



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

KAI IKENA ELUA

2225 Sea View Avenue
 Honolulu, Hawaii 96822

Registration No. 2643

Issued: June 16, 1992
 Expires: July 16, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 7, 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:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
-
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required Not Required - disclosures covered in this report.

TABLE OF CONTENTS

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

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:

GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>2221</u>	<u>1</u>	<u>3/2.5</u>	<u>1857 sf</u>	<u>478 sf</u>
<u>2223</u>	<u>1</u>	<u>3/2.5</u>	<u>1857 sf</u>	<u>572 sf</u>
<u>2225</u>	<u>1</u>	<u>3/2.5</u>	<u>1857 sf</u>	<u>565 sf</u>
<u>2227</u>	<u>1</u>	<u>3/2.5</u>	<u>1857 sf</u>	<u>479 sf</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Apartments: <u>4</u>				

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>8</u>
Guest Stalls	<u>0</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u>0</u>
Total Parking Stalls	<u>8</u>

7. Recreational amenities: None.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: KAI IKENA ELUA JOINT VENTURE Phone: 842-4993
Name (Business)
1726 Hau Street
Business Address
Honolulu, Hawaii 96819

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

Ringneck Elua, Inc., general partner
GJV Elua, Inc., general partner

Real Estate Broker: Locations, Inc. Phone: 735-4200
Name (Business)
1339 Hunakai Street
Business Address
Honolulu, Hawaii 96816

Escrow: Linda Kessler, Bank of Hawaii Escrow Phone: 537-8837
Name (Business)
130 Merchant Street, 6th Floor, Bancorp Tower
Business Address
Honolulu, Hawaii 96813

General Contractor: CO-HA Builders, Inc. Phone: 842-4993
Name (Business)
1726 Hau Street
Business Address
Honolulu, Hawaii 96819

Condominium Managing Agent: Self-managed by Association of Apartment Owners Phone: _____
Name (Business)
Business Address

Attorney for Developer: Craig T. Kugisaki, Esq. Phone: 536-0802
Fujiyama, Duffy & Fujiyama Name (Business)
1001 Bishop Street, Ste 2700, Pauahi Tower
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. 92-044215
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

First Amendment to the Declaration - Bureau of Conveyances - Doc. No. 92-055420
Second Amendment to the Declaration - Bureau of Conveyances - Doc. No. 92-084326

- 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. 1630
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Amended by instrument dated May 20, 1992, recorded on May 28, 1992, as
Doc. No. 92-084326

- 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. 92-044216
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>75%</u>
House Rules	---	<u>N/A</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 Developer's Reserved Rights attached as Exhibit "A".

For Subleaseholds: N/A

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: 2221, 2223, 2225 & 2227 Sea View Avenue Tax Map Key: (1) 2-8-16: 50 and
Honolulu, Hawaii 96822 (TMK) (1) 2-8-16: 80

Address TMK is expected to change because N/A

Land Area: 15,000 square feet acre(s) Zoning: R-5

Fee Owner: KAI IKENA ELUA JOINT VENTURE
Name

1726 Hau Street
Address

Honolulu, Hawaii 96819

Sublessor: N/A
Name

Address

C Buildings and Other Improvements:

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

2. Buildings: 2 Floors Per Building 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>4</u>	<u>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 more than two (2) dogs or cats permitted with written consent of Board.
Also see Use and Occupancy Restrictions attached as Exhibit "B".

Number of Occupants: _____

Other: See Use and Occupancy Restrictions attached as Exhibit "B".

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Interior: 8
 Stairways Exterior: 4 Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>2221</u>	<u>1</u>	<u>3/2.5</u>	<u>1857 sf</u>	<u>478 sf</u>
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<u>2227</u>	<u>1</u>	<u>3/2.5</u>	<u>1857 sf</u>	<u>479 sf</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 4

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

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

Boundaries of Each Apartment: See Boundaries of Apartments attached as Exhibit "C".

Permitted Alterations to Apartments: See Permitted Alterations to Apartments attached as Exhibit "D".

