed to qualify for the mortgage loan due to the failure to use his best efforts to obtain such mortgage loan in good faith or to do or perform all acts necessary to obtain such loan, then such failure shall constitute a default by the buyer entitling Seller to retain all sums paid as liquidated damages;

(d) All expenses in connection with buyer's purchase of a unit shall be paid by buyer, including but not limited to, the cost of drafting the conveyance document; the State of Hawaii conveyance tax (Note: In connection with the conveyance tax, the Seller and buyer will appoint Escrow Agent as their agent for the purpose of filing the affidavit in respect thereto); recording

EXHIBIT K

DISCLOSURE ABSTRACT

Name of Project:

KALELE KAI
One Keahole Place
Honolulu, Hawaii 96825

Developer and Seller:

Kapalele Associates
One Keahole Place, Unit 3110
Honolulu, Hawaii 96825

Managing Agent:

Hawaiiana Management Company
1270 Ala Moana Boulevard
Honolulu, Hawaii 96814

Estimated Annual Common Expenses and Monthly
Maintenance Fees for Each Condominium Unit Type:

The estimated annual common expenses and monthly maintenance fees for each unit type as disclosed in the Final Public Report has been superseded by the estimated annual common expenses and monthly maintenance fees for each unit type for 1993 and 1994 attached hereto and incorporated herein as Exhibits "A" and "B" respectively.

In accordance with HRS Section 514A-61(a)(2) the estimated annual common expenses and monthly maintenance fees for each unit type for 1993 and 1994 as disclosed in Exhibits "A" and "B" respectively shall be revised and updated at least every twelve (12) months and each owner shall be obligated to pay his/her/its proportionate share of the updated estimates.

Developer to Pay Actual Common Expenses of Project:

Pursuant to HRS Section 514A-15(b), Developer hereby notifies all owners and purchasers that Developer shall assume the payment of the actual common expenses for Kalele Kai and all owners and buyers shall not be obligated to pay his/her/its respective share of the common expenses until March 31, 1994; PROVIDED THAT, Developer may extend such date by an amended Disclosure Abstract delivered by mail or hand delivery to all owners and buyers; PROVIDED, HOWEVER, that pursuant to Paragraph 8, Exhibit "B" of the Kalele Kai Condominium Sales Contract, Escrow Agent shall collect, at a

minimum, at closing an amount equivalent to two (2) months maintenance fees which shall be a one-time, non-transferable, non-refundable assessment at sale and not as a common expense; PROVIDED, FURTHER, that the monies collected may be used by the managing agent for the start-up costs of the association.

Developer shall file an amended Disclosure Abstract with the Real Estate Commission at least thirty (30) days in advance of the date when all owners and purchases shall become obligated to commence paying his/her/its proportionate share of the common expenses of Kalele Kai and a copy of the amended Disclosure Abstract shall be delivered by mail or hand delivery to each of the owners whose maintenance fees were assumed by Developer. The amended Disclosure Abstract shall disclose the date upon which each owner of Kalele Kai shall be required to pay his/her/its proportionate share of the common expenses.

The assumption of the actual common expenses for Kalele Kai by Developer do not include nor apply to the Hawaii Kai Marina Community Association fees, any fees assessed by the association created to maintain the private park, or the one-time, non-transferable, non-refundable fee for improvements to the traffic and transportation facilities servicing Hawaii Kai. Each owner and buyer shall continue to be obligated to pay these fees as assessed.

