

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer R. TONGG DEVELOPMENT, INC., a Hawaii corporation
Address 1542 Hooli Circle, Pearl City, Hawaii 96782

Project Name(*): HALE AKUA ESTATES
Address: 84-716 FARRINGTON HIGHWAY, MAKAIHA, WAIANAE, HAWAII
96792

Registration No. 2644

Effective date: March 8, 1993
Expiration date: April 8, 1994

Preparation of this Report:

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

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

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

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

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

Type of Report:

 PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

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

 X SUPPLEMENTARY: This report updates information contained in the:
(pink)
 [] Preliminary Public Report dated: _____
 [X] Final Public Report dated: June 12, 1992
 [] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports
 [] Must be read together with _____
 [] This report reactivates the _____
 public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. The Developer is now fee owner of the property.
2. Each apartment's percentage of common elements was reduced by approximately 37.5%, as per Amendment to Declaration of Condominium Property Regime dated January 7, 1993, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 1988048. Exhibit "A" was amended by changing the percentages under the heading "Percentage of Common Elements", to-wit:
3. The Developer has reserved the right to construct two additional units in Phase II and two additional units in Phase III (see page 16 "Project Phases").

SPECIAL ATTENTION

This is CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: R. Tongg Development, Inc. Phone: 455-7220
Name (Business)
1542 Hooli Circle
Business Address
Pearl City, Hawaii 96782

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

Richard Randall Tongg - President, Vice-President, Secretary,
Treasurer

Real Estate Broker: KEBOJINA Limited dba Hawaii Real Estate Professionals
Kenneth Sikes Phone: 488-0472
Name (Business)
98-029 Hekaha Street, Suite 19
Business Address
Aiea, Hawaii 96701

Escrow: T.I. of Hawaii, Inc. Phone: 526-3571
Name (Business)
Four Waterfront Plaza, Suite 300
Business Address
500 Ala Moana Blvd.
Honolulu, Hawaii 96813

General Contractor: N/A Phone: _____
Name (Business)
Business Address

Condominium Managing Agent: R. Randall Tongg Phone: 455-7220
Name (Business)
1542 Hooli Circle (Until the Association
Business Address of Owners appoints
Pearl City, Hawaii 96782 another, or self manages)

Attorney for Developer: Richard B. W. Ing Phone: 523-7541
Name (Business)
1188 Bishop Street, Suite 702
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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1901078

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: Amendment to Declaration of Condominium Property Regime of Hale Akua Estates, dated January 7, 1993, filed as Land Court Document No. 1988048, and noted on Transfer Certificate of Title No. 398,289.

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 897

The Condominium Map has been amended by the following instruments [state name of document, date 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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1901079

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

2. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>66%</u>

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

2. Developer:

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

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

See also page 16.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 - Canceled 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 canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 84-716 Farrington Highway Tax Map Key: (1) 8-4-17-2
Makaha, Hawaii (TMK)

[] Address [] TMK is expected to change because N/A

Land Area: 40,000 [X] square feet [] acre(s) Zoning: R-5

Lessor

(Fee Owner): R. Tongq Development, Inc.
Name
1542 Hooli Circle
Address
Pearl City, Hawaii 96782

Sublessor: N/A
Name

Address

Buildings and Other Improvements:

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

2. Number of Buildings: 5 Floors Per Building 1

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Permitted Uses by Zoning:**

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>5</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: No livestock or commercial pet breeding.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 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>1</u>	<u>1</u>	<u>3/1</u>	<u>938.5</u>	<u>0</u>
<u>2</u>	<u>1</u>	<u>3/1½</u>	<u>1,026.42</u>	<u>0</u>
<u>3</u>	<u>1</u>	<u>4/1</u>	<u>1,041.5</u>	<u>0</u>
<u>4</u>	<u>1</u>	<u>3/1</u>	<u>802.5</u>	<u>0</u>
<u>5</u>	<u>1</u>	<u>3/1</u>	<u>802.5</u>	<u>0</u>

Total Apartments: 5

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

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

Boundaries of Each Apartment: Each apartment shall not include perimeter walls or interior load bearing walls or the floors and ceilings surrounding each apartment (except in each case for the interior decorated or finished surfaces of the perimeter walls, interior load bearing walls, floors or ceilings) or any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment.... Each apartment shall include all of the walls and partitions which are not load bearing, including any glass windows, ceilings and fixtures contained or installed therein.