7. Parking Stalls:

Total Parking Stalls: 8

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>8</u>	<u> </u>	<u>8</u>				
Guest	<u> </u>						
Unassigned	<u> </u>						
Extra Available for Purchase	<u> </u>						
Other:	<u> </u>						
Total Covered & Open	<u>8</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u> </u>

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

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Other: _____
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements
 (For conversions of residential apartments in existence for at least five years):

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

N/A

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

N/A

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

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

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

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

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

Exhibit E 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 F

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 G describes the common interests for each apartment.

As follows:

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

Exhibit H describes the encumbrances against the title contained in the title report dated April 14, 1992 and issued by Island 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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
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F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit I 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:

The Developer's general contract with CO-HA Builders contains a one year warranty on the material and workmanship of units 2221, 2223, 2225 and 2227, and those rights of the Developer to enforce such warranties will be assigned to each of the buyers of said units.

2. Appliances:

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

None.

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. 2643 filed with the Real Estate Commission on May 7, 1992.

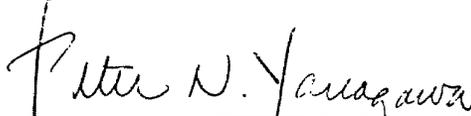
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



PETER 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"
DEVELOPER'S RESERVED RIGHTS

The Developer (Owner or Declarant) has reserved the following rights to change the Declaration, By-Laws, and Condominium Map:

1. Paragraph 8.6 of the Declaration provides as follows:

"8.6 Owner reserves the right to grant to any public or governmental authority rights-of-way and other easements, which are for the sole benefit of the Project or which do not materially interfere with the use nor materially impair the value of, any Dwelling, over, across, under and through the common elements and limited common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided the Association, through the Board, with the consent or agreement of any holder of any then existing easement affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project."

2. Paragraph 21 of the Declaration provides, in pertinent part, as follows:

"Notwithstanding the foregoing, however, (1) at any time prior to the first filing in the Bureau of Conveyances of the State of Hawaii of a conveyance of a Dwelling, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Dwelling purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Dwelling as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number."

3. Paragraph 22 of the Declaration states:

"22. RESERVED RIGHTS OF DECLARANT.

In addition to any other rights reserved herein, the Declarant hereby reserves the right for itself and its agents, to do the following:

22.1 Declarant shall have the right to maintain development facilities and conduct sales of Dwellings until deeds are issued to Dwelling purchasers with respect to all Dwellings in the Project. Such right shall include, but not be limited to, maintaining model apartments, operating a sales and construction office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales; provided, however, that the Declarant shall not use any Dwelling with respect to which a Dwelling deed has been issued (other than to the Developer) and provided, further, that in exercising such right, the Declarant shall not interfere with the rights of any Dwelling Owner to the use of, or access to, his Dwelling or any of the common elements appurtenant thereto.

22.2 The Declarant shall have the right to enter upon the Land and the Project and carry on such construction and demolition activities as may be necessary in connection with such alterations, modifications and restorations, including, but not limited to, parking and storage of construction equipment and materials, provided that the Declarant shall not interfere with the rights of any Dwelling owner to the use of, or access to, his Dwelling or any of the common elements appurtenant thereto."

END OF EXHIBIT "A"

EXHIBIT "B"
USE AND OCCUPANCY RESTRICTIONS

The restrictions on use and occupancy of the apartments in the Project contained in the Declaration and By-Laws include the following:

1. Paragraph 10 of the Declaration provides as follows:

"10. USE.

10.1 A Dwelling shall be occupied and used only as a private dwelling by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. A Dwelling shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the Dwelling are provided customary hotel services, such as room service for food and beverage, maid service, laundry and linen, or bellboy service. Except for such transient or hotel purposes, the owners of a Dwelling shall have the absolute right to lease the same subject to this Declaration, provided that all leases shall be in writing and shall have an initial term of not less than thirty (30) days.