Description of Warranties:

Paragraph 19 of the Condominium Sales Contract states: The execution, delivery and recordation of the conveyance document shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the condominium unit, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. If closing occurs after the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller will also give to Buyer a construction warranty from the Seller which shall last for a period of ninety (90) days from the date of

and Buyer intentionally waives and subordinates the priority of any interest Buyer may have arising under this Agreement in favor of the liens of the mortgages securing repayment of Seller's Loans, and waives any claims which Buyer may have against Seller for breach of this Agreement in the event that said mortgages are foreclosed;

There are limited number of boat moorings available for purchase. If buyer elects to purchase a boat mooring, buyer shall be required to execute a Boat Mooring Sales Contract which shall provide that:

(a) The Boat Mooring Sales Contract shall be attached to and become a part of the Kalele Kai Condominium Sales Contract as Exhibit "C"; and

(b) The purchase of the boat moorings shall be restricted to the owners of condominium units in the Project. A boat mooring may be rented or leased to any other owner or tenant of the project;

(c) The payment of the Boat Mooring Price shall be paid in cash and in accordance with the payment schedule of the Unit Price.

(d) If buyer does not consummate the purchase of the condominium unit for any reason, buyer shall have no right to purchase a boat mooring separate and apart from a condominium unit.

The addendum to Sales Contract discloses that buyer shall not pay at pre-closing a one-time, non-transferable, non-refundable fee for improvements to the traffic and transportation facilities servicing Hawaii Kai. Rather, this fee may be assessed in the future and, upon assessment, the current owner shall be required to pay the fee as assessed.

[The underscored material is the new language inserted into this Exhibit.]

fees; the escrow fee; the cost of obtaining financing or a financing commitment; the expense of credit reports; the drafting of mortgages, etc. (which costs shall be paid directly to buyer's mortgagee and shall in no event be reimbursed by Seller); the drafting of the purchase money mortgage (if buyer elects finance the Fee Balance); acknowledgments of the buyer on all instruments; and any costs incurred for title insurance shall be payable by buyer;

(e) Buyer shall be required to pay at pre-closing prepaid maintenance fees for a period of up to two (2) months, prepaid insurance premiums for up to one (1) year, prepaid real property taxes for the remainder of the tax year prorated as of the date that a certificate of occupancy for the condominium unit has been issued by the City and County of Honolulu and pay a non-refundable start-up fee in an amount equal to two (2) months maintenance fees. Such start-up fee shall be a one-time non-transferable non-refundable assessment at sale in addition to the normal monthly maintenance fees, shall be held, accounted for and expended as funds of the Association of Owners of Kalele Kai for the benefit of all of the condominium unit owners by Seller and the managing agent, all of which shall be paid at pre-closing. All maintenance, other taxes, assessments and other expenses shall also be prorated between Seller and buyer as of such proration date for real property taxes which shall be the date that a certificate of occupancy for the condominium unit has been issued by the City and County of Honolulu. Buyer may be required to pay a one-time non-transferable non-refundable fee for the maintenance and preservation of Kuapa Pond and the waterways and such fee shall be paid at pre-closing. (NOTE: This amount, together with other amounts required, are in addition to and are not part of the total purchase price and shall be paid at pre-closing);

(f) If the development and construction of the Project is delayed due to governmental restrictions or regulations, or if said delay is caused by fire, earthquake, tidal wave, acts of God, the elements, war or civil disturbances, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or any other event, matters of conditions including any litigation or threat of litigation concerning the Project, and Seller determines in its sole discretion that increases in development and construction costs have or will occur, then and in any such event, Seller may increase the Unit Price and Boat Mooring Price by an amount not in excess of the Property's proportionate share (approximately based on the percentage common interest specified above) of the total amount of such increases in development and construction and/or interest costs; provided that Seller shall provide prior notice to buyer;

