



**REAL ESTATE COMMISSION  
STATE OF HAWAII  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION  
P. O. Box 3469  
Honolulu, Hawaii 96801**

**CONDOMINIUM PUBLIC REPORT**

**WEST LOCH FAIRWAYS TOWNHOMES  
Honouliuli, Ewa Beach, Hawaii**

Registration No. 2682

Issued: December 11, 1992

Expires: January 11, 1994

**Report Purpose:**

This report is based on information and documents submitted by the developer to the Real Estate Commission as of December 9, 1992, and is issued by the Commission for information purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

**Type of Report:**

- |   |  |
|---|--|
| <p><u>      </u> <b>PRELIMINARY:</b><br/>(yellow)</p> | <p>The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A final Public Report will be issued when complete information is filed.</p>  |
| <p><u>  X  </u> <b>FINAL</b><br/>(white)</p>          | <p>The developer has legally created a condominium and has filed complete information with the Commission.</p> <p><input type="checkbox"/> No prior reports have been issued</p> <p><input checked="" type="checkbox"/> Supersedes all prior public reports</p> <p><input type="checkbox"/> Must be read together with _____</p>   |
| <p><u>      </u> <b>SUPPLEMENTARY</b><br/>(pink)</p>  | <p>Updates information contained in the</p> <p><input type="checkbox"/> Prelim. Public Report dated _____</p> <p><input type="checkbox"/> Final Public Report dated _____</p> <p><input type="checkbox"/> Supp. Public Report dated _____</p> <p>And</p> <p><input type="checkbox"/> Supersedes all prior public reports</p> <p><input type="checkbox"/> Must be read together with _____</p> <p><input type="checkbox"/> The report reactivates the _____<br/>public report(s) which expired on _____</p> |

**Disclosure Abstract: Separate Disclosure Abstract on this condominium project:**

Required             Not Required - disclosures covered in this report.

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

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

No prior reports have been issued by the Commission.

Changes made are as follows:

By-Laws have been amended to allow dogs, cats, and other customary household animals in reasonable number pursuant to rules and regulations determined by the Board and to bring the documents into further compliance with the applicable laws.

Declaration and By-Laws have been amended to incorporate changes required by the mortgagee. ✓

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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 improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

### Operation of the Condominium Project

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

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

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

**SUMMARY OF THE CONDOMINIUM PROJECT**

Interest to be Conveyed to Buyer:

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

**Types of Project:**

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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
A-1,A-1(H)	32	1/1	681	89
A-2	32	1/1	764	68
B-1	36	2/1.5, .5	986	40
B-2	36	2/1.5, .5	986	40

Total Apartments: 136

*\*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 area may have been used.*

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>240</u>
Guest Stalls	<u>14</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	
<b>Total Parking Stalls</b>	<b><u>254</u></b>

7. Recreational amenities:

Recreation Center consisting of a meeting room, a kitchen, a storage area, and men's and women's toilets.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: West Beach Estates, a Hawaii general partnership Phone: 673-7678  
Name (Business)  
91-100 Kamoana Place  
Business Address  
Ewa Beach, Hawaii 96707

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

Horita Corporation, a Hawaii corporation  
SKG Properties, a Hawaii general partnership  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Herbert K. Horita Realty, Inc. Phone: 847-4241  
Name (Business)  
2024 North King Street, Suite 200  
Business Address  
Honolulu, Hawaii 96819

Escrow: Developers Escrow Services, Inc. Phone: 848-2340  
Name (Business)  
2024 North King Street, Suite 202  
Business Address  
Honolulu, Hawaii 96819

General Contractor: Oahu Construction Co., Ltd. Horita Construction, Inc. Phone: 836-2981  
Name (Business)  
Post Office Box 1326 94-761 Kupuna Loop Phone: 677-5547  
Business Address (Business)  
Honolulu, Hawaii 96807 Waipahu, Hawaii 96797

Condominium Managing Agent: Realty Management Corporation Phone: 848-2373  
Name (Business)  
2024 North King Street, Suite 210  
Business Address  
Honolulu, Hawaii 96819

Attorney for Developer: Philip L. Lahne, Esq. Phone: 523-7021  
Name (Business)  
Dinman Nakamura Elisha & Lahne  
Company Name  
707 Richards Street, Penthouse One  
Business Address  
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances Document No. 92-079608  
Book \_\_\_\_\_ page \_\_\_\_\_  
 Filed - Land Court Document No. 1914129

Amendment date(s) and recording/filing information:

Joinder of West Beach Estates, as Fee Owner, to the Declaration of Condominium Property Regime of West Loch Fairways Townhomes and Bylaws of the Association of Apartment Owners of West Loch Fairways Townhomes - Land Court Document No. 1919247 and Bureau of Conveyances Document No. 92-090340.