10.2 No apartment owner shall do, or suffer or permit to be done, anything in any apartment or common element which would jeopardize the soundness or safety of the Project or reduce the value thereof, or impair any easement or hereditament or which would affect the exteriors of the Building, or which would be noxious or offensive or an interference with the peaceful possession and proper use of the other apartment nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of the other apartment owner, being first obtained; provided that non-material structural additions to the common elements, including, without limitation, the installation of solar energy devices as defined by Section 468B-1, H.R.S., as amended, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval only by the Board, not by the apartment owners. "Non-material structural additions to the common elements", as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the project, interfere with or deprive any non-consenting owner of the use or enjoyment of any part of property, or directly affect any non-consenting owner. The Board shall not unreasonably withhold or delay its consent and shall have the obligation to answer any written request by an Apartment Owner for consent to any non-material structured additions to the common elements, within

thirty (30) days after its receipt of such a request describing the proposed alteration in reasonable detail, and the Board's failure to do so shall constitute its consent to the proposed alteration.

10.3 Notwithstanding paragraph 10.2, without any such consent, the owner of an Apartment may subdivide an Apartment in accordance with paragraph 15.2 of the Declaration. In connection therewith, the Apartment owner may alter a common element such as floors, ceilings and walls of the Apartment, if the structural integrity of the Building is not thereby affected and if the finish of the common element then created is put in a condition substantially comparable to that of the common element prior to any such alterations.

10.4 The common elements and limited common elements are intended for and shall be restricted to those purposes and uses in keeping with their respective functions and the foregoing intendments and restrictions regarding the apartment to which it is appurtenant."

2. Section 4 of Article V of the By-Laws states:

"Section 4. Use of Project.

(a) The apartments of the project shall be occupied and used only for their respective purposes as set forth in the Declaration, and for no other purposes.

(b) All common elements of the project shall be used only for their respective purposes as designed.

(c) No apartment owner or occupant shall place, store or maintain on walkways, roadways, grounds or other common elements any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.

(d) Every apartment owner and occupant shall at all times keep his apartment including without limitation exterior walls, windows, doors, roofs, decks, interior floors, walls, ceilings and other finishings in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the project.

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment or the project nor alter or remove any furniture, furnishings or equipment of the common elements.

(f) Except as otherwise provided in the Declaration, no apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and approved by the Board, and a majority of apartment owners (or such larger percentage as required by law or the Declaration) including all owners of apartments thereby directly affected, and except after receiving all required governmental permits.

(g) Except as otherwise provided in the Declaration, no apartment owner shall decorate or landscape any entrance of his apartment or any other portion of the project except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

(h) All occupants shall exercise extreme care to avoid making noises and in the use of musical instruments, radios, televisions and amplifiers in such manner as may disturb any other occupants. The use of fireworks of any type shall be prohibited.

(i) No garments, rugs or other objects shall be hung from the windows or facades of the project or otherwise displayed in public view. Clothing shall not be hung on apartment lanais or on or from lanai railings, or in open carports for any purpose whatsoever. Lanais may be furnished appropriately with chairs, lounges, and small tables and kept in an orderly manner. Refrigerators and other articles not usually considered as normal lanai furniture will not be permitted on the lanais or in open carports. Lanais or open carports will not be used as storage areas for sports and play equipment nor surplus cartons, boxes or any other type of excess belongings.

(j) No rugs, or other objects shall be dusted or shaken from the windows or doors of any apartment of the project or cleaned by beating or sweeping on any hallway, walkway, lanai, entry or exterior part of the project.

(k) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the project outside of the disposal facilities provided for such purpose or shall be visible if kept within a carport.

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project, except that dogs and cats (not exceeding two animals per apartment) may be kept by the Owners and occupants in their respective apartments with the prior written permission of the

Board. Pets shall not be kept, bred or used therein for any commercial purpose nor allowed in the common areas, except in transit when carried or on leash. Pet owners are responsible for the immediate cleanup after their pets. Any pet causing a nuisance or unreasonable disturbance to any other Owner or occupant of the Project shall be permanently and promptly removed upon notice given by the Board or the Managing Agent.

(m) Except as otherwise provided in the Declaration, no apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, television antennas, machines or air-conditioning units, or other equipment or appurtenances whatsoever on the exterior of the project or protruding through the walls, windows or roof thereof.