(g) Seller has made no representations with respect to the possibility or probability of rental or other income from the

condominium unit or other economical benefit to be derived from the rental of the condominium unit, including but not limited to, any representations to the effect that Seller or the managing agent of the project by a third party will provide services relating to the rental or sale of the condominium unit nor representations as to the possible advantages from the rental of the condominium unit under Federal and State tax laws. If buyer wishes to rent the condominium unit to third persons, buyer must make his own arrangements. Buyer further agrees and acknowledges that in the event that the offer to sell and the purchase of the condominium unit or the activities of buyer with respect to the condominium unit are determined to be or alleged to give rise to any violation of any Federal or State securities laws or regulations, Seller may obtain an injunction enjoining such acts of the buyer and Seller may, in addition, pursue any other remedies and buyer shall pay the Seller's costs and attorneys' fees in connection therewith. In the event that the buyer or anyone claiming by or through him alleges that the offer to sell or the purchase of the condominium unit gives rise to any violation of any Federal or State disclosure laws or regulations, the buyer covenants not to sue for any remedy other than to sue for refund of the purchase price and actual closing cost plus interest at ten percent (10%) per annum from the date of closing to the date of repayment. Buyer agrees to absorb any additional charges incurred with respect to the condominium unit as the reasonable use value of the condominium unit.

(h) Seller makes no warranties, expressed or implied, with respect to the condominium units or any common elements or anything installed therein. Seller shall assign to buyer any and all warranties given Seller by the general contractor of the Project together with any guaranties against faulty material or workmanship. Buyer shall receive direct warranties given by dealers, contractors or manufacturers on appliances installed in the condominium unit and common elements. The fixture and appliance warranties shall not apply to the Penthouse condominium unit. The construction warranties shall only apply to the materials and workmanship existing in the Penthouse condominium unit as of the date of conveyance of the Penthouse condominium unit to buyer.

(i) Buyer understands and acknowledges that Seller has obtained a loan from The Mitsui Bank & Trust Co., Ltd. for the construction of the Project, and an acquisition loan from The Trustees of the Estate of Bernice Pauahi Bishop for the acquisition of the fee interest to the land underlying the Project (hereinafter collectively referred to as the "Seller's Loans"). Buyer understands and acknowledges that the mortgages securing repayment of Seller's Loans (together with the interest rates and any increase in interest rates provided in said mortgages) shall be and remain at all times superior liens on all unsold condominium units and the undivided percentage interest in the common elements appurtenant to such unsold condominium units,

closing; provided, however, that if closing occurs within ninety (90) days before the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller's warranty shall extend for a certain period after said expiration date so that the total period for Seller's warranty shall be ninety (90) days. Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the condominium unit. Buyer acknowledges that Seller has made no other warranties, expressed or implied, with respect to the Property or any common element or anything installed therein. At Seller's option, an inspection program may be instituted and, if so, Buyer agrees to inspect Buyer's condominium unit on a date and at a time to be specified by Seller and upon completion of such inspection, to sign an inspection sheet to be furnished by Seller which shall list all defects or damages to the property, if any. Buyer agrees to accept possession of the property despite the existence of such defects or damages to the Property regardless of extent, including but not limited to any defects in appliances and fixtures, which may be listed in said inspection sheet, but which do not render the Property uninhabitable. Seller will cooperate with and assist Buyer in having legitimate listed defects or damages corrected or repaired within a reasonable time thereafter by the general contractor or other warrantor. This guarantee shall survive the closing. Buyer agrees to indemnify Seller for any damages or losses, including interest and attorney's fees, resulting from any refusal to make such inspection, to sign such inspection sheet or to accept possession of the Property upon request by Seller and if Buyer shall make any such refusal Buyer shall be deemed to be in default under this Agreement and Seller at its option shall be entitled to cancel this Agreement and keep all payments made hereunder as liquidated damages. Buyer hereby waives all rights of inspection and rights to Seller's cooperation and assistance with the general contractor or other warrantors if Buyer fails to inspect Buyer's unit on the date and time specified by Seller and Buyer acknowledges that such waiver shall not in any way affect Buyer's obligations hereunder including without limitation the making of Payments C and performance of Buyer's closing obligations.

