

Summary of Changes from Earlier Public Reports:

This summary contains a general description of 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.

[x] No prior reports have been issued by the Commission.

[] Changes made are as follows:

SPECIAL ATTENTION

The Developer has disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) No warranties are given to the purchaser as to the construction, materials or workmanship of Unit C. Unit C is being sold in "as is" condition (pages 13 and 16).
- (c) The Sales Contract provides that the purchaser will not have the right to sue the declarant for damages and defects of the Unit C (see page 18).
- (d) The Owner of Unit C has reserved future development rights to add another unit on the condominium project. The Owner of Unit C has also been granted the right to subdivide from the Land and to remove from the Project all or a portion of the "Reserved Area For Future Development or Subdivision", as designated on the Condominium Map.

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

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT 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 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 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 freehold 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>Unit B</u>	<u>1</u>	<u>3/2-1/2</u>	<u>2,493</u>	<u>Deck: 60</u>
<u>Unit C</u>	<u>1</u>	<u>3/4</u>	<u>3,547</u>	<u>Decks: 799</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

*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 For The Project:

	<u>Number of Stalls</u>
Assigned Stalls	<u>6 (3 for each unit)</u>
Guest Stalls	_____
Unassigned Stalls (incl. guests)	_____
Extra Stalls Available for Purchase	_____
Other:	_____
Total Parking Stalls	<u>6</u>

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Donald J. and Martha E. Cann -AND Stuart K. and Soo Whan Phone: Cann: 263-8183
Name Pumehana Pauline Featheran Featheran: 263-6256

1005-G Kailua Road 1042 Hui Street
Business Address
Kailua, HI 96734 Kailua, HI 96734

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

Real Estate

Broker: The Owner of Unit B (Featheran) intends to
Name offer Unit B for sale.
Business Address
Unit C will not be offered for sale
at the present time.

Phone: 263-6256
Donald J. Cann and Soo Whan P.P. Featheran have real estate licenses. Pursuant to §16-99-11(c), Hawaii Administrative Rules, no licensee shall advertise "For Sale By Owner".

Escrow: Island Title Corporation
Name
315 Uluniu St., Suite 202
Business Address
Kailua, Hawaii 96734

Phone: 261-7993
(Business)

General Contractor: _____
Name

Business Address

Phone: _____
(Business)

Condominium Managing Agent: Donald J. Cann and
Name Stuart K. Featheran
1005-G Kailua Road 1042 Hui Street
Business Address
Kailua, HI 96734 Kailua, HI 96734

Phone: Cann: 263-8183
Featheran: 263-6256

Attorney for Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

Phone: 521-4757
(Business)

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

II CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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.

1. Declaration of Condominium Property Regime contains a description of the land, buildings, apartment, 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. 92-094158
Book _____ Page _____
- Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

2. Condominium Map (File Plan) show 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. 1680
- Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

3. 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. 92-094159
- Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

he Condominium Statute (Chapt 514A, HRS), the Declaration, laws, and House Rules control the rights and obligations of 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.

1). **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.

3. 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>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 attached Exhibit "A"

Interest to be Conveyed to B:

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

The leases for the Individual apartment and the underlying land usually require that at the end of the lease term, the lessee (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.

- Individual Apartment in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The 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; 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:

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 event if the master lease is canceled or foreclosed.

B. Underlying Land:

Address: 1005-G Kailua Road Tax Map Key: (1) 4-2-3-14
Kailua, Hawaii (TMK)

Address TMK is expected to change because _____

Land Area: 3.857 square feet acre(s) Zoning: Country

Fee Owner: Donald J. and Martha E. Cann -AND- Stuart K. and Soo Whan Pumehana
 Name Pauline Featheran

1005-G Kailua Road 1042 Hui Street
 Address

Kailua, HI 96734 Kailua, HI 96734

Sublessor: _____
 Name

 Address

C. Buildings and Other Improvements:

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

- 2. Buildings: 2 residences, 1 barn
1 garage & 3 gazebos
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
- Other _____

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

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

1. Paragraph 20 of the Declaration states the general rule:

"Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Unit Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such Owners or by the proper officers of the Association."