Amendment to the Declaration of Condominium Property Regime of West Loch Fairways Townhomes and By-Laws of the Association of Apartment Owners of West Loch Fairways Townhomes - Land Court No. 1970301 and Bureau of Conveyances Document No. 92-184492 recorded November 13, 1992.

Amendment to the Declaration of Condominium Property Regime of West Loch Fairways Townhomes - Land Court No. 1977850 and Bureau of Conveyances Document No. 92-199449 recorded December 8, 1992.

- 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. 1668  
 Filed - Land Court Condo Map No. 910

Amendment date(s) and recording/filing information; N/A

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded - Bureau of Conveyances Document No. 92-079609  
Book \_\_\_\_\_ page \_\_\_\_\_  
 Filed - Land Court Document No. 1914130

Amendment date(s) and recording/filing information:

Joinder of West Beach Estates, as Fee Owner, to the Declaration of Condominium Property Regime of West Loch Fairways Townhomes and Bylaws of the Association of Apartment Owners of West Loch Fairways Townhomes - Land Court Document No. 1919247 and Bureau of Conveyances Document No. 92-090340.

Amendments dated August 25, 1992 and September 29, 1992, recorded on September 3, 1992 and October 2, 1992, respectively, as Bureau of Conveyances Documents No. 92-145165 and 92-161060, respectively, and Land Court Documents No. 1950729 and 1958467, respectively.

Amendment to the Declaration of Condominium Property Regime of West Loch Fairways Townhomes and By-Laws of the Association of Apartment Owners of West Loch Fairways Townhomes - Land Court No. 1970301 and Bureau of Conveyances Document No. 92-184492, recorded November 13, 1992.

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

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>Board of Directors</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:**

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

See EXHIBIT 'A'

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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 apartments 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 Apartments 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 cancelled if the master lease between the sublessor and fee owner is  
     Cancelled       Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

**B. Underlying Land:**

Address: Honouliuli, District of Ewa Tax Map Key: (1) 9-1-66-072  
Ewa, Hawaii (TMK)

Address  TMK ~~is expected to change because~~ for each unit is set forth in Exhibit "B"

Land Area: 9.5665  square feet  acre(s) Zoning: AG-1 & P2

Fee Owner: West Beach Estates, a Hawaii general partnership  
Name

91-100 Kamoana Place  
Address

Ewa Beach, Hawaii 96707

Sublessor: N/A  
Name

Address

**C. Buildings and Other Improvements:**

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

2. Buildings: 17 Floors Per Building two

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

**3. Principal Construction Material:**

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>136</u>	<u>residential</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____					

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

Yes       No

5. Special Use Restrictions:

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

Pets: Dogs, cats and other customary household animals may be kept in reasonable numbers, pursuant to rules and regulations determined by the Board of Directors.

Number of Occupants: \_\_\_\_\_

Other: Residential apartments occupied and used for residential purposes only.

There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators N/A      Stairways N/A      Trash Chutes N/A

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A-1,A-1(H)</u>	<u>32</u>	<u>1/1</u>	<u>681</u>	<u>89</u>
<u>A-2</u>	<u>32</u>	<u>1/1</u>	<u>764</u>	<u>68</u>
<u>B-1</u>	<u>36</u>	<u>2/1.5, .5</u>	<u>986</u>	<u>40</u>
<u>B-2</u>	<u>36</u>	<u>2/1.5, .5</u>	<u>986</u>	<u>40</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 136

*\*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.*



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

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

10. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

Exhibit   E   describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit \_\_\_\_\_

as follows:

- (1) The right to the exclusive use of at least one parking stall;
- (2) One mailbox;
- (3) Lanai and/or private yard appurtenant to each apartment.