Penthouse Condominium Unit Disclosure:

The Penthouse condominium unit does not contain any fixtures, appliances or interior (non-load bearing) walls. It is the responsibility of the Buyer, in its sole discretion and personal choice, to purchase and install fixtures and appliances and construct the

interior layout and design of the Penthouse condominium unit in accordance with any conditions and covenants contained in the Declaration and Bylaws. Seller is only providing the capability to connect to utilities, water and wastewater disposal. THE FIXTURE AND APPLIANCE WARRANTIES SET FORTH IN THE SALES CONTRACT SHALL NOT APPLY TO THE PENTHOUSE CONDOMINIUM UNIT. THE CONSTRUCTION WARRANTIES SET FORTH HEREINABOVE SHALL ONLY APPLY TO THE MATERIALS AND WORKMANSHIP EXISTING IN THE PENTHOUSE CONDOMINIUM UNIT AS OF THE DATE OF CONVEYANCE OF THE PENTHOUSE CONDOMINIUM UNIT TO BUYER. THE CONSTRUCTION WARRANTIES SET FORTH HEREINABOVE SHALL NOT APPLY TO ANY DAMAGE TO MATERIALS OR WORKMANSHIP ARISING FROM WORK PERFORMED BY THE BUYER, ITS AGENTS, CONTRACTORS AND SUBCONTRACTORS.

Use:

The project will contain two hundred and nineteen (219) condominium units which shall be used only for residential purposes. The project will also contain one (1) recreational facility (hereinafter referred to as the "Clubhouse").

Boat Moorings:

A boat mooring may be appurtenant to and for the exclusive use of a designated condominium unit upon the original conveyance thereof, or as may be made appurtenant thereto by subsequent conveyance. The use of a boat mooring shall be subject to that certain Declaration of Protective Provisions and any rules and regulations promulgated thereunder, the Declaration of Condominium Property Regime (hereinafter referred to as the "Declaration") and any house rules adopted by the Association. The Developer shall have the right to amend the Declaration as often as necessary to redesignate and transfer all unsold boat moorings from condominium unit 3110 to any other condominium unit owned by Developer and/or effectuate the initial attachment of unsold boat mooring(s) to any condominium unit originally purchased from Developer and said amendment(s) to the Declaration shall only require the signature of Developer. Once a boat mooring has been attached to a condominium unit as a limited common element, the owner may transfer the boat mooring upon amendment to the Declaration; provided that the amendment to effectuate a transfer and change in the designation of a boat mooring appurtenant to a condominium unit shall need only the signature and approval of the owner transferring the boat mooring, the owner accepting the transference of the boat mooring and their respective mortgagees, if any.

In addition, a boat mooring may be leased for a minimum period of thirty (30) days to another owner or tenant of a condominium unit within the Project, subject to the terms and conditions of the Declaration and the Declaration of Protective Provisions and any rules and regulations promulgated thereunder; provided that said lease of the boat mooring shall be in writing and all assessments, charges, fees or penalties arising from said boat mooring shall be levied against the owner of the condominium unit to which the boat mooring is an appurtenant limited common element.

October 9 _____, 1993

[The underscored material is new language inserted into this Exhibit.]

29812.01

EXHIBIT A
KALELE KAI
ESTIMATED COMMON EXPENSES
1993

	<u>MONTHLY</u>	<u>YEARLY</u>
RECEIPTS		
MAINTENANCE FEES	84,428	1,013,136
INTEREST	<u>100</u>	<u>1,200</u>
TOTAL	84,528	1,014,336
DISBURSEMENTS		
UTILITIES		
ELECTRICITY	29,902	358,824
WATER	3,443	41,316
SEWER	5,869	70,428
TELEPHONE	<u>273</u>	<u>3,276</u>
TOTAL	39,487	473,844
 MAINTENANCE		
AIR CONDITIONING/MECH. MAINTENANCE	969	11,628
CLEANING SUPPLIES	350	4,200
ELEVATOR	2,061	24,732
GROUNDS	4,000	48,000
LIGHTING	494	5,928
PLUMBING	364	4,368
POOL	250	3,000
MISCELLANEOUS REPAIRS & PURCHASES	1,095	13,140
PAINTING	219	2,628
PEST CONTROL	420	5,040
SECURITY	3,283	39,396
REFUSE	1,700	20,400
ELECTRONIC SYSTEMS	<u>500</u>	<u>6,000</u>
TOTAL	15,705	188,460
 ADMINISTRATION		
ADMINISTRATIVE SUPPLIES & SERVICES	175	2,100
MANAGEMENT SERVICES	710	8,520
LEGAL FEES	250	3,000
AUDIT	<u>100</u>	<u>1,200</u>
TOTAL	1,235	14,820