2. Exceptions to General Rule:

(a) Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Bureau of Conveyances of the State of Hawaii of a conveyance of a Unit, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Unit 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 Unit 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.

(b) Notwithstanding the foregoing, the Owner of any Unit shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to a Unit in accordance with Paragraph 19.1 of this Declaration (which is described in Exhibit "B" of this Public Report). Paragraph 19.1 of the Declaration allows each Owner to make certain changes.

(c) Notwithstanding the foregoing, the Owner of Unit C shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to the Land in accordance with Paragraph 19.2 of this Declaration (which is described in Exhibit "B" of this Public Report).

(d) Notwithstanding the foregoing, the Owner of Unit C shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the addition of the Additional Unit in accordance with Paragraph 19.3 of this Declaration (described in Exhibit "B" of this Public Report).

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 19.1 of the Declaration states:

"Each Unit Owner, with the consent of any holder of any mortgage affecting the Owner's Unit, shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all liens affecting his Unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make improvements including without limitation, garages or additional parking areas upon the Dwelling Lot appurtenant to the Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(a) All building plans for any such changes shall be prepared by a licensed architect or professional engineer and conform with County building and zoning laws and other applicable County ordinances.

(b) Any change to a Unit must be made within the Dwelling Lot to which the Unit is appurtenant;

(c) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportionate share of the allowable floor area or Lot area coverage for the Land, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made. The proportionate share for each Unit shall be the same as its common interest;

(d) All such changes shall be at the expense of the Unit Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owner's use of his Dwelling Lot;

(e) During the entire course of such construction, the Unit Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(f) The Unit Owner making such change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same

shall not cause any interruption in the service of such utilities to any other part of the Project;

(g) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Lot shall reserve to all Unit Owners the rights set forth in this paragraph;

(h) To the extent that joinder of any Unit Owner or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in Paragraph 19.1, such joinder shall be accomplished by power-of-attorney in favor of the Owner making such change from each of the owners, lien holders or such other parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project or Property subject to this Declaration being a grant of such power, and the grant being coupled with an interest, being irrevocable."

2. Paragraph 19.2 of the Declaration further states:

"Right to Subdivide Land.

(a) Notwithstanding anything to the contrary set forth in this Declaration, the Owner of Unit C shall have the right without the joinder of any owner or any other person at any time and from time to time to subdivide from the Land any portion of the Reserved Area which remains appurtenant to Unit C.

(b) Upon such subdivision, the Owner of Unit C shall have the right without the joinder of any owner or any other person to (i) amend this Declaration to remove such subdivided portion of the Reserved Area from under this Declaration (ii) to convey such portion to whomever the Owner of Unit C may designate, including himself, and (iii) to grant easements within the Common Elements for utility and roadway purposes for the benefit of such subdivided land.

(c) In connection therewith, the Owner of Unit C without the joinder of any owner or any other person may execute and deliver (on behalf of all of the Unit Owners and their respective mortgagees, if necessary) all applications, petitions, amendments to this Declaration, deeds and other instruments which such Owner of Unit C deems necessary or desirable (including without limitation documents to be filed or recorded with the

Department of Land Utilization of the City and County of Honolulu, the Recording Office, other governmental agencies or private parties). Such Owner of Unit C shall have the right also without the consent or joinder of any other person to take such actions in connection therewith. The form and content of such instruments or the taking of such actions shall be in the sole and absolute discretion of the Owner of Unit C, and his delivery of such instrument or the taking of such action shall be sufficient determination.

(d) In connection therewith, the Owner of Unit C shall have the right, without being required to obtain the consent or joinder of any person, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Project, (i) to amend this Declaration and the Condominium Map to describe and depict the Land as modified by removal of all or portions of the Reserved Area to create additional common and limited common elements and easements as appurtenances to the apartments in the Project, to determine and describe the common interest and percentage of expenses effective upon such subdivision and to set forth such other matters necessary or desirable to effect any such alteration in the Project; (ii) to amend any prior instrument of conveyance of an apartment and undivided interest so as to conform the same to the Declaration, as so amended.

(e) To the extent that joinder of any Unit Owner or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in Paragraph 19.2, such joinder shall be accomplished by power-of-attorney in favor of the Owner of Unit C from each of the owners, lien holders or such other parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project or Property subject to this Declaration being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(f) This Paragraph 19.2 may not be amended without the consent of the Owner of Unit C.