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   F   describes the common interests for each apartment.

As follows:

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

Exhibit     G     describes the encumbrances against the title contained in the title report dated September 16, 1992 and issued by Title Guaranty of Hawaii, Incorporated.

**Blanket Liens:**

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage, in favor of Industrial Bank of Japan, Ltd., dated April 24, 1992, recorded as Document No. 92-071685 and Land Court Document No. 1910447 (See Exhibit "G")	Foreclosure - Buyer may not be able to complete purchase. Buyer's deposits may be forfeited.

F. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other \_\_\_\_\_

**G. Estimate of Initial Maintenance Fees:**

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

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

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

**H. Utility Charges for Apartments:**

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

Not applicable

Electricity (Common elements only)       Television Cable

Gas       Water & Sewer

Other   Refuse collection  

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**I. Construction Warranties:**

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

1. Building and Other Improvements:

Assignment of Contractor's Warranties, if any.

2. Appliances:

Assignment of unexpired term, if any, of any manufacturer's warranties.

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

Construction has begun. Estimated completion date is April 1993.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

None

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

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

[ X ] Notice to Owner Occupants

[ X ] Specimen Sales Contract

Exhibit  I  contains a summary of the pertinent provisions of this sales contract.

[ X ] Escrow Agreement dated  May 7, 1992

Exhibit  J  contains a summary of the pertinent provisions of this escrow contract.

[ X ] Other  Sales literature

#### **IV. ADDITIONAL INFORMATION NOT COVERED ABOVE**

The apartments are reserved housing units subject to certain conditions, restrictions, and requirements in respect to resale and occupancy.

The project documents and sales contracts contain provisions restricting the resale of the apartments and shared appreciation/equity programs.

**Buyers 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 sale contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

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

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

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

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

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

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

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

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

If these documents are not in final form, the buyer should ask to see the most recent draft.

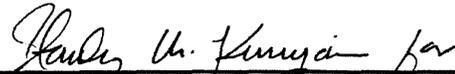
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2682 filed with the Real Estate Commission on July 2, 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.



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MARCUS NISHIKAWA, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

**Distribution:**

Bureau of Conveyances  
Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu  
Federal Housing Administration

EXHIBIT "A"

Developer's Reserved Rights to Change the  
Declaration of Condominium Property Regime,  
By-Laws, House Rules, and Condominium Map

Developer may amend the Declaration, By-Laws, House Rules, and Condominium Map as follows:

(1) By filing the "as built" verified statement (with plans, if applicable) 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 plans theretofore filed fully and accurately depict elevations of the buildings, layout, location, apartment numbers, and dimensions of the apartments as built, or (ii) so long as any plans filed therewith involve only immaterial changes to the elevations of the buildings, layout, location, apartment numbers, or dimensions of the apartments as built; and

(2) By filing an amendment to the Declaration and Condominium Map to change the designation of parking stalls and/or mailboxes as limited common elements appurtenant to particular apartments; and

(3) To effect any changes or amendments required by law, any title insurance company, or any institutional mortgagee, or as may be required by an administrative agency of any state, territory, possession, or foreign country or other foreign jurisdiction as a condition precedent to marketing the Project.

EXHIBIT "B"