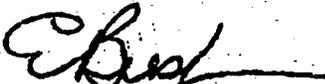
KALELE KAI
 ESTIMATED COMMON EXPENSES - 1993
 PAGE 2

	<u>MONTHLY</u>	<u>YEARLY</u>
PAYROLL & BENEFITS		
PAYROLL MANAGER	2,000	24,000
PAYROLL CLEANING	3,900	46,800
PAYROLL MAINTENANCE	1,700	20,400
WORKER'S COMPENSATION	826	9,912
TDI	35	420
HEALTH CARE	672	8,064
PAYROLL TAXES	775	9,300
PAYROLL PREPARATION	100	1,200
RENT APARTMENT	<u>1,400</u>	<u>16,800</u>
TOTAL	11,486	137,832
OTHER EXPENSES		
INSURANCE	13,485	161,820
MISCELLANEOUS	100	1,200
GENERAL EXCISE TAX	<u>30</u>	<u>360</u>
TOTAL	13,615	163,380
RESERVE TRANSFERS	3,000	36,000
TOTAL DISBURSEMENTS AND RESERVES	84,528	1,014,336

Hawaii Kai Marina fees and fees to maintain a private park are not included in the Association maintenance fees.

It is hereby certified that the foregoing estimate of the monthly common expenses and the estimated maintenance fees per unit type were calculated based upon generally accepted accounting principles using current cost data as of September 29, 1993.

HAWAIIANA MANAGEMENT COMPANY, LTD.


 Emory Bush
 Executive Vice President

(Revised 9/29/93)

KALELE KAI

1993
MONTHLY MAINTENANCE FEES

<u>TYPE APARTMENT</u>	<u>% COMMON INTEREST</u>	<u>MONTHLY MAINT. FEE</u>	<u># OF UNITS</u>	<u>TOTAL MAINT. FEE BY TYPE</u>
A-1, A-2, AR-1, AR-2, AR-3, AR	0.3822	322.68	40	12,907.20
B-1, B-2, BR-1, BR-2	0.3831	323.44	34	10,996.96
B1R-1, B1-1	0.3815	322.09	22	7,085.98
C-1, C-2, CR-1, CR-3	0.3824	322.85	41	13,236.85
C1R-1, C1-1	0.3809	321.59	9	2,894.31
E-1, E-3, ER-1, ER-2, E-4	0.5353	451.94	43	19,433.42
P-1, PR-1	0.9252	781.13	8	6,249.04
P1R-2, P1-2	0.9235	779.69	2	1,559.38
D-1, D-2	0.5921	499.90	10	4,999.00
T/H AR-2, A-2	0.5906	498.63	4	1,994.52
TH A1-1, A1-3, A1R-3	0.5952	502.52	4	2,010.08
T/H BR-1, B-1	0.6282	530.38	<u>2</u>	<u>1,060.76</u>
			219	84,427.50

EXHIBIT B
KALELE KAI
ESTIMATED COMMON EXPENSES
1994

	<u>MONTHLY</u>	<u>YEARLY</u>
RECEIPTS		
MAINTENANCE FEES	85,983	1,031,796
INTEREST	<u>100</u>	<u>1,200</u>
TOTAL	86,083	1,032,996
 DISBURSEMENTS		
UTILITIES		
ELECTRICITY	31,028	372,336
WATER	3,443	41,316
SEWER	6,160	73,920
TELEPHONE	<u>273</u>	<u>3,276</u>
TOTAL	40,904	490,848
 MAINTENANCE		
AIR CONDITIONING/MECH. MAINTENANCE	969	11,628
CLEANING SUPPLIES	350	4,200
ELEVATOR	2,061	24,732
GROUNDS	4,000	48,000
LIGHTING	494	5,928
PLUMBING	364	4,368
POOL	250	3,000
MISCELLANEOUS REPAIRS & PURCHASES	1,095	13,140
PAINTING	219	2,628
PEST CONTROL	420	5,040
SECURITY	3,283	39,396
REFUSE	1,700	20,400
ELECTRONIC SYSTEMS	<u>500</u>	<u>6,000</u>
TOTAL	15,705	188,460
 ADMINISTRATION		
ADMINISTRATIVE SUPPLIES & SERVICES	175	2,100
MANAGEMENT SERVICES	710	8,520
LEGAL FEES	250	3,000
AUDIT	<u>100</u>	<u>1,200</u>
TOTAL	1,235	14,820

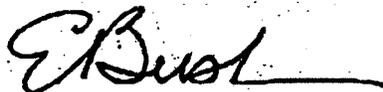
KALELE KAI
 ESTIMATED COMMON EXPENSES - 1994
 PAGE 2

	<u>MONTHLY</u>	<u>YEARLY</u>
PAYROLL & BENEFITS		
PAYROLL MANAGER	2,000	24,000
PAYROLL CLEANING	3,900	46,800
PAYROLL MAINTENANCE	1,700	20,400
WORKER'S COMPENSATION	975	11,700
TDI	35	420
HEALTH CARE	739	8,868
PAYROLL TAXES	775	9,300
PAYROLL PREPARATION	100	1,200
RENT APARTMENT	<u>1,400</u>	<u>16,800</u>
TOTAL	11,624	139,488
OTHER EXPENSES		
INSURANCE	13,485	161,820
MISCELLANEOUS	100	1,200
GENERAL EXCISE TAX	<u>30</u>	<u>360</u>
TOTAL	13,615	163,380
RESERVE TRANSFERS	3,000	36,000
TOTAL DISBURSEMENTS AND RESERVES	86,083	1,032,996

Hawaii Kai Marina fees and fees to maintain a private park are not included in the Association maintenance fees.

It is hereby certified that the foregoing estimate of the monthly common expenses and the estimated maintenance fees per unit type were calculated based upon generally accepted accounting principles using current cost data as of September 29, 1993.

HAWAIIANA MANAGEMENT COMPANY, LTD.



Emory Bush
 Executive Vice President

(Revised 9/29/93)

KALELE KAI

1994
MONTHLY MAINTENANCE FEES

<u>TYPE APARTMENT</u>	<u>% COMMON INTEREST</u>	<u>MONTHLY MAINT. FEE</u>	<u># OF UNITS</u>	<u>TOTAL MAINT. FEE BY TYPE</u>
A-1, A-2, AR-1, AR-2, AR-3, AR	0.3822	327.10	40	13,084.00
B-1, B-2, BR-1, BR-2	0.3831	327.87	34	11,147.58
B1R-1, B1-1	0.3815	326.50	22	7,183.00
C-1, C-2, CR-1, CR-3	0.3824	327.27	41	13,418.07
C1R-1, C1-1	0.3809	325.99	9	2,933.91
E-1, E-3, ER-1, ER-2, E-4	0.5353	458.13	43	19,699.59
P-1, PR-1	0.9252	791.81	8	6,334.48
P1R-2, P1-2	0.9235	790.36	2	1,580.72
D-1, D-2	0.5921	506.74	10	5,067.40
T/H AR-2, A-2	0.5906	505.45	4	2,021.80
TH A1-1, A1-3, A1R-3	0.5952	509.39	4	2,037.56
T/H BR-1, B-1	0.6282	537.63		<u>1,075.26</u>
				85,583.37