Permitted Alterations to Apartments: Restoration or replacement in any material respect must be by affirmative vote of all apartment owners and consent of all holders of liens affecting the apartment and in accordance with complete plans and specifications certified by a professional engineer or architect, first approved by the Board. Amendments to the Declaration must be filed along with a complete set of floor plans.

7. Parking Stalls:

Total Parking Stalls: 10

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	_____	<u>8</u>	_____	<u>2</u>	_____	_____	<u>10</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>8</u>		<u>2</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 A 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 Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

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

(For conversions of residential apartments in existence for at least five years): Based on the Professional Engineer's report attached hereto as Exhibit B, the developer has concluded that the expected useful life of structural components, mechanical and electrical installations is ten (10) years.

11. 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 restriction 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.

Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit C.

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.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[] described in Exhibit C.

[X] as follows: Certain parts of the common elements have been set aside for the exclusive use of each apartment, including the site of the apartment, as depicted on Condominium Map No. 897, the walkways, driveways connecting the apartments to the roadway, and all other common elements related to less than all of said apartment or apartments served thereby. All costs pertaining to each limited common element shall be borne entirely by the apartment or apartments to which it is appurtenant.

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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[X] described in Exhibit A. Note: Exhibit A has been amended.

[] as follows:

Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit D describes the encumbrances against the title contained in the title report dated February 8, 199 and issued by T.I. of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Purchase money 1st mortgage Federal Tax Lien	Buyer(s) interest will be cancelled, and all deposits made by Buyer(s) will be returned.

F. 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: None .

2. Appliances: None .

G. Status of Construction and Estimated Completion Date:

Apartment 1 was built in 1963.
Apartment 3 was built in 1949.
Apartment 5 was built in 1962.

The dates of completion for apartments 2 and 4 are unknown.

H. Project Phases:

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

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

Developer has reserved the right to subdivide and withdraw Phase II and Phase III from the project. If Developer is unable to subdivide, Phase II and Phase III will continue to be part of the project. Developer may construct two additional dwellings on Phase II and two additional dwellings on Phase III.

Along with retaining the future development rights for Phases II and III, the Developer assumes the responsibility for payment of all costs of maintenance and tax assessments (real property and any other) pertaining to Phases II and III.

IV. CONDOMINIUM MANAGEMENT

A. 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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners other _____

B. 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.

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. 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:

- None Electricity Gas Water
 Sewer Television Cable Other _____

V. MISCELLANEOUS

Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated February 21, 1992

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

Other _____

Buyer's Right to Cancel Sales Contract:

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

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

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

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

A) The Developer delivers to the buyer a copy of:

1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2644 filed with the Real Estate Commission on May 11, 199

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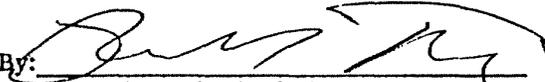
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C. Additional Information Not Covered Above

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

R. Tongg Development, Inc., a Hawaii corporation

Name of Developer

By: 
Duly Authorized Signatory

1/12/93
Date

Richard Randall Tongg, President

print name & title of person signing above

Distribution:

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

EXHIBIT "A"

HALE AKUA ESTATES

(PHASE I)

DESCRIPTION OF APARTMENTS

<u>Dwelling No.</u>	<u>Street Address (Farrington Hwy)</u>	<u>Net Living Area</u>	<u>Percentage of Common Elements</u>
1	84-716-B	938.5 sq. ft.	12.72%
2	84-716	1026.42 sq. ft.	13.91%
3	84-716-D	1041.5 sq. ft.	14.12%
4	84-716-A	802.5 sq. ft.	10.88%
5	84-716-E	802.5 sq. ft.	10.88%
Developer retains			37.49%
TOTAL			100.00%

NOTE: Each apartment has two parking stalls appurtenant to it as a limited common element for its exclusive use, as depicted on the Condominium Map for the Project. Apartments 1, 2 and 4 each have two regular-sized stalls; Apartments 3 and 5 each have one regular-sized stall and one compact stall.

The percentage of common elements for each apartment if Phase II is merged with Phase I will be computed by dividing the square feet in floor area for each apartment by the total square feet in area for all apartments in the project combined. By way of example, if the floor area for an apartment is 1,200 sq. ft., and the total combined floor area for all apartments is 6,000 sq. ft., divided 1,200 by 6,000 = 20%.

The percentage of common elements for each apartment if Phase III is merged with Phase I and Phase II will be determined in identical manner.