(n) No apartment owner or occupant shall erect, place or maintain any television or other antenna on said project visible from any point outside of the project.

(o) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floors, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(p) No soliciting of goods or services of any kind shall be allowed in the project area.

(q) No more than two motor vehicles may be kept on a dwelling lot without the consent of the Board, and all motor vehicles owned or used by an apartment owner shall be parked within the garage or carport or parking space provided on the Dwelling Lot appurtenant to the Dwelling. No such motor vehicles shall be parked in the guest parking area without the Board's prior written permission.

(r) No business or commercial activity shall be operated or conducted in an apartment or within the project area.

END OF EXHIBIT "B"

EXHIBIT "C"
BOUNDARIES OF APARTMENTS

The boundaries of each apartment are set forth in paragraph 4 of the Declaration as follows:

"The perimeter of each of the apartments into which the Project is so divided shall be established by the interior face of all perimeter walls which are also party walls (whether or not load-bearing); the interior face of the perimeter walls which are not party walls (whether or not load-bearing); the interior face of any glass windows, doors, panels or railings along the perimeter; and the inner decorated or finished surfaces of the perimeter floors and ceilings. Each of the apartments shall include all walls, partitions, floors, ceilings, utility systems or components utilized by or serving only that apartment, and other improvements within said perimeter; any deck and lanai shown on the proposed Condominium Map; all built-in appliances and fixtures and all furnishings and appliances originally installed, including air conditioning unit, if installed; and all air space encompassed within said perimeter; excluding therefrom, however, all elements herein established as common elements; and provided further, however, that each wall or part of a wall within and along said perimeter, whether load-bearing or non-load-bearing, is not so included but is a common element (except for the inner decorated surface of any perimeter wall, which is included).

END OF EXHIBIT "C"

EXHIBIT "D"
PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws provide for the following permitted alterations to the Apartments:

1. Paragraph 10 of the Declaration provides, in pertinent part, as follows:

"10.2 No apartment owner shall do, or suffer or permit to be done, anything in any apartment or common element which would jeopardize the soundness or safety of the Project or reduce the value thereof, or impair any easement or hereditament or which would affect the exteriors of the Building, or which would be noxious or offensive or an interference with the peaceful possession and proper use of the other apartment nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of the other apartment owners, being first obtained; provided that non-material structural additions to the common elements, including, without limitation, the installation of solar energy devices as defined by Section 468B-1, H.R.S., as amended, or the installation of air conditioning units, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval only by the Board, not by the apartment owners. "Non-material structural additions to the common elements", as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the project, interfere with or deprive any non-consenting owner of the use or enjoyment of any part of property, or directly affect any non-consenting owner. The Board shall not unreasonably withhold or delay its consent and shall have the obligation to answer any written request by an Apartment Owner for consent to any non-material structured additions to the common elements, within thirty (30) days after its receipt of such a request describing the proposed alteration in reasonable detail, and the Board's failure to do so shall constitute its consent to the proposed alteration.

10.3 Notwithstanding paragraph 10.2, without any such consent, the owner of an Apartment may subdivide an Apartment in accordance with paragraph 15.2 of the Declaration. In connection therewith, the Apartment owner may alter a common element such as floors, ceilings and walls of the Apartment, if the structural integrity of the Building is not thereby affected and if the finish of the common element then created is put in a condition substantially comparable to that of the common element prior to any such alterations."

2. Paragraph 15.2 of the Declaration provides as follows:

"15.2 Notwithstanding the foregoing, Apartment owners may subdivide or consolidate apartments and reapportion the common interest appurtenant to the subdivided or consolidated apartment, provided that such owner shall amend the Declaration to reflect such subdivision or consolidation and such amendment shall require the vote or written consent of only the apartment owners of the subdivided or consolidated apartments, and their respective mortgagees."

3. Section 3 of Article V of the By-Laws states, in pertinent part, as follows:

"Section 3. Alteration of the Project.