(g) By accepting or acquiring any right, title or interest in the Project or the Property subject to this Declaration, each Unit Owner, lien holder or other person having any interest in the Project or Property agrees that he shall, if required by law or by the Owner of Unit C, join in, consent to, or execute all instruments or documents necessary or desirable to effect the subdivision of any of the Reserved Land, removal of such land from the Project and amendment of the Declaration and Condominium Map as provided for in Paragraph 19.2.

(h) The Owner of Unit C shall have the right to assign, mortgage or otherwise transfer or encumber its rights granted under Paragraph 19.2, and any income or other financial benefit therefrom shall accrue solely to the benefit of the Owner of Unit C."

3. Paragraph 19.3 of the Declaration further states:

"Addition of Unit A.

(a) Notwithstanding anything to the contrary contained in this Declaration, the Owner of Unit C shall, from time to time and at any time up to but not later than December 31, 2040, have the right at his option and expense to add to the Project an Additional Unit within the Reserved Area or any portion hereof, provided, however, that no more than one Additional Unit may be added within the Reserved Area.

(b) The improvements constituting the Additional Unit shall be subject to discretion of the Owner of Unit C, but shall be subject to the terms and conditions hereinafter set forth in this Paragraph 19.3.

(c) In connection therewith, the Owner of Unit C shall have the right, without being required to obtain the consent or joinder of any person, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Project, (i) to amend this Declaration and the Condominium Map to describe and depict the Additional Unit, to establish Unit A, the apartment number for the additional apartment, to create additional common and limited common elements and easements as appurtenances to the additional apartment and/or to the other apartments in the Project, to determine and describe the common interest and percentage of expenses appurtenant to the additional apartment, to reduce the common interests appurtenant to the other apartments in the Project, to declare that the additional apartment may be used for those purposes allowed by Section 9 of the Declaration, to file the "As Built" Certificate required by the Act upon completion of construction for the Additional Unit, and to set forth such other matters necessary or desirable to effect any such alteration in the Project; (ii) to amend any prior instrument of conveyance of an apartment and undivided interest so as to conform the same to the Declaration, as so amended; and (iii) to go and to have its contractor or contractors go upon the Property and the Project as necessary for the construction of the Additional Unit; provided that the Owner of Additional Unit shall use reasonable efforts, consistent with maintaining the progress of such construction, shall be made to avoid interference with the use and enjoyment of the Project by the other Unit Owners.

(d) To the extent that joinder of any Unit Owner or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in this Paragraph 19.3, such joinder shall be accomplished by power-of-attorney in favor of the Owner of Unit C from each of the Owners, lien holders or such other parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project or Property subject to this Declaration being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(e) The rights granted to Owner of Unit C under this Paragraph 19.3 are subject to the following terms and conditions:

(i) All building plans for the Additional Unit shall be prepared by a licensed architect or professional engineer and conform with County building and zoning laws and other applicable County ordinances.

(ii) The Additional Unit must be made within the Dwelling Lot to which the Additional Unit is appurtenant;

(iii) No change to the Additional Unit will be made if the effect of such change would be to exceed the Additional Unit's proportionate share of the allowable floor area or Lot area coverage for the Land, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made. The proportionate share for the Additional Unit shall be the same as its common interest;

(iv) All costs related to the Additional Unit shall be at the expense of the Owner of Unit C and shall be expeditiously made and in a manner that will not unreasonably interfere with other Unit Owner's use of his Dwelling Lot.

(v) During the entire course of such construction, the Owner of Unit C will cause to be maintained at his expense builder's all-risk insurance satisfactory to owner of Unit B in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(vi) The Owner of Unit C shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other

utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project;

(vii) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Lot shall reserve to all Unit Owners the rights set forth in this paragraph.

(viii) The Owner of Unit C shall, prior to commencement of construction, notify the other Owners and shall inform them of the intended improvements and the timing thereof. The Owner of Unit C shall provide reasonable assurance to the other Owners that the Owner of Unit C is financially able to make all payments to complete the improvements and that no mechanics' or materialmen's liens are likely to affect the interest of the Owners of other Units. The Owner of Unit C shall agree to indemnify and hold harmless the Owner of Unit A and the Owner of Unit C against any loss, liability, damage or expense incurred or suffered by them or any of them arising out of or connected in any way with the addition of Unit A or the construction thereof.

(f) This Paragraph 19.3 may not be amended without the written consent of the Owner of Unit C.

(g) The Owner of Unit C shall have the right to assign, mortgage or otherwise transfer or encumber its rights in Paragraph 19.3 to add the Additional Unit, and any income or other financial benefit therefrom shall accrue solely to the benefit of the Owner of Unit C.

(h) By accepting or acquiring any right, title or interest in the Project or the Property subject to this Declaration, each apartment owner, lien holder or other person having any interest in the Project or Property agrees that he shall, if required by law or by the Developer, join in, consent to, or execute all instruments or documents necessary or desirable to effect the addition of the Additional Unit to the Project as provided for in Paragraph 19.3."

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

1. The Land in fee simple;
2. The "Common Drive = 2,405 Sq. Ft.", as shown on the Condominium Map;
3. The "Common Turn-Around - 1,921 Sq. Ft.", as shown on the Condominium Map;
4. The "Common Drive = 2,350 Sq. Ft.", as shown on the Condominium Map;
5. The Easement for road and utility purposes over the Land described in Exhibit A-1 attached to the Declaration.
6. All other portions of the Land and improvements not specifically heretofore designated as Units, 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.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

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 Unit, and each Unit 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 landscaping, maintenance, repair, replacement and improvement, shall be borne immediately by the Unit to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Unit B is located, consisting of the land beneath and immediately adjacent to Unit B, as shown and delineated on the Condominium Map as "Dwelling Lot B", together with the airspace above such site is for the exclusive benefit of Unit B.

(b) The site on which Unit C is located, consisting of the land beneath and immediately adjacent to Unit C, as shown and delineated on the Condominium Map as "Dwelling Lot", together with the airspace above such site is for the exclusive benefit of Unit C.

(c) The Reserved Area shall be for the exclusive benefit of Unit C, subject, however, to the right of the Owner of Unit C to subdivide and to remove from the Project all or a portion of the Reserved Area or to add the Additional Unit, in which latter event, portions of the Reserved Area shall be allocated by amendment to the Declaration by the Owner of Unit C for the exclusive benefit of Unit C and Unit A pursuant to Paragraph 19.3 of the Declaration.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. A pipe line easement as shown on the map of Tax Key 4-2-3-14.
4. Declaration of Covenants, Conditions and Restrictions dated July 13, 1982, recorded April 12, 1984, in the Bureau of Conveyances of the State of Hawaii in Liber 17797, Page 446. The foregoing Declaration (a) imposes certain covenants, conditions and restriction relating to the common maintenance, repair and management of a certain private roadway (including pedestrian rights of way and utilities therein) and (b) provides for the formation of a non-profit corporation to be known as "Old Kukanono Community Association for the purposes of the common ownership, maintenance, repair and management of the said common property.
5. Designation of Property dated and recorded November 4, 1991, in said Bureau as Document No. 91-151384 makes the Property subject to Encumbrance No. 4 above.
6. Mortgage dated June 11, 1990, recorded in said Bureau as Document No. 90-088754, in favor of All Pacific Mortgage Company, which Mortgage was assigned to Bancboston Mortgage Corporation by instrument dated June 11, 1990, recorded as Document No. 90-179974.
7. Mortgage dated December 5, 1991, recorded in said Bureau as Document No. 91-168819, in favor of Hawaii National Bank.
8. Mortgage dated October 29, 1991, recorded in said Bureau as Document No. 91-151386, in favor of Stuart K. Featheran and Soo Whan Pumehana Pauline Featheran.
9. Declaration of Condominium Property Regime dated June 8, 1992, recorded as aforesaid as Document No. 92-094158 (Project covered by Condominium Map No. 1680). By-Laws dated June 8, 1992, recorded as Document No. 92-094159.

NOTE: The title report also notes a lease dated December 20, 1965, recorded in the Bureau in Book 5992, Page 48 as amended by instrument dated on September 27, 1988 and recorded in Book 22411, Page 173, which was assigned (Lessee's interest) on September 24, 1991 Document No. 91-151381. However, by deed

Permitted Uses by Zoning:

	<u>No.of</u>	<u>Use Determined</u>		<u>No.of</u>	<u>Use Determined</u>
	<u>Apts</u>	<u>By Zoning</u>		<u>Apts</u>	<u>By Zoning</u>
[] Commercial	_____	_____	[] Industrial	_____	_____
[x] Residential	<u>2</u>	<u>Yes</u>	[] Agricultural	_____	_____
[] Timeshare/Hotel	_____	_____	[] Recreational	_____	_____
[] Other	_____	_____			

Is/Are this/these use(s) specifically permitted by the project's declaration or by-laws?

[x] 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: _____

[] Number of Occupants: _____

[x] Other: Declaration of Covenants, Conditions & Restrictions dated 7/13/82, recorded in Book 17797, Page 446.

[] There are no special use restrictions.

5. Interior (fill in appropriate numbers):

Elevators -0- Stairways -2- Trash Chutes -0-

<u>Apt.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net</u>	<u>Lanai/Patio (sf)</u>
<u>Type</u>			<u>Living Area (sf)</u>	
<u>Unit B</u>	<u>1</u>	<u>3/2-1/2</u>	<u>2,493</u>	<u>Deck: 60 sq.ft.</u>
<u>Unit C</u>	<u>1</u>	<u>3/4</u>	<u>3,547</u>	<u>Decks: 799 sq.ft.</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

*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:

the outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Dwelling.

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls For the Project:

Total Parking Stalls: 6

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>2</u>	<u>4</u>	_____	_____	_____	_____	<u>6</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total covered & open	<u>6</u>		_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least three(3) 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

The present condition of all structural components and mechanical and electrical installation material to the use and enjoyment of Unit C appears to be good. No warranty is made as to the expected useful life of Unit C.

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

With respect to Unit C, there is compliance with Building Code and Municipal Regulations. See letter from City Building Department dated January 23, 1992, which is on file with the Real Estate Commission.

10. Conformance to Present Zoning Code

a. [x] 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 a condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit C describes the common elements.

As follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit D

as follows:

Note: Reference to said Exhibit D to "Lots" B and C does not mean legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit _____ describes the common interests for each apartment.

As follows:

Unit B - 10/38ths
Unit C - 28/38ths

When and if Unit A is added to the Project, the common interest of each Unit shall automatically be changed to be a fraction having as its numerator the area of the dwelling lot exclusively appurtenant to such Unit and having as its denominator the area of the Land then subject to the Declaration.

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

Exhibit F describes the encumbrances against the title contained in the title report dated June 15, 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.
- [x] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit.

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.
- [x] the Developer or the Developer's affiliate.
- [] self-managed by the Association of Apartment Owners.
- [] other _____

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 H contains a schedule of maintenance fees and maintenance fee disbursements.

See attached Disclosure Abstract (Exhibit 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 _____

See attached Disclosure Abstract (Exhibit H)

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:**

Purchaser understands that Unit C was built in 1970 and renovated in 1987. At such time as the Seller decides to sell Unit C, Seller intends to sell Unit C together with the appliances and other personal property in "as is" condition, without any warranties to Purchaser with respect to the construction, materials or workmanship of Unit C.

The Seller of Unit B (the Featherans) is making a one year warranty on the materials and workmanship of Unit B, The warranty period will run from date of "substantial completion" of Unit B, which was substantially completed in December, 1991.

2. **Appliances:**

Purchaser of Unit B shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments. No warranties of any kind are being offered to a purchaser of Unit C.

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

SPECIAL NOTATION

The specimen Sales Contract provides that the Purchaser of Unit C understands that the Apartment will be sold in "as is" condition. The existence of any defect in the Apartment or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his contract.

The Specimen Sales Contract further states that the Purchasers will not have the right to file any lawsuit for damages against the Seller for any defects in Unit C or in the Project.

A prospective purchaser of Unit B should be aware of the numerous rights of Unit C's owner as stated herein, i.e., the right to either add Unit A on the "Reserved Land for Future Development of Subdivision" (1.6 acres) or to subdivide it out. Also, note that Unit C's common interest will always enable Unit C to outvote Unit B. If Unit A is created or if the reserved area is subdivided out, there will be a reallocation of common interest to coincide with the area of each Unit Owner's limited common area.

References in the Declaration to "Dwelling Lot" do not mean subdivided lots but limited common elements appurtenant to Units.

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 deliver 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 _____

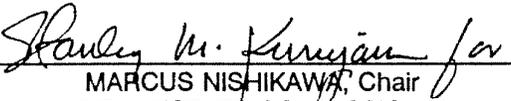
If these documents are not in final form, the buyer should ask to see the most recent draft. Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of 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 part of Registration No. 2677 filed with the Real Estate Commission on
June 24, 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.



MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

dated November 11 1991 Document No. 91-151385, which was subject to Item No. 4 above, the Developers purchased the lease and have indicated the lease will be merged out of existence when item no. 6 above is released (which should be shortly).

END OF EXHIBIT E

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the furnishings and appliances.

2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

- a. An initial deposit;
- b. The balance of the purchase price is to be paid to escrow by purchaser on the Closing Date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing all 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 of 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 Sales Contract, which is expected to occur within 90 days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and 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. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph 16); (b) Purchaser defaults under the Sales Contract (paragraph 5,2); or (c) Purchaser dies prior to Closing Date (paragraph 5.1). If

Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the Sales Contract 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 (paragraphs 6.1 and 6.3).

b. The Purchaser may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 7.1).

c. Purchaser fails to qualify for permanent financing (paragraph 16).

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Island Title Corporation.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract;

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has cancelled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: THE LA'I I KAWAINUI
1005-G Kailua Road
Kailua, Hawaii 96734
- (b) DEVELOPER: DONALD J. and MARTHA E. CANN (the
"Canns")
1005-G Kailua Road
Kailua, Hawaii 96734
Telephone: (808) 263-8183
-and-
STUART K. FEATHERAN and SOO WHAN PUMEHANA
PAULINE FEATHERAN (the "Featherans")
1042 Hui Street
Kailua, Hawaii 96734
Telephone: (808) 263-6256
- (c) MANAGING
AGENT: Donald J. Cann and Stuart K. Featheran

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

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Canns are not making any warranties relating to the materials and workmanship of Unit C or the common elements. The Featherans are making a one year warranty on the materials and workmanship of Unit B which will expire one year following substantial completion of Unit B, which occurred on December 31, 1991.

4. USE OF UNITS. The La'I I Kawainui Condominium Project will consist of two (2) unit(s) which will be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose.

5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by EDWARD A. RESH, Registered Professional Architect, the Developer states (as to Unit C):

a. The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of Unit C appears to be good.

b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

ESTIMATED OPERATING EXPENSES

For Period March, 1992 to February 28, 1993
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance and	
*Water/Sewer and Electricity:	\$-0-
**Fire/Liability Insurance:	\$-0-
Management Fee:	\$-0-
Miscellaneous:	\$-0-
 TOTAL ANNUAL EXPENSES	 \$-0-

Estimated Monthly Expenses

(\$ -0- - 12 months): \$-0-

Estimated Monthly Maintenance Fee for Each Apartment:

Estimated Monthly Expenses:	\$-0-
 TOTAL MONTHLY MAINTENANCE FEE FOR EACH APARTMENT:	 \$-0-

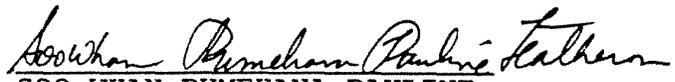
- Note:
- * All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.
 - ** It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and naming the Association of Apartment Owners as an additional insured. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association to be shared by the Apartment Owners. If it is necessary for the Association to have its own fire insurance, the cost thereof will be shared in accordance with the replacement value of each Apartment. Home Owners Insurance Policy is estimated at \$400 per year.

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


DONALD J. CANN


MARTHA E. CANN


STUART K. FEATHERAN


SOO WHAN PUMEHANA PAULINE
FEATHERAN

"Developer"