END

February 18, 1992

Mr. Richard Randall Tongg
1542 Hooli Circle
Pearl City, Hawaii 96782

Dear Mr. Tongg:

Subj: Inspection - Hale Akua Estates: Condominium Project,
Units 84-716, A, B, C and D, Farrington Highway, Makaha,
Waianae, Hawaii 96792. TMK 1-8-4-17:2

I inspected the subject properties on February 6, 1992 and found the following:

1. Condition of units;

APT. 84-716 (#2) 3 bdrm., 1 1/2 Bth. Fairly good

APT. A and E (#4 & 5) 3 Bdrm., 1 Bth. Fairly good

APT. B (#1) 3 Bdrm., 1 Bth. Good

APT. D (#3) 4 Bdrm., 1 Bth. Poor

2. Construction;

All units are of single story, single wall wooden frame post and pier construction.

3. Service;

Electrical (overhead), water, telephone and sanitary.

4. Building Code;

All buildings appear to be generally in compliance with current building code requirements with the following exceptions:

Units "A" and "E" have bedroom windows throughout that exceed 44" finished floor to finished sill.

Unit 84-716 has windows in the front bedroom that exceed 44" fin. flr. to fin. sill.

In addition, while the structural, electrical and plumbing systems appeared to be sound and in working

PAGE TWO

condition, no detailed analysis of structural, electrical or plumbing compliance with current building code standards was made.

sincerely;

A handwritten signature in cursive script, appearing to read "Paul Michael Troeger".

Paul Michael Troeger PE 3891-s

EXHIBIT "C"

COMMON ELEMENTS

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

- (a) Said land in fee simple.
- (b) All fencing, grounds, landscaping, boundary walls, perimeter walls, refuse facilities and mail boxes.
- (c) All driveways and walkways.
- (d) All electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.
- (e) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS

Certain parts of the common elements herein called the "limited common elements", are being designated and set aside for the exclusive use of certain apartments. Each apartment owner shall be responsible for and pay the costs of property repairing and maintaining the limited common elements set aside and reserved for the exclusive use of such apartment, called Private Land Area or Private Yard Area, as the case may be. The Private Land Area for each apartment is depicted and delineated by the areas bounded by dotted lines shown on Condominium Map No. 897, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii.

NOTE: "Private Land/Yard Areas" referenced herein are not legally subdivided lots.

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE
CONTAINED IN TITLE REPORT DATED FEBRUARY 8, 1993

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. Assessment - Improvement District No. 265 - Makaha Sewers, Section 3, Assessment Lot No. 30. (Total - \$467.09 due August 22, 1993)
3. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
4. Grant dated April 26, 1962, filed as Land Court Document No. 289803, in favor of THE HAWAIIAN ELECTRIC COMPANY, LIMITED, a Hawaii corporation, and HAWAIIAN TELEPHONE COMPANY, also a Hawaii corporation, granting a perpetual right and easement for utility purposes.
5. Designation of Easement 341 for sanitary sewer purposes over and across Lot 387, as shown on Map 249, as set forth by Land Court Order No. 102462, filed on May 31, 1991.
6. Any unrecorded or unfiled leases, subleases or rental agreements and any liens, charges or exceptions against any lessees, sublessees or tenants named therein.
7. Condominium Map No. 897 filed on April 1, 1992; as amended.
8. The covenants, agreements, obligations, conditions and other provisions set forth in Declaration of Condominium Property Regime entitled "HALE AKUA ESTATES" dated March 19, 1992, filed as Land Court Document No. 1901078, and the By-Laws dated March 19, 1992, filed as Land Court Document No. 1901079, to which reference is hereby made; as amended.
9. Mortgage, Security Agreement and Financing Statement in favor of GECC FINANCIAL CORPORATION, a Hawaii corporation, dated September 8, 1992, filed September 14, 1992, in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 1952796. Lessor's interest in leases (as security) was assigned to GECC FINANCIAL CORPORATION, a Hawaii corporation, by instrument dated September 8, 1992, recorded September 14, 1992 as Document No. 92-149317.
10. Financing Statement in favor of GECC FINANCIAL CORPORATION, a Hawaii corporation, recorded September 14, 1992 as Document No. 92-149316.

11. That certain Second Mortgage in favor of Aubrey Donnell Wilson, husband of Marie Victoria Wilson, dated September 2, 1992, filed September 14, 1992 as Land Court Document No. 1952797, which Second Mortgage was assigned to Turner Development, Incorporated, by instrument dated September 2, 1992, filed September 14, 1992, as Land Court Document No. 1952798.

CHECKED AND CLEARED FOR LIENS (other than those shown herein):

R. TONGG DEVELOPMENT INC.

NOTE: As of the date of this report, Transfer Certificate of Title No. 398,289 is located at the Bureau of Conveyances of the State of Hawaii.

NOTE: This report does not purport to disclose the existence of any Financing Statements, Mechanic's Liens or Assessment Liens that do not encumber the subject property.

END

EXHIBIT "E"
SUMMARY OF PERTINENT PROVISIONS
OF THE SALES CONTRACT

The Deposit Receipt and Sales Contract for Hale Akua Estates contains the following pertinent provisions:

1. Identity of the unit sold;
2. Identity of the escrow agent who will handle the closing of the sale and purchase: T. I. OF HAWAII, INC.
3. The Seller's name: R. TONGG DEVELOPMENT, INC.
4. Amount of total Purchase Price;
5. Amount of Initial Deposit (Payment A);
6. Balance to be paid at closing (Payment B);
7. The name of the owners to whom title is to be conveyed, and the type of tenancy desired by Buyer(s)
8. The name of the real estate broker representing Seller: KEBOJINA, LTD., a Hawaii corporation; the name of the real estate broker representing Buyer(s);
9. Addendum A, containing the following provisions:
 - A. The property is being sold in an "as is" condition without expressed or implied warranties or guarantees regarding condition, fitness or structural soundness of the foundation, improvements, roofs, walls, fences, termite damage, asbestos, hazardous waste or substance, soil, subdivisions, uses, encroachments of any kind, if any, easements recorded or unrecorded, if any, or future claims to title to the property. Seller shall not be required to repair defects subsequently discovered.
 - B. Seller has no obligation to correct encroachments;
 - C. Seller is not obligated to repair or correct any defect required to be repaired or corrected by Buyer's lender.
10. Exhibit "B" contains provisions relating to the payment of the Purchase Price, escrow funds and loan qualification, date of occupancy, time of possession, pre-closing, risk of loss, minor changes in documents, need for Final Public Report, termination of rights, Buyer's consent to changes, Seller's right to cancel and various requirements of Buyer, if Buyer is purchasing as Owner-Occupant.

EXHIBIT "F"

SUMMARY OF PERTINENT PROVISIONS
OF ESCROW AGREEMENT

The Escrow Agreement between R. Tongg Development, Inc. ("Seller") and T. I of Hawaii, Inc., ("Escrow"), both Hawaii corporations, ("Escrow") dated February 21, 1992, contains the following pertinent provisions:

1. All contracts must be in writing and all funds received by Seller must be immediately deposited with Escrow.

2. Escrow shall hold all monies collected under the sales contract from Purchaser(s) or others, in a escrow trust account.

3. Upon written receipt from Seller, Escrow will give written notice to Purchaser(s) of any required payments to be made to Escrow, any "late charges" or similar penalties, in accordance with the sales contract.

4. Escrow will disburse finance, legal fees, other project expenses, interest on Seller's loan, and sales commissions, upon written request from Seller and approval by Seller's mortgagee.

5. However, no disbursements shall be made from the escrow fund until the issuance of a Final Public Report from the Real Estate Commission of the State of Hawaii, and Seller's attorney shall have furnished a written opinion to Escrow that the sales contract is in full force and effect and all requirements of Sections 514A-63 through 514A-66, Hawaii Revised Statutes, have been met.

6. Purchaser(s) shall be entitled to a refund of all payments, less fees described in the agreement, and without interest if:

A. Escrow receives written request from Seller;

B. If Purchaser(s) funds were received prior to the issuance of a Final Public Report and there is a change in building plans requiring approval from the City and County of Honolulu, unless Purchaser(s) approve the changes in writing;

C. Escrow will not be liable if there are insufficient amounts in the escrow fund to cover refund requests;

D. Escrow may deduct \$25 for cancellation fee, plus the cost of Credit Reports, long distance telephone calls on Purchaser(s) behalf. Escrow will give Purchaser(s) written notice of charges (except for cancellation fee) within a reasonable time after incurred;

7. If Purchaser(s) default and Escrow is given written notice by Seller, Escrow will give Purchaser(s) written notice by certified mail and if there is no dispute or conflict, shall treat the escrowed fund as belonging to Seller. Escrow shall be entitled to a cancellation fee of \$25.

8. All interest earned on deposits shall be the property of the Seller only.

9. Escrow shall close the transaction after all requirements have been met, and record and/or file the necessary documents within five (5) business days, provided that the documents are not defective. Once corrected, Escrow shall file or record the documents within five (5) business days and if delinquent for at least 2 days, Escrow shall pay interest to Seller on interim or other financing, if any.

10. For its services, Escrow shall be entitled to \$250, as and for escrow fees.

11. Escrow shall not be liable for acting according to the escrow agreement and Seller agrees to indemnify and save and hold Escrow harmless for claims arising out of its performance under the escrow agreement.

12. Escrow shall not be responsible for the validity or sufficiency of the sales contract, or for divulging to Seller or Purchaser(s) any facts coming to escrow's attention regarding the project or the transaction, so long as it does not prevent escrow's compliance with the escrow agreement or Seller's written instructions.

13. If there is a dispute or difference between Seller and Purchaser(s), Escrow has no obligation to determine who is right, or to take any legal action and may wait until the matter is resolved in court or otherwise, or may bring an action in interpleader, at its sole option. Escrow has a right to reimbursement of court costs or legal fees for doing so.

14. The escrow agreement may be terminated upon 15 days notice by Seller or Escrow.

EXHIBIT G

ESTIMATE OF INITIAL MAINTIENANCE FEES
AND
ESTIMATE OF MAINTIENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
1	\$ 59.20 X 12 = \$ 710.40
2	\$ 64.74 X 12 = \$ 776.88
3	\$ 65.72 X 12 = \$ 788.64
4	\$ 50.64 X 12 = \$ 607.68
5	\$ 50.64 X 12 = \$ 607.68

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning None
Electricity None
 common elements only
 common elements and apartments
Elevator
Gas
Refuse Collection
Telephone
Water and Sewer \$190.00 X 12 = \$2,280.00

Maintenance, Repairs and Supplies

Building None
Grounds \$ 20.00 X 12 = \$ 240.00

Management

Management Fee \$ 40.00 X 12 = \$ 480.00
Payroll and Payroll Taxes
Office Expenses

Insurance

\$ 50.00 X 12 = \$ 600.00

Reserves(*)

\$ 10.00 X 12 = \$ 120.00

Taxes and Government Assessments

Real Property Tax - \$1,198.74/Yr. \$ 145.44 X 12 = \$1,745.28

Audit Fees

Other Assessment - \$546.48/Yr.

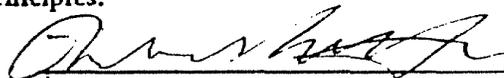
\$ 10.00 X 12 = \$ 120.00

TOTAL

\$ 465.44 = \$5,585.28

R. Tongg

I, Richard Randall Tongg, as agent and employed by Development, Inc., the condominium managing agent or the developer, for the condominium project Hale Akua Estates, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



(*) Mandatory reserves in effect January 1, 1993

Date: 1-12-93

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. These disclosures pertain to Hale Akua Estates, a condominium project located at 84-716 Farrington Highway, Makaha, Waianae, Hawaii 96792 (T.M.K.: (1) 8--4-17:2).

2. The developer of the project is R. TONGG DEVELOPMENT, INC., whose principal place of business and post office address is 1542 Hooli Circle, Pearl City, Hawaii 96782.

3. The project manager is RICHARD RANDALL TONGG, 1542 Hooli Circle, Pearl City, Hawaii 96782. Phone: 455-7220.

4. A breakdown of the estimated maintenance fees and the monthly estimated cost for each apartment based on generally accepted principles is attached to the Final Public Report as Exhibit "F" and incorporated herein by reference.

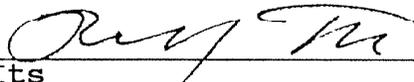
5. There are no warranties against defects of material and workmanship in either individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition. Based on a professional engineer's report, developer concludes that the units are in good condition and developer estimates the useful life of each unit to be 20 years.

6. All of the apartments of the project are to be used for residential purposes only. No apartments shall be used for hotel or commercial purposes.

7. No commercial or other non-residential development is included in the project.

8. The developer has reserved the right to subdivide certain portions of the project's total land area described and depicted as Phase II on Condominium Map No. 897 and to withdraw said areas from the project; or in the alternative, not to withdraw said areas. In either case, developer reserves the right to construct additional dwellings on Phase II.

R. TONGG DEVELOPMENT, INC.

By 
Its

Developer

Date: March 5, 1993