(a) . . . Except as provided for in the Declaration, no Owner of an Apartment may, except with the written permission of the Board of Directors, make any alteration, addition, repair or improvement to any of the common elements, including, without limitation, common or limited common elements within, encompassing or adjacent to his Apartment, except that such approval shall not be required for additions, alterations, repairs or improvements required by law.

* * *

(c) Except as otherwise provided in the Declaration, an Apartment Owner may make additions, alterations or improvements to his Apartment at his sole cost and expense subject to the approval of the Board of Directors and any required approval of the Department of Land Utilization of the City and County of Honolulu, such approvals being required to ensure compliance with architectural design and qualify of the Project."

END OF EXHIBIT "D"

EXHIBIT "E"
COMMON ELEMENTS

Paragraph 5 of the Declaration describes the common elements as follows:

"5. COMMON ELEMENTS.

The common elements will include all portions of the land, easements, and improvements (other than the apartments) including the apartment building, the land and easements on which the apartments are located, and all elements mentioned in the Condominium Property act which are actually constructed on the Land herein described. The common elements shall include, but are not limited to:

5.1 Said land in fee simple and appurtenant sewer easement;

5.2 Interior walls separating apartments, halls, stairs, entrances and exits of the apartment building and appurtenances;

5.3 All yards, grounds, landscaping, refuse facilities, roofs, building walkways, building sidewalks, pathways and driveways within the Project;

5.4 All ducts, electrical equipment, wiring and other central and appurtenant installations, including power, light, water, sewer, gas and telephone; all pipes, plumbing, wires, conduits or other utility or service lines, which run through an apartment but which are utilized by or serve more than one apartment; and air conditioning ducting, vents, and like utilities; and

5.5 All other portions of the Land, easements and improvements, including the sewer holding tank system, not specifically heretofore designated as Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime."

END OF EXHIBIT "E"

EXHIBIT "F"
LIMITED COMMON ELEMENTS

Paragraph 6 of the Declaration describes the limited common elements as follows:

"6. LIMITED COMMON ELEMENTS.

6.1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Dwelling, and each Dwelling shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of maintenance, repair, replacement and improvement, shall be borne immediately by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

6.2 The entrance walkways and driveways, as shown and delineated on said Condominium Map."

END OF EXHIBIT "F"

EXHIBIT "G"
COMMON INTERESTS

Paragraph 7.1 of the Declaration describes the common interests as follows:

"7.1 Each Unit shall have appurtenant thereto an undivided twenty-five percent (25%) interest in all common elements of the Project (herein called the "common interest") and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting on all matters requiring action by the Dwelling owners. No change or reallocation of the common interest appurtenant to any Dwelling may be made without the consent of the holders of the first mortgages on all the Dwellings."

END OF EXHIBIT "G"

EXHIBIT "H"
ENCUMBRANCES AGAINST TITLE

1. For real property taxes as may be due and owing, reference is made to the Director of Finance, City and County of Honolulu.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. Affidavit of Subdivision dated March 5, 1992, recorded March 27, 1992, as Document No. 92-044214, and amended by an instrument dated April 10, 1992, recorded April 13, 1992, as Document No. 92-055420, in the Bureau of Conveyances, State of Hawaii.

4. Easement 2 for sewer line and holding tank purposes, affecting Lot B, Block B of Sea View Tract, described in the Bureau of Conveyances, State of Hawaii, as Document No. 92-055420.

5. Condominium Map No. 1630, filed in the Bureau of Conveyances, State of Hawaii.

6. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements set forth in the Declaration of Condominium Property Regime dated March 13, 1992, recorded March 27, 1992, as Document No. 92-044215, and amended by an instrument dated April 10, 1992, as Document No. 92-055420, in the Bureau of Conveyances, State of Hawaii.

7. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of Kai Ikena Elua, dated March 13, 1992, recorded March 27, 1992, in the Bureau of Conveyances, State of Hawaii, as Document No. 92-044216.

END OF EXHIBIT "H"

EXHIBIT "I"

DISCLOSURE ABSTRACT

Project

KAI IKENA ELUA
2225 Sea View Avenue
Honolulu, Hawaii 96822

Developer and Project Manager *

KAI IKENA ELUA JOINT VENTURE, a Hawaii general partnership
By its general partner:

RINGNECK ELUA, INC., a Hawaii corporation
1726 Hau Street
Honolulu, Hawaii 96734
Telephone: (808) 842-4993

* The Developer is not a licensed condominium managing agent and does not have the required bond as specified under Chapter 514A, Hawaii Revised Statutes. The Developer will not operate as a condominium managing agent until it is properly licensed and registered with the Real Estate Commission. If the Developer does not register as a condominium managing agent (CMA) or a registered CMA is not appointed, then the project will be considered self-managed.

Estimated Maintenance Fees/Costs per Condominium Unit

SEWER SYSTEM FEES: The City & County of Honolulu requires the installation of a temporary sewer holding tank system for this Project. The expense of operating, maintaining and inspecting the system is anticipated to be \$62.50 per month per unit.

WATER AND SEWER CHARGES: Water and sewer charges for the Project are anticipated to be \$75.00 per month per unit.

INSURANCE FEES: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the improvements portion of the Project. Such insurance is anticipated to be \$37.50 per month per unit.

MAINTENANCE FEES: Except as otherwise indicated, the regular maintenance and repair of each condominium unit, including all electrical utility charges, is the sole responsibility of each respective unit owner.

GROUND MAINTENANCE FEES: The lawn maintenance fees for the Project grounds are expected to be approximately \$37.50 per unit.

Warranties

The Developer's general contract with Co-Ha Builders contains a one year warranty on the materials and workmanship of Units 2221, 2223, 2225, and 2227, and those rights of the Developer to enforce such warranties will be assigned to each of the buyers of said units. Purchasers shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the units.

Use of Condominium Units

The KAI IKENA ELUA JOINT VENTURE Condominium Project will consist of four (4) units which shall be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose. There is no commercial or other non-residential development in the Project.

ESTIMATED OPERATING EXPENSES

KAI 'IKENA

For Period June 1, 1992 to May 31, 1993

As Prepared by Developer

Estimated Annual Expenses:

Ground Maintenance	\$ 1,800.00
Water/Sewer	\$ 3,600.00
Sewer System Maintenance	\$ 3,000.00
*Electricity	\$ -0-
Fire/Liability Insurance	\$ 1,800.00
Management Fee	\$ -0-
Reserve	\$ 600.00
Contingent Fee	\$ -0-
TOTAL ANNUAL EXPENSES	\$10,800.00

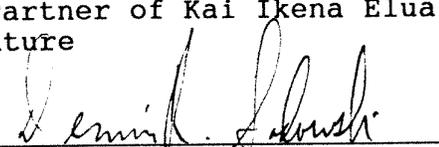
Estimated Monthly Expenses: \$ 900.00

Estimated Monthly Maintenance Fee per Unit: \$ 225.00

Note: *Electricity will be separately metered or otherwise charged, and the common elements will incur no separate electrical utility charges.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

By Ringneck Elua, Inc.
General Partner of Kai Ikana Elua
Joint Venture



DENNIS R. SADOWSKI

END OF EXHIBIT "I"

EXHIBIT "J"

SUMMARY OF THE SALES CONTRACT PROVISIONS

A standard form "Deposit Receipt, Offer and Acceptance" ("DROA") will be used in the sales of the units. A summary of some of its terms are as follows:

1. Description of Property to be Conveyed. Fee simple interest in the apartment, together with the following fixtures and appliances: chandelier, range, refrigerator, disposal, dishwasher, washer, dryer, dishwasher and TV cable outlet.
2. Purchase Price and Terms. The purchase price set forth on page 1 of the DROA is to be paid as follows:
 - a. The sum of \$5,000 as an initial deposit on account of the offer;
 - b. An additional deposit of \$5,000 to be made on or before Buyer's approval of CPR documents; and
 - c. The balance of the purchase price shall be paid to escrow on the closing date.
3. Financing of Purchase. The Purchaser may wish to make the financing of the purchase price a contingency to the DROA. If Purchaser desires financing, a loan application must be made within a specified time period and if Purchaser's application is not approved within a certain period, e.g. after the application, then either Seller or Purchaser may terminate the DROA. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest, less any escrow expenses and fee chargeable to Purchaser.
4. Closing Costs. The Purchaser is required to pay at closing 100% of escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, the cost any required title insurance, and appraisal fees and any obligations of purchaser to his mortgage lender. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.
5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the DROA, e.g., within 90 days of the date of the DROA. If Purchaser fails to close as required, then all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may

pursue any other remedy, and all costs, including reasonable attorney's fees incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Rights of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the DROA under the following conditions:
 - a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Purchaser does not act within the thirty (30) day period, or if the Apartment is conveyed to the Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel.
 - b. A condition precedent to closing, e.g., the Purchaser's failure to qualify for a loan, has not been satisfied or waived.

END OF EXHIBIT "J"

EXHIBIT "K"

SUMMARY OF MATERIAL PROVISIONS OF ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the DEVELOPER and BANK OF HAWAII ESCROW SERVICES:

1. All payments due to Escrow. Developer shall deliver executed sales contract and any funds received to Escrow.

2. Funds held in Escrow. Escrow shall receive, deposit and hold funds pursuant to sales contracts or from Developer or any source with respect to the Project. Funds may be withdrawn or negotiated only by written approval and signature of Escrow.

3. Collection of funds. Escrow shall collect funds from Purchaser by notice in writing, subsequent to Developer's notice in writing to Escrow regarding payments due under sales contract.

4. Disbursement. Funds shall be used to pay finance/legal fees and other Project expenses, interest due on mortgagee loan funds, and sales commissions. Remaining funds shall be disbursed according to Developer's instructions.

5. Prerequisites to disbursement. The following conditions must be fulfilled before disbursements are made:

(a) The Real Estate Commission has issued the Project's Final Public Report;

(b) Developer or Developer's attorney has furnished a written opinion that all requirements of §514A-62 and 514A-63, HRS, as amended, have been satisfied; and that §514A-105, HRS has been complied with if the Project is a conversion project; and

(c) Developer has given Escrow a written waiver of any option reserved in any sales contract to cancel such contract.

6. Purchaser is entitled to return of funds. Escrow agrees to refund all payments, less fees and without interest, if Purchaser so requests in writing and one of the following has occurred:

(a) Escrow has received written request from Developer to return Purchaser's funds held in Escrow;

(b) Developer has notified Escrow of Developer's option to cancel or rescind the sales contract;

(c) Purchaser, whose funds were obtained prior to issuance of the Final Public Report, has cancelled the contract pursuant to §514A-63, HRS, as amended; and

(d) Purchaser has rescinded the contract pursuant to §514A-63, HRS, as amended.

Escrow may deduct from Purchaser's funds a cancellation fee that is no less than \$25.00 and no more than the agreed-upon escrow fee. The sales contract shall be returned to Developer following Purchaser's refund.

7. Purchaser's default. Developer shall certify in writing to Escrow that Purchaser has defaulted. Escrow shall notify Purchaser of default by certified mail. Thereafter, funds will be treated as Developer's funds, less the cancellation fee.

8. Execution and closing. Except for the executed sales contract, Escrow shall arrange and supervise the signing of all documents related to the Project and shall provide necessary services for closing the transaction.

9. Compensation of Escrow. The compensation of Escrow shall be Escrow's schedule rate for each condominium unit for which a sales contract is received.

10. Exculpation of Escrow. Escrow is relieved from all liability for acting in accordance with the terms and conditions of the Escrow Agreement. The Developer agrees to indemnify and hold harmless Escrow from all costs, obligations and liabilities incurred in connection with Escrow (except those arising from the negligence or misconduct of Escrow).

11. Termination. This Agreement may be terminated by Developer or Escrow upon 15 days written notice. All transactions in process shall be completed by Escrow and Escrow shall be entitled to receive all earned fees with cancellation fee for each unclosed unit.

12. Notices. All written notices required to be given to Developer or Escrow shall be registered or certified mail.

END OF EXHIBIT "K"