ADDRESS FOR EACH UNIT

<u>UNIT</u>	<u>ADDRESS</u>	<u>UNIT</u>	<u>ADDRESS</u>
1A	91-1000 A MAKA'ALOA STREET	6A	91-1020 A MAKA'ALOA STREET
1B	91-1000 B MAKA'ALOA STREET	6B	91-1020 B MAKA'ALOA STREET
1C	91-1000 C MAKA'ALOA STREET	6C	91-1020 C MAKA'ALOA STREET
1D	91-1000 D MAKA'ALOA STREET	6D	91-1020 D MAKA'ALOA STREET
1E	91-1000 E MAKA'ALOA STREET	6E	91-1020 E MAKA'ALOA STREET
1F	91-1000 F MAKA'ALOA STREET	6F	91-1020 F MAKA'ALOA STREET
1G	91-1000 G MAKA'ALOA STREET	6G	91-1020 G MAKA'ALOA STREET
1H	91-1000 H MAKA'ALOA STREET	6H	91-1020 H MAKA'ALOA STREET
2A	91-1004 A MAKA'ALOA STREET	7A	91-1022 A MAKA'ALOA STREET
2B	91-1004 B MAKA'ALOA STREET	7B	91-1022 B MAKA'ALOA STREET
2C	91-1004 C MAKA'ALOA STREET	7C	91-1022 C MAKA'ALOA STREET
2D	91-1004 D MAKA'ALOA STREET	7D	91-1022 D MAKA'ALOA STREET
2E	91-1004 E MAKA'ALOA STREET	7E	91-1022 E MAKA'ALOA STREET
2F	91-1004 F MAKA'ALOA STREET	7F	91-1022 F MAKA'ALOA STREET
2G	91-1004 G MAKA'ALOA STREET	7G	91-1022 G MAKA'ALOA STREET
2H	91-1004 H MAKA'ALOA STREET	7H	91-1022 H MAKA'ALOA STREET
3A	91-1008 A MAKA'ALOA STREET	8A	91-1030 A MAKA'ALOA STREET
3B	91-1008 B MAKA'ALOA STREET	8B	91-1030 B MAKA'ALOA STREET
3C	91-1008 C MAKA'ALOA STREET	8C	91-1030 C MAKA'ALOA STREET
3D	91-1008 D MAKA'ALOA STREET	8D	91-1030 D MAKA'ALOA STREET
3E	91-1008 E MAKA'ALOA STREET	8E	91-1030 E MAKA'ALOA STREET
3F	91-1008 F MAKA'ALOA STREET	8F	91-1030 F MAKA'ALOA STREET
3G	91-1008 G MAKA'ALOA STREET	8G	91-1030 G MAKA'ALOA STREET
3H	91-1008 H MAKA'ALOA STREET	8H	91-1030 H MAKA'ALOA STREET
4A	91-1010 A MAKA'ALOA STREET	9A	91-1032 A MAKA'ALOA STREET
4B	91-1010 B MAKA'ALOA STREET	9B	91-1032 B MAKA'ALOA STREET
4C	91-1010 C MAKA'ALOA STREET	9C	91-1032 C MAKA'ALOA STREET
4D	91-1010 D MAKA'ALOA STREET	9D	91-1032 D MAKA'ALOA STREET
4E	91-1010 E MAKA'ALOA STREET	9E	91-1032 E MAKA'ALOA STREET
4F	91-1010 F MAKA'ALOA STREET	9F	91-1032 F MAKA'ALOA STREET
4G	91-1010 G MAKA'ALOA STREET	9G	91-1032 G MAKA'ALOA STREET
4H	91-1010 H MAKA'ALOA STREET	9H	91-1032 H MAKA'ALOA STREET
5A	91-1012 A MAKA'ALOA STREET	10A	91-1040 A MAKA'ALOA STREET
5B	91-1012 B MAKA'ALOA STREET	10B	91-1040 B MAKA'ALOA STREET
5C	91-1012 C MAKA'ALOA STREET	10C	91-1040 C MAKA'ALOA STREET
5D	91-1012 D MAKA'ALOA STREET	10D	91-1040 D MAKA'ALOA STREET
5E	91-1012 E MAKA'ALOA STREET	10E	91-1040 E MAKA'ALOA STREET
5F	91-1012 F MAKA'ALOA STREET	10F	91-1040 F MAKA'ALOA STREET
5G	91-1012 G MAKA'ALOA STREET	10G	91-1040 G MAKA'ALOA STREET
5H	91-1012 H MAKA'ALOA STREET	10H	91-1040 H MAKA'ALOA STREET

<u>UNIT</u>	<u>ADDRESS</u>	<u>UNIT</u>	<u>ADDRESS</u>
11A	91-1050 A	15A	91-1068 A
11B	91-1050 B	15B	91-1068 B
11C	91-1050 C	15C	91-1068 C
11D	91-1050 D	15D	91-1068 D
11E	91-1050 E	15E	91-1068 E
11F	91-1050 F	15F	91-1068 F
11G	91-1050 G	15G	91-1068 G
11H	91-1050 H	15H	91-1068 H
12A	91-1062 A	16A	91-1070 A
12B	91-1062 B	16B	91-1070 B
12C	91-1062 C	16C	91-1070 C
12D	91-1062 D	16D	91-1070 D
12E	91-1062 E	16E	91-1070 E
12F	91-1062 F	16F	91-1070 F
12G	91-1062 G	16G	91-1070 G
12H	91-1062 H	16H	91-1070 H
13A	91-1064 A	17A	91-1072 A
13B	91-1064 B	17B	91-1072 B
13C	91-1064 C	17C	91-1072 C
13D	91-1064 D	17D	91-1072 D
13E	91-1064 E	17E	91-1072 E
13F	91-1064 F	17F	91-1072 F
13G	91-1064 G	17G	91-1072 G
13H	91-1064 H	17H	91-1072 H
14A	91-1066 A	REC CENTER	
14B	91-1066 B	91-1060	MAKA'ALOA STREET
14C	91-1066 C		
14D	91-1066 D		
14E	91-1066 E		
14F	91-1066 F		
14G	91-1066 G		
14H	91-1066 H		

EXHIBIT "C"

Each apartment shall be deemed to include: (i) all walls and partitions which are not load-bearing within its perimeter walls, (ii) all pipes, shafts, wires, ducts, pumps, cables, conduits, and other utility or service lines running through such apartment which are utilized for and serve only that apartment, (iii) the inner decorated or finished surfaces of all walls, floors, and ceilings, (iv) all doors and windows (including but not limited to sliding glass doors, windows, or panels along the perimeters), and (v) all fixtures, appliances, built-in cabinets, carpets and floor coverings, and furnishings installed therein.

EXHIBIT "D"

(1) No apartment owner shall use his or her apartment for any purpose which will injure the reputation of the Project, or suffer anything to be done or kept in his or her apartment or elsewhere in the Project which will: (a) jeopardize the soundness of any of the buildings or other improvements, (b) interfere with or unreasonably disturb the rights of other owners or occupants, (c) obstruct any walkway, stairway, or corridor of any of the buildings, (d) increase the rate of fire insurance on any of the buildings or the contents thereof, or (e) reduce the value of the premises.

(2) No apartment owner shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, or impair any easement or hereditament, nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five per cent (75%) of the apartment owners, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained; provided that nonmaterial structural additions to the common elements, including the installation of solar energy devices or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval only by the Board of Directors and such percentage, number, or group of apartment owners as may be required by this Declaration or in the By-laws. "Nonmaterial structural additions to the common elements", as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any non-consenting owner of the use or enjoyment of any part of property, or directly affect any non-consenting owner. For purposes of this Paragraph 8, "solar energy device" means any new identifiable facility, equipment, apparatus, or the like which makes use of solar energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for its generation; provided that if the equipment sold cannot be used as a solar device without its incorporation with other equipment, it must be installed in place and ready to be made operational in order to qualify as a "solar energy device".

(3) Handicapped occupants shall be permitted to make reasonable modifications to their apartments and/or the common elements, at their expense, if such modifications are necessary to enable them to use and enjoy their apartments and/or the common elements, as the case may be.

EXHIBIT "E"

The common elements shall include the limited common elements and all portions of the Project other than the apartments, including specifically, but not limited to:

- (a) The Land in fee simple;
- (b) All foundations, floor slabs, beams, columns, supports, girders, unfinished perimeter and load-bearing walls, walkways, ramps, fences, railings, and roofs;
- (c) The parking area, guest parking stalls, driveways, roadways, pavements, walkways, refuse facilities, planted areas, grounds, landscaping, maintenance shed, and loading areas;
- (d) The recreation center, consisting of a meeting room, a kitchen, a storage area, and men's and women's toilets;
- (e) All ducts, 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, sewer, gas, refuse, telephone, radio and television signal distribution; and
- (f) Any and all other apparatus and installations of common use, and all other parts of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

The limited common elements shall include certain parts of the common elements designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

- (a) The right to the exclusive use of at least one parking stall shall be appurtenant to each apartment. The initial assignment of parking spaces appurtenant to each apartment as shown on the Condominium Map; and
- (b) One mailbox is appurtenant to each apartment, and is designated by the apartment number to which it is appurtenant; and
- (c) The lanais and/or private yards appurtenant to each apartment, as shown on the Condominium Map.

Exhibit "F"

<u>Apartment Number</u>	<u>Type</u>	<u>Percentage of Common Interest</u>	<u>Approximate Net Living Area</u>	<u>Lanai Area</u>
2A, 2B, 2C, 2D, 5A, 5B, 5C, 5D, 6A, 6B, 6C, 6D, 9A, 9B, 9C, 9D, 10A, 10B, 10C, 10D, 12A, 12B, 12C, 12D, 16A, 16B, 16C, 16D, 17A, 17B, 17C, 17D	A-1, A-1(H)	.575400	681	89
2E, 2F, 2G, 2H, 5E, 5F, 5G, 5H, 6E, 6F, 6G, 6H, 9E, 9F, 9G, 9H, 10E, 10F, 10G, 10H, 12E, 12F, 12G, 12H, 16E, 16F, 16G, 16H, 17E, 17F, 17G, 17H	A-2	.558575	764	68
1A, 1D, 1E, 1H, 3A, 3D, 3E, 3H, 4A, 4D, 4E, 4H, 7A, 7D, 7E, 7H, 8A, 8D, 8E, 8H, 11A, 11D, 11E, 11H, 13A, 13D, 13E, 13H, 14A, 14D, 14E, 14H, 15A, 15D, 15E, 15H	B-1	.884900	986	40
1B, 1C, 1F, 1G, 3B, 3C, 3F, 3G, 4B, 4C, 4F, 4G, 7B, 7C, 7F, 7G, 8B, 8C, 8F, 8G, 11B, 11C, 11F, 11G, 13B, 13C, 13F, 13G, 14B, 14C, 14F, 14G, 15B, 15C, 15F, 15G	B-2	.884900	986	40

EXHIBIT "G"

Encumbrances Against Title

1. Any and all Real Property Taxes that may be due and owing. Refer to the Director of Finance, City and County of Honolulu, for further information.

2. AS TO PARCEL FIRST:

(A) Conditions for development set forth in instrument dated February 17, 1989, recorded in Liber 22883 at Page 224, by the Department of General Planning of The City and County of Honolulu, a municipal corporation, as imposed by the Land Use Commission. Said document sets forth the conditions upon which the Project shall be developed as an affordable housing project.

(Not noted on Transfer Certificate of Title referred to herein)

(B) Conditions for development set forth in instrument dated November 3, 1989, filed as Land Court Document No. 1684310, recorded in Liber 23899 at Page 199, by the Department of General Planning of The City and County of Honolulu, a municipal corporation, as imposed by the Land Use Commission. Said document sets forth the conditions upon which the Project shall be developed as an affordable housing project.

(C) Lot 6219-B will have access in favor of Lot 6219-A, as shown on Map 569, as set forth by Land Court Order No. 103582, filed August 26, 1991.

3. AS TO PARCEL SECOND:

(A) Reservation in favor of the State of Hawaii of all mineral and metallic mines. To the extent minerals and/or metallic mines are discovered on the property, the State of Hawaii has reserved all rights therein.

(B) Conditions for development set forth in instrument dated February 17, 1989, recorded in Liber 22883 at Page 224, by the Department of General Planning of The City and County of Honolulu, a municipal corporation, as imposed by the Land Use Commission. Said document sets forth the conditions upon which the Project shall be developed as an affordable housing project.

(Note noted on Transfer Certificate of Title referred to herein)

(C) Access in favor of Lot 6219-A, as shown on Map 569, as set forth by Land Court Order No. 103582, filed August 26, 1991.

4. Lots 6219-A and 6219-B will be conveyed together with Lot 2, as shown on File Plan No. 2042, as set forth by Land Court Order No. 103582, filed August 26, 1991.
5. CRM wall at the corner of Aawa Drive and Makaaloa Street constructed within Lots 6750 and 6219-B, as shown on surveyor's map prepared by George A. Sumida, Registered Professional Land Surveyor, dated April 26, 1992.
6. **ADDITIONAL SECURITY MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

**MORTGAGOR** : WEST BEACH ESTATES, a duly registered Hawaii general partnership

**MORTGAGEE** : THE INDUSTRIAL BANK OF JAPAN, LIMITED, a corporation formed under the laws of Japan, acting through its Los Angeles Agency

**DATED** : April 24, 1992  
**FILED** : Land Court Document No. 1910447  
**RECORDED** : Document No. 92-071685  
**AMOUNT** : Mortgaging the premises described in Schedule C, as security for that certain promissory note dated March 27, 1990 in the principal sum of \$379,000,000.00, provided that the aggregate amount of all advances under the revolving loan does not exceed \$450,000,000.00

Said encumbrance shall be released as the individual apartments are conveyed to the owners.

7. Unrecorded Development Agreement dated August 1, 1990, by and between the CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii, "City", and WEST BEACH ESTATES, a Hawaii general partnership consisting of HORITA CORPORATION, a Hawaii corporation, and SKG PROPERTIES, a Hawaii general partnership, "Developer", a SHORT FORM OF DEVELOPMENT AGREEMENT is dated August 1, 1990, filed as Land Court Document No. 1798569, recorded as Document No. 92-073625.

CONSENT TO ASSIGNMENT OF DEVELOPMENT AGREEMENT AND ESTOPPEL CERTIFICATE dated April 24, 1992, filed as Land Court Document No. 1910448, and recorded as Document No. 92-071687, by the

CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii.

8. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in the Declaration of Condominium Property Regime dated April 29, 1992, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1914129, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-79608, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map Nos. 910 and 1668 filed in said Office of the Assistant Registrar, and recorded in said Bureau of Conveyances.)

Joinder of West Beach Estates, as Fee Owner, to the Declaration of Condominium Property Regime of West Loch Fairway Townhomes and By-Laws of the Association of Apartment Owners of West Loch Fairways Townhomes dated June 4, 1992, filed as Land Court Document No. 1919247, recorded as Document No. 92-090340.

Said Declaration was amended by Land Court Document No. 1970301 and Bureau of Conveyance Document No. 92-184492 recorded November 13, 1992, and Land Court Document No. 1977850 and Bureau of Conveyance Document No. 92-199449 recorded December 8, 1992.

9. By-Laws of the Association of Apartment Owners of the Condominium Project known as "WEST LOCH FAIRWAYS TOWNHOMES" dated April 29, 1992, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1914130, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-79609, as the same may hereafter be amended.

Joinder of West Beach Estates, as Fee Owner, to the Declaration of Condominium Property Regime of West Loch Fairway Townhomes and By-Laws of the Association of Apartment Owners of West Loch Fairways Townhomes dated June 4, 1992, filed as Land Court Document No. 1919247, recorded as Document No. 92-090340.

Said By-Laws were amended by instruments dated August 25, 1992, September 29, 1992, and November 12, 1992, and recorded as Bureau of Conveyances Document Nos. 92-145165, 92-161060, and 92-184492, respectively, and also as Land Court Document Nos. 1950729, 1958467, and 1970301, respectively.

WEST LOCH FAIRWAYS TOWNHOMES

EXHIBIT       H      

I. ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS AND ESTIMATE OF INITIAL MAINTENANCE FEE ASSESSMENT.

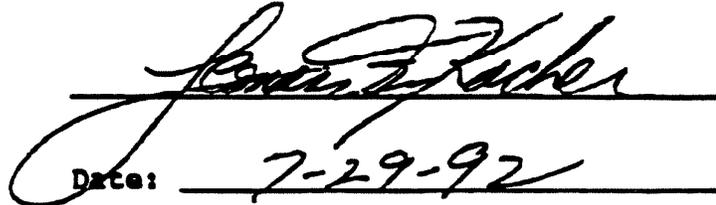
<u>DISBURSEMENTS</u>	<u>MONTHLY</u>	<u>X 12 MONTHS = YEARLY TOTAL</u>
<b>MAINTENANCE AND SERVICES:</b>		
Electricity	\$ 300	\$ 3,600
Refuse Collection	1,600	19,200
Water	1,400	16,800
Sewer	1,700	20,400
<b>MAINTENANCE, REPAIRS, AND SUPPLIES</b>		
Building	200	2,400
Grounds	2,000	24,000
<b>MANAGEMENT</b>		
Management Fee	1,850	22,200
Office Administration	200	2,400
Insurance	1,800	21,600
Reserves	2,000	24,000
Audit & Tax Return	150	1,800
Legal Fees	100	1,200
	<hr/>	<hr/>
<b>TOTALS:</b>	<b>\$13,300</b>	<b>\$159,600</b>

II. MONTHLