



**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**

PEARL HORIZONS, PHASE IIB  
 98-660 Moanalua Loop  
 Aiea, Hawaii

Registration No. 2604

Issued: March 20, 1992  
 Expires: April 20, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 2, 1992, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.  
 No prior reports have been issued  
 Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_
- SUPPLEMENTARY:** (pink) Updates information contained in the  
 Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated \_\_\_\_\_  
 Supp. Public Report dated \_\_\_\_\_
- And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_
- This report reactivates the \_\_\_\_\_  
 public report(s) which expired on \_\_\_\_\_

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required       Not Required - disclosures covered in this report.

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

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

No prior reports have been issued by the Commission.

Changes made are as follows:

**TABLE OF CONTENTS**

|   | page |
|---|------|
| Report Purpose .....  | 1    |
| Type of Report .....  | 1    |
| Summary of Changes from Earlier Public Reports .....                      | 2    |
| Table of Contents .....   | 3    |
| General Information on Condominiums .....                                 | 4    |
| Summary of the Condominium Project .....                                  | 5    |
| <br>  |      |
| I. PEOPLE CONNECTED WITH THE PROJECT .....                                | 6    |
| Developer   |      |
| Real Estate Sales Agent   |      |
| Escrow Company  |      |
| Managing Agent  |      |
| Attorney for Developer  |      |
| <br>  |      |
| II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS                    |      |
| A. Declaration .....  | 7    |
| B. Condominium Map (File Plan) .....                                      | 7    |
| C. Bylaws .....   | 7    |
| D. House Rules .....  | 8    |
| E. Changes to Condominium Documents .....                                 | 8    |
| <br>  |      |
| III. THE CONDOMINIUM PROJECT  |      |
| A. Interest to be Conveyed to Buyer .....                                 | 9    |
| B. Underlying Land .....  | 10   |
| C. Buildings and Other Improvements .....                                 | 10   |
| D. Common Elements, Limited Common Elements, Common Interest .....        | 14   |
| E. Encumbrances Against Title .....                                       | 15   |
| F. Management of the Common Elements .....                                | 15   |
| G. Maintenance Fees .....   | 16   |
| H. Utility Charges .....  | 16   |
| I. Construction Warranties .....  | 16   |
| J. Status of Construction .....   | 17   |
| K. Project Phases .....   | 17   |
| L. Sales Documents Filed with the Real Estate Commission .....            | 17   |
| <br>  |      |
| IV. ADDITIONAL INFORMATION NOT COVERED ABOVE .....                        | 18   |
| <br>  |      |
| Buyer's Right to Cancel Sales Contract .....                              | 19   |
| Signature of Real Estate Commission Chairman .....                        | 20   |
| <br>  |      |
| EXHIBIT A: List of Apartment Numbers and Types                            |      |
| EXHIBIT B: Developer Reserved Rights                                      |      |
| EXHIBIT C: Boundaries of Each Apartment                                   |      |
| EXHIBIT D: Common Elements  |      |
| EXHIBIT E: Limited Common Elements  |      |
| EXHIBIT F: Encumbrances Against Title                                     |      |
| EXHIBIT G: Schedule of Maintenance Fees and Maintenance Fee Disbursements |      |
| EXHIBIT H: Construction Warranties  |      |
| EXHIBIT I: Summary of Developer's Present Plans for Future Development    |      |
| EXHIBIT J: Summary of Provisions of the Sales Contract                    |      |
| EXHIBIT K: Summary of Provisions of Escrow Agreement                      |      |

## GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

### Operation of the Condominium Project

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

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

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

## SUMMARY OF THE CONDOMINIUM PROJECT

**Interest to be Conveyed to Buyer:**

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

**Types of Project:**

1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
2.  Residential  Commercial  Ohana  
 Mixed Residential and Commercial  Agricultural  
 Other \_\_\_\_\_
3.  High Rise (5 stories or more)  Low Rise
4.  Single or  Multiple Buildings
5. Apartment Description (See Exhibit "A" for list of apartment number and apartment type.)

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lana/Patio (sf) | Total |
|-----------|----------|---------|-----------------------|-----------------|-------|
| D         | 6        | 2/1-1/2 | 865                   | 58              | 923   |
| DR        | 6        | 2/1-1/2 | 865                   | 58              | 923   |
| F         | 6        | 2/1-1/2 | 849                   | 58              | 907   |
| FR        | 6        | 2/1-1/2 | 849                   | 58              | 907   |
| H         | 6        | 2/1-1/2 | 907                   | --              | 907   |
| HR        | 6        | 2/1-1/2 | 907                   | --              | 907   |

Total Apartments: 36

*\*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:**

|                                     | Number of Stalls |
|-------------------------------------|------------------|
| Assigned Stalls (Individual Units)  | 36               |
| Guest Stalls                        | 12               |
| Unassigned Stalls                   | 17               |
| Extra Stalls Available for Purchase | 17               |
| Other: _____                        | _____            |
| <b>Total Parking Stalls</b>         | <b>65</b>        |

**7. Recreational amenities:**

See additional information on page 17, paragraph K.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: PEARL HORIZONS ASSOCIATES Phone: 839-7241
Name
1062 Kikowaena Place
Business Address
Honolulu, Hawaii 96819

Names of officers or general partners of developers who are corporations or partnerships:
Waimalu Venture, a registered Hawaii general partnership
Pearl Sun, a registered Hawaii limited partnership
Pearl Hui, a Hawaii general partnership

Real Estate Broker: Ujimori Realty, Inc. Phone: 536-7718
Name
1001 Bishop Street, Suite 958
Business Address
Honolulu, Hawaii 96813

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

General Contractor: Horpac Construction Co. Phone: 848-5447
Name
1814 Kananui Street
Business Address
Honolulu, Hawaii 96819

Condominium Managing Agent: Frank Hinshaw, Ltd. Phone: 533-1677
Name
1360 S. Beretania Street, Suite 304
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Ikazaki, Devens, Lo, Youth & Nakano Phone: 521-1456
Name (Attn: James H. Q. Lee, Esq.)
220 S. King Street, Suite 1600
Business Address
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

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

Amendment date(s) and recording/filing information:

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

See Exhibit "B" attached hereto and made a part hereof.



**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: 98-660 Moanalua Loop Tax Map Key: (1) 9-8-13-23  
Aiea, Hawaii 96701 (TMK)

Address       TMK is expected to change because \_\_\_\_\_

Land Area: 41,739  square feet       acre(s)      Zoning: A-1 (low density apartment)

Fee Owner: Pearl Horizons Associates  
Name  
1062 Kikowaena Place  
Address  
Honolulu, Hawaii 96819

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 3

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete       Hollow Tile       Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

|   | <u>No. of<br/>Apts.</u> | <u>Use Determined<br/>By Zoning</u> |                                       | <u>No. of<br/>Apts.</u> | <u>Use Determined<br/>By Zoning</u> |
|---|-------------------------|-------------------------------------|---------------------------------------|-------------------------|-------------------------------------|
| <input type="checkbox"/> Commercial             | _____                   | _____                               | <input type="checkbox"/> Industrial   | _____                   | _____                               |
| <input checked="" type="checkbox"/> Residential | <u>36</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 livestock, poultry or rabbits

Number of Occupants: Four (4) if non-family and not more than six (6) if family

Other: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0                      Stairways 1                      Trash Chutes 0

| <u>Apt.<br/>Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net<br/>Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> | <u>Total</u> |
|----------------------|-----------------|----------------|----------------------------------|-------------------------|--------------|
| <u>D</u>             | <u>6</u>        | <u>2/1-1/2</u> | <u>865</u>                       | <u>58</u>               | <u>923</u>   |
| <u>DR</u>            | <u>6</u>        | <u>2/1-1/2</u> | <u>865</u>                       | <u>58</u>               | <u>923</u>   |
| <u>F</u>             | <u>6</u>        | <u>2/1-1/2</u> | <u>849</u>                       | <u>58</u>               | <u>907</u>   |
| <u>FR</u>            | <u>6</u>        | <u>2/1-1/2</u> | <u>849</u>                       | <u>58</u>               | <u>907</u>   |
| <u>H</u>             | <u>6</u>        | <u>2/1-1/2</u> | <u>907</u>                       | <u>0</u>                | <u>907</u>   |
| <u>HR</u>            | <u>6</u>        | <u>2/1-1/2</u> | <u>907</u>                       | <u>0</u>                | <u>907</u>   |

Total Apartments: 36

*\*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:**

See Exhibit "C" attached hereto and made a part hereof.

**Permitted Alterations to Apartments:**

No alterations or additions to any apartment which is visible from the exterior of the apartment nor any alterations or additions to the common elements may be made without prior approval of the Board or Association.

**7. Parking Stalls:**

Total Parking Stalls: 65

|                                       | Regular   |      | Compact   |      | Tandem  |      | TOTAL |
|---------------------------------------|-----------|------|-----------|------|---------|------|-------|
|                                       | covered   | open | covered   | open | covered | open |       |
| Assigned<br>(for individual<br>units) |           | 29   |           | 7    |         |      | 36    |
| Guest                                 |           | 4    |           | 8    |         |      | 12    |
| Unassigned                            |           |      |           |      |         |      |       |
| Extra Available<br>for Purchase       |           |      |           | 17   |         |      | 17    |
| Other:                                |           |      |           |      |         |      |       |
| Total<br>Covered & Open               | <u>33</u> |      | <u>32</u> |      |         |      |       |

Each apartment will have the exclusive use of at least 1 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 C contains additional information on parking stalls for this condominium project.

**8. Recreational and Other Common Facilities:**

There are no recreational or common facilities.  
See additional information on page 17, paragraph K.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: \_\_\_\_\_

\_\_\_\_\_

9. Present Condition of Improvements NOT APPLICABLE  
 (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       | X                 | _____                 | _____          |
| Structures | X                 | _____                 | _____          |
| Lot        | X                 | _____                 | _____          |

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

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

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

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

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

Exhibit "D" 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 "E"

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:

| <u>TYPE</u> | <u>UNDIVIDED PERCENTAGE INTEREST</u> |
|-------------|--------------------------------------|
| D*          | 2.81025                              |
| DR          | 2.81025                              |
| F           | 2.76153                              |
| FR          | 2.76153                              |
| H           | 2.76153                              |
| HR          | 2.76153                              |

\*except Apt. 170, which has an undivided percentage interest of 2.81053.

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

Exhibit "F" describes the encumbrances against the title contained in the title report dated January 8, 1991 and issued by Security Title Corporation.

**Blanket Liens:**

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

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

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest<br/>If Developer Defaults</u>  |
|---------------------|--|
| Mortgages           | Liens will be released prior to conveyance to buyer. If Developer defaults prior to conveyance, buyer will lose right to purchase apartment and deposits will be refunded. |

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 "G" contains a schedule of maintenance fees and maintenance fee disbursements.

**H. Utility Charges for Apartments:**

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

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other \_\_\_\_\_

**I. Construction Warranties:**

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

1. Building and Other Improvements:

See Exhibit "H" attached hereto and made a part hereof.

2. Appliances:

See Exhibit "H" attached hereto and made a part hereof.

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

Estimated date of completion: December, 1992

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

See Exhibit "I" attached hereto and made a part hereof.

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

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit "J" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated November 1, 1990

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

Other \_\_\_\_\_

**IV. ADDITIONAL INFORMATION NOT COVERED ABOVE**

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

**A. Rights Under the Condominium Statute:**

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

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

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

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

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

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

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

**B. Rights Under the Sales Contract:**

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

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

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. 2604 filed with the Real Estate Commission on March 2, 1992.

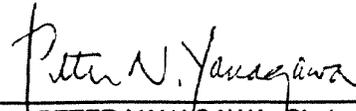
**Reproduction of Report.** When reproduced, this report must be on:

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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.



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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

EXHIBIT "A"

List of Apartment Numbers and Types

| <u>Apartment No.</u> | <u>Type</u> |
|----------------------|-------------|
| 170                  | DR          |
| 172                  | D           |
| 174                  | DR          |
| 176                  | D           |
| 178                  | DR          |
| 180                  | D           |
| 182                  | DR          |
| 184                  | D           |
| 186                  | DR          |
| 188                  | D           |
| 190                  | DR          |
| 192                  | D           |
| 270                  | FR          |
| 271                  | HR          |
| 272                  | H           |
| 273                  | F           |
| 274                  | FR          |
| 275                  | HR          |
| 276                  | H           |
| 277                  | F           |
| 278                  | FR          |
| 279                  | HR          |
| 280                  | H           |
| 281                  | F           |
| 282                  | FR          |
| 283                  | HR          |
| 284                  | H           |
| 285                  | F           |
| 286                  | FR          |
| 287                  | HR          |
| 288                  | H           |
| 289                  | F           |
| 290                  | FR          |
| 291                  | HR          |
| 292                  | H           |
| 293                  | F           |

EXHIBIT "B"

DEVELOPER RESERVED RIGHTS

1. Developer shall have the right to amend the Declaration to add, delete, relocate, realign, reserve and grant all easements and right-of-ways and to otherwise make alterations in and use the common elements for the development and construction of additional phases, and to designate additional limited common elements for use of the subsequent phases, including but not limited to, easements and right-of-ways for utilities, cesspools, sanitary and storm sewers, sewage treatment plants, refuse disposal, driveways, parking areas and roadways.
2. Developer shall have the right to amend the Declaration and the Condominium Map to merge or to consolidate phases in the Pearl Horizons project.
3. Developer shall have the right to amend the Declaration, By-Laws and Apartment Deed, as may be required by law, any title insurance company, or any institutional mortgagee or as may be required to effect Developer's phase development of the project.

EXHIBIT "C"

BOUNDARIES OF EACH APARTMENT

The respective residential apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements. Each residential apartment shall be deemed to include the walls and partitions which are not load-bearing and which are within its perimeter walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto, and all fixtures originally installed therein.

Notwithstanding the designation of the limits of the apartments, the net area of each respective residential apartment as enumerated herein include lanais, if any, and is measured from the interior face of the apartment perimeter walls, and the interior face of party walls, and no reduction is made to account for interior load-bearing walls, ducts, vent shafts and the like, located within the perimeter walls.

EXHIBIT "D"

COMMON ELEMENTS

1. Said land in fee simple.
2. All foundations, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, stairs and stairways, entrances and exits of said buildings.
3. All driveways, sidewalks, parking areas, yards, gardens, trash areas, loading zones and recreational facilities, storage spaces, and a cook-out area, if any.
4. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone, radio and television signal distribution.
5. All tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use.
6. A total of twelve (12) guest parking stalls, as designated in the Declaration.
7. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

1. One (1) automobile parking stall shall be assigned to each of the residential apartments except Apartment No. 293 which shall have assigned to it an additional seventeen (17) parking stalls, for a total of eighteen (18) parking stalls, as designated in the Declaration upon the original conveyance thereof and shall be appurtenant to and for the exclusive use of each such apartment. There are two types of parking stalls designated as regular and compact. The parking stalls are designated on said Condominium Map with the letter C if they are compact. There is no letter designation for the regular stalls. Thirty-two (32) of the parking stalls are compact, each containing an area of approximately 120 square feet and thirty-three (33) of the parking stalls are regular, each containing an area of approximately 160 square feet. Any parking space easement appurtenant to a residential apartment may be transferred from residential apartment to residential apartment in the Project by way of amendment to this Declaration as hereinafter provided and as provided in Section 514A-14, HRS.

2. Entry patios, porches, decks and steps and entry walkways and stairways which would be used only for the purposes of ingress to and egress from a particular apartment shall be appurtenant to and for the exclusive use of said apartment.

3. All other common elements of the Project which are rationally related to less than all of said apartments shall be limited common elements appurtenant to the apartments to which they are so related.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

- (1) Real Property taxes as may be due and owing. For further information on taxes, check with the Finance Director, City and County of Honolulu.
- (2) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
- (3) Terms and conditions as contained in Unilateral Agreement and Declaration for Conditional Zoning dated September 22, 1980, recorded as aforesaid in Liber 15005 at Page 320, to which reference is hereby made.
- (4) A 10-foot building setback line, as shown on survey map prepared by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717, dated January 20, 1984. (also affects other property)
- (5) Restrictive covenants as contained in Declaration dated December 5, 1984, recorded as aforesaid in Liber 18417 at Page 582, to which reference is hereby made.
- (6) Easement 3 for utility and access purposes in favor of Lot 3-B, as shown on survey map prepared by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717, dated January 23, 1987.
- (7) The terms and provisions of that certain Agreement for Issuance of Conditional Permit Under Section 4.40-17 of the Land Use Ordinance (LUO) dated February 9, 1987, made by and between Pearl Horizons Associates, a Hawaii general partnership, and The City and County of Honolulu, State of Hawaii, recorded as aforesaid in Liber 20541 at Page 266, to which reference is hereby made.
- (8) Mortgage dated May 11, 1988, recorded as aforesaid in Liber 21920 at Page 766, in favor of Great Stone Corporation, a Hawaii corporation.
- (9) Financing Statement dated May 12, 1988, in favor of Great Stone Corporation, recorded as aforesaid in Liber 21920 at Page 793.

EXHIBIT "G"

PEARL HORIZONS PHASE IIB  
PROPOSED 1991 BUDGET

| RECEIPTS            | Proposed<br>Budget |
|---------------------|--------------------|
| MAINTENANCE FEES    | \$6,000.00         |
| INTEREST            | 0.00               |
| LATE FEES           | 0.00               |
| PARKING             | 0.00               |
| SPECIAL ASSESSMENT  | 0.00               |
| SECURITY KEY INCOME | 0.00               |
| OTHER INCOME        | 0.00               |
| REIM FROM PHASE     | 0.00               |
| LEGAL REIMBURSEMENT | 0.00               |
| START UP FEES       | 0.00               |
| -----               |                    |
| TOTAL               | \$6,000.00         |

DISBURSEMENTS

|                       |        |
|-----------------------|--------|
| ADMINISTRATION        |        |
| SALARIES & WAGES      | \$0.00 |
| OFFICE                | 70.00  |
| MANAGEMENT FEE        | 490.00 |
| LEGAL                 | 25.00  |
| AUDIT                 | 45.00  |
| TELEPHONE             | 20.00  |
| RESIDENT MGR APT      | 185.00 |
| OTHER - ADMIN         | 50.00  |
| OPERATING             |        |
| ELECTRICITY           | 110.00 |
| WATER & SEWER         | 970.00 |
| EXTERMINATING         | 65.00  |
| RUBBISH REMOVAL       | 320.00 |
| FIRE CONTROL          | 20.00  |
| OTHER - OPERATING     | 0.00   |
| REPAIRS & MAINTENANCE |        |
| PAYROLL - GROUNDS     | 310.00 |
| PAYROLL - MAINT       | 0.00   |
| CUSTODIAL             | 4.00   |
| LIGHTING              | 10.00  |
| SECURITY              | 7.00   |
| PLUMBING              | 15.00  |
| GROUND MAINT          | 55.00  |
| TOOLS & EQUIPT        | 25.00  |
| SUPPLIES              | 30.00  |
| ELECTRICAL            | 25.00  |
| ROOF                  | 0.00   |
| GENERAL MAINT         | 65.00  |
| PAINT - INTERIOR      | 0.00   |
| PAINT - EXTERIOR      | 105.00 |

OTHR - REPS & MAINT 5.00

FIXED EXPENSES

GEN EXCISE TAX 10.00  
INCOME TAX 20.00  
HAWAII UNEMPL TAX 725.00  
FEDERAL UNEMPL TAX 40.00  
FICA'ER 60.00  
INSURANCE - SMP 375.00  
INSURANCE - W-COMP 65.00  
INSURANCE - TDI 5.00  
INS - EMPL MED 35.00  
INS - OTHR 75.00  
OTHR - FIXED EXP 0.00

AMENITIES

RECREATION / POOL 105.00  
CABLE TV 0.00  
IMPROVEMENTS 0.00

-----  
TOTAL DISBURSEMENTS \$4,541.00  
RECEIPTS MINUS DISBURSE \$1,459.00

MAINTENANCE FEES

| TYPE   | PERCENT/INTEREST | NBR APTS | TOTAL PERCN | PROPOSED FEE |
|--------|------------------|----------|-------------|--------------|
| D/DR   | 2.81025          | 11       | 30.91275    | 168.62       |
| 170    | 2.81053          | 1        | 2.81053     | 168.63       |
| F/FR   | 2.76153          | 12       | 33.13836    | 165.69       |
| H/HR   | 2.76153          | 12       | 33.13836    | 165.69       |
| TOTALS |                  | 36       | 100         |              |

I/We, Frank Hinshaw Ltd. 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 principals.

*Frank M. Hinshaw*  
Date 3-11-91

EXHIBIT "H"

CONSTRUCTION WARRANTIES

1. Building and Other Improvements:

The Developer anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If, within two (2) years after the date of substantial completion of the work or designated portion thereof or within two (2) years after acceptance by Seller of designated equipment, 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 Seller to do so unless Seller has previously given the contractor a written acceptance of such condition. Seller shall give such notice promptly after discovery of the conditions.

Developer makes NO WARRANTIES itself but Developer hereby agrees that if Buyer shall give Developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, Developer shall forward such notice together with a written notice to the contractor to correct such condition. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROPERTY, THE PROJECT, OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. Appliances:

Developer shall attempt to assign to Buyer the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures, and appliances in the apartment. Buyer acknowledges that the Developer is only passing through to Buyer any such manufacturer's and dealer's warranties; Developer is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered by any such manufacturer's or dealer's warranties. The terms of the manufacturer's or dealer's written warranties are available for Buyer's examination at the Developer's sales office.

THE ATTENTION OF THE PURCHASER IS DIRECTED TO PARAGRAPH 21 OF THE SALES CONTRACT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT.

## EXHIBIT "I"

### SUMMARY OF DEVELOPER'S PRESENT PLANS FOR FUTURE DEVELOPMENT

Phases I, IIIA and IIIB of the project have been completed. Phases I and IIIA have been merged (the merged phases are hereinafter referred to as "Pearl Horizons"). Pearl Horizons is being merged with Phase IIIB. Upon merger of Phase IIIB with Pearl Horizons, the project will consist of five separate buildings designated as Buildings I, II, III, IV and V.

Buildings I and II contain a total of ninety (90) (42 and 48 residential apartments, respectively). Buildings III, IV and V contain a total of sixty-six (66) residential apartments (twelve (12), eighteen (18) and thirty-six (36) residential apartments, respectively).

Phase II will be developed in two (2) separate phases, Phase IIA and Phase IIB. Phase IIA and Phase IIB will consist of one (1) three-story building without basements, containing a total of sixty-six (66) residential apartments, and will be designated as Building VI in the Pearl Horizons Project.

Phase IIA is situated at the northerly end of Building VI, containing thirty (30) residential apartments. Phase IIB is situated at the southerly end of Building VI, containing thirty-six (36) residential apartments.

Upon the completion of Phase IIA, Phase I, IIIA and IIIB will be merged or consolidated with Phase IIA. Upon the completion of Phase IIB, Phases I, IIIA, IIIB and IIA will be merged or consolidated with Phase IIB. Upon such merger or consolidation, all apartment owners in the Pearl Horizons Condominium Project shall have the right to use and enjoy the recreational facilities contained in Phase IIA. Phase IIA will have a swimming pool, a sauna, jacuzzi and cook-out area.

EXHIBIT "J"

SUMMARY OF PROVISIONS OF THE SALES CONTRACT

The Sales Contract establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds.

The specimen Sales Contract specifically provides that Purchaser approves said Escrow Agreement, assumes the benefits and obligations therein provided, that such contract is subordinate to the lien of any construction loan, that Developer makes no warranties with respect to the Project and that the percentage interest in common elements to be conveyed with the apartment is subject to change upon addition of future phases.

EXHIBIT "K"

SUMMARY OF PROVISIONS OF ESCROW AGREEMENT

The Escrow Agreement recites that no purchaser's funds will be utilized by Developer until it is vested with legal title to the property.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, with interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(1) Developer requests Escrow Agent to return to Purchaser the funds of Purchaser then being held hereunder by Escrow Agent; or

(2) Developer notifies Escrow Agent of Developer's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(3) If a Purchaser's funds were obtained prior to the issuance of a Final Public Report and the request is prior to the time the Final Public Report is issued; or

(4) If the Final Public Report differs in any material respect from the Preliminary Public Report, unless Purchaser has receipted for the Final Public Report; or

(5) If the Final Public Report is not issued within one year from the date of issuance of the Preliminary Public Report.

Upon the return of such funds to Purchaser, Escrow Agent shall return to Developer Purchaser's Sales Contract any conveyancing documents theretofore delivered to Escrow Agent; and thereupon Purchaser shall no longer be obligated under the Sales Contract. The Escrow Agreement also contains the following provisions, among others: that the Escrow Agent shall make no disbursements of Purchaser's funds unless and until Developer has acquired title to the real property and Developer has complied with all the provisions of the Escrow Agreement.

DISCLOSURE ABSTRACT

Name of Project: PEARL HORIZONS, PHASE IIB  
98-660 Moanalua Loop  
Aiea, Hawaii 96701

Developer: PEARL HORIZONS ASSOCIATES  
1062 Kikowaena Place  
Honolulu, Hawaii 96819  
Tel. 839-7241

Project Manager: FRANK HINSHAW, LTD.  
1360 S. Beretania Street, Suite 304  
Honolulu, Hawaii 96814  
Tel. 533-1677

Use of Apartments:

All the residential apartments in the Project shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and personal guests. The parking stalls appurtenant to each residential apartment may be used only as a parking space for a motor vehicle. There are no commercial units in the Project. The residential apartments may not be used for any other purpose without the written consent of the Board of Directors of the Association and any governmental agencies whose approval is necessary. The owners of the respective apartments shall have the absolute right to lease the same, subject to the limitations, restrictions, covenants and conditions of the Condominium Property Act, the Declaration of Condominium Property Regime and the By-Laws. The apartments are subject to additional restrictions as set forth in (i) The Declaration of Condominium Property Regime of PEARL HORIZONS, PHASE IIB, (ii) the By-Laws, (iii) the Apartment Deed, (iv) the sales contracts for the individual apartments, and (v) the House Rules. Copies of the foregoing documents are on file with the Real Estate Commission of the State of Hawaii.

Pearl Horizons, Phase IIB, is the fifth phase; Pearl Horizons, Phase I, Pearl Horizons, Phase IIIA and Pearl Horizons, Phase IIIB have been completed; Pearl Horizons, Phase IIA is in the process of being completed. In this connection Developer reserves the right, at its sole discretion, to expand the project by the addition of apartments and to file such documents as may be reasonably required to exercise such right. The percentage interest in the common elements of Purchaser may be reduced upon such expansion of the project.

Warranties:

The specimen Sales Contract provides that Seller anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If, within one year after the date of substantial completion of the work or designated portion thereof or within one year after acceptance by Seller of designated equipment, 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 Seller to do so unless Seller has previously given the contractor a written acceptance of such condition. Seller shall give such notice promptly after discovery of the conditions.

Seller makes no warranties itself but Seller hereby agrees that if Purchaser shall give Seller written notice of any such condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, Seller shall forward such notice together with a written notice to the contractor to correct such condition. THE SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROPERTY, THE PROJECT, OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE. Seller shall attempt to assign to Purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures, and appliances in the apartment. Purchaser acknowledges that the Seller is only passing through to Purchaser any such manufacturer's and dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered by any such manufacturer's or dealer's warranties. The terms of the manufacturer's or dealer's written warranties are available for Purchaser's examination at the Seller's sales office.

THE ATTENTION OF THE PURCHASER IS DIRECTED TO PARAGRAPH 21 OF THE SALES CONTRACT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT.

Maintenance Fees:

Attached is a breakdown on the estimated annual maintenance fees and the costs for each apartment, as prepared by the Management Agent as of March 11, 1991. The maintenance assessments cover those common expenses as set forth in the Declaration of Condominium Property Regime and By-Laws for the Pearl Horizons, Phase IIB. Developer can make no assurances regarding the estimated maintenance assessments. In addition, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by Developer, apartment owner delinquencies, and other factors may also cause the maintenance assessments to be greater or smaller than the estimated maintenance assessments. The attached breakdown of the estimated costs for each apartment does not include Purchaser's obligations for the payment of real property taxes; estimates of the real property taxes will be provided by the Sales Agent upon request.

DEVELOPER ADVISES THAT THE MAINTENANCE FEES OF A CONDOMINIUM PROJECT ARE DIFFICULT TO ESTIMATE PRIOR TO ACTUAL OPERATION OF THE PROJECT AND EVEN IF MAINTENANCE FEES HAVE BEEN ACCURATELY ESTIMATED, SUCH FEES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. THE ESTIMATED MAINTENANCE FEES AND MONTHLY FEES FOR EACH APARTMENT ARE BASED ON THE LATEST INFORMATION AVAILABLE TO THE DEVELOPER AND MANAGEMENT AGENT AND ARE SUBJECT TO REVISION BASED ON ACTUAL COSTS FOR THE ITEMS ENUMERATED. MAINTENANCE FEES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD CHECK THE ATTACHED MAINTENANCE FEE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED THEREIN.

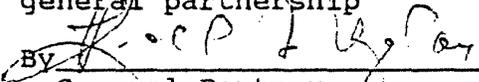
DEVELOPER TO ASSUME ACTUAL COMMON EXPENSES OF THE PROJECT FOR A LIMITED TIME:

The Developer advises that the Developer reserves the right to assume the obligation to pay the actual common expenses of the Project for a limited time. The Purchaser will not be obligated for the payment of his respective share of the common expenses from the date the Project is ready for occupancy, which is estimated to be March 1, 1991, until not less than thirty (30) days after the Developer files an Amended Disclosure Abstract with the Real Estate Commission, State of Hawaii. The Amended Disclosure Abstract will specify the date when the Purchaser will be obligated to pay his respective share of the common expenses. It is estimated that the Amended Disclosure Abstract will be filed with the Real Estate Commission on April 2, 1991, and that the Purchaser will be obligated to pay his respective share of the common expenses as of April 1, 1991. The dates herein

specified are estimated dates only and the Developer shall have the right to file the Amended Disclosure Abstract whenever it deems advisable in its sole discretion. A copy of the Amended Disclosure Abstract will be delivered by mail or personal delivery to each Purchaser. Actual common expenses to be assumed by the Developer which involve periodic assessments or charges, including but not limited to insurance premiums, will be prorated as of the date the Purchaser is obligated to pay his share of the common expenses.

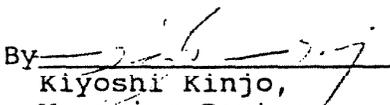
PEARL HORIZONS ASSOCIATES  
a Hawaii general partnership

By: WAIMALU VENTURE, a Hawaii  
general partnership

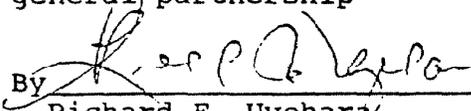
By   
General Partner

By: PEARL SUN ASSOCIATES, a  
Hawaii limited  
partnership

By: WAIMALU PARTNERS, a  
Hawaii general  
partnership

By   
Kiyoshi Kinjo,  
Managing Partner

By: PEARL HUI, a Hawaii  
general partnership

By   
Richard E. Uyehara  
General Partner

VA ADDENDUM TO DISCLOSURE ABSTRACT  
PEARL HORIZONS, PHASE IIB

Warranty Provision: Notwithstanding any provision in this Disclosure Abstract or in the condominium documents to the contrary, the Developer warrants each individual unit for structural defects for a period of one (1) year from the date of occupancy or the date of escrow closing of such unit, whichever is earlier. Furthermore, the Developer warrants all common areas for the Project for a period of two (2) years from the date of escrow closing for the first unit which is conveyed to a buyer other than Developer or the date of upon which such unit is available for occupancy by such buyer, whichever is later.

PEARL HORIZONS PHASE IIB  
PROPOSED 1991 BUDGET

| RECEIPTS                                    | Proposed<br>Budget |
|---|--------------------|
| MAINTENANCE FEES                            | \$6,000.00         |
| INTEREST                                    | 0.00               |
| LATE FEES                                   | 0.00               |
| PARKING                                     | 0.00               |
| SPECIAL ASSESSMENT                          | 0.00               |
| SECURITY KEY INCOME                         | 0.00               |
| OTHER INCOME                                | 0.00               |
| REIM FROM PHASE                             | 0.00               |
| LEGAL REIMBURSEMENT                         | 0.00               |
| START UP FEES                               | 0.00               |
| <hr style="border-top: 1px dashed black;"/> |                    |
| TOTAL                                       | \$6,000.00         |

DISBURSEMENTS

|                       |        |
|-----------------------|--------|
| ADMINISTRATION        |        |
| SALARIES & WAGES      | \$0.00 |
| OFFICE                | 70.00  |
| MANAGEMENT FEE        | 490.00 |
| LEGAL                 | 25.00  |
| AUDIT                 | 45.00  |
| TELEPHONE             | 20.00  |
| RESIDENT MGR APT      | 185.00 |
| OTHER - ADMIN         | 50.00  |
| OPERATING             |        |
| ELECTRICITY           | 110.00 |
| WATER & SEWER         | 970.00 |
| EXTERMINATING         | 65.00  |
| RUBBISH REMOVAL       | 320.00 |
| FIRE CONTROL          | 20.00  |
| OTHER - OPERATING     | 0.00   |
| REPAIRS & MAINTENANCE |        |
| PAYROLL - GROUNDS     | 310.00 |
| PAYROLL - MAINT       | 0.00   |
| CUSTODIAL             | 4.00   |
| LIGHTING              | 10.00  |
| SECURITY              | 7.00   |
| PLUMBING              | 15.00  |
| GROUND MAINT          | 55.00  |
| TOOLS & EQUIPT        | 25.00  |
| SUPPLIES              | 30.00  |
| ELECTRICAL            | 25.00  |
| ROOF                  | 0.00   |
| GENERAL MAINT         | 65.00  |
| PAINT - INTERIOR      | 0.00   |
| PAINT - EXTERIOR      | 105.00 |

OTHR - REPS & MAINT 5.00

FIXED EXPENSES

GEN EXCISE TAX 10.00  
INCOME TAX 20.00  
HAWAII UNEMPL TAX 725.00  
FEDERAL UNEMPL TAX 40.00  
FICA'ER 60.00  
INSURANCE - SMP 375.00  
INSURANCE - W-COMP 65.00  
INSURANCE - TDI 5.00  
INS - EMPL MED 35.00  
INS - OTHR 75.00  
OTHR - FIXED EXP 0.00

AMENITIES

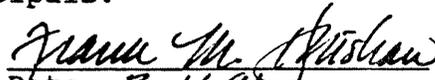
RECREATION / POOL 105.00  
CABLE TV 0.00  
IMPROVEMENTS 0.00

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TOTAL DISBURSEMENTS \$4,541.00  
RECEIPTS MINUS DISBURSE \$1,459.00

MAINTENANCE FEES

| TYPE   | PERCENT/INTEREST | NBR APTS | TOTAL PERCN | PROPOSED FEE |
|--------|------------------|----------|-------------|--------------|
| D/DR   | 2.81025          | 11       | 30.91275    | 168.62       |
| 170    | 2.81053          | 1        | 2.81053     | 168.63       |
| F/FR   | 2.76153          | 12       | 33.13836    | 165.69       |
| H/HR   | 2.76153          | 12       | 33.13836    | 165.69       |
| TOTALS |                  | 36       | 100         |              |

I/We, Frank Hinshaw Ltd. 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 principals.

  
Date 3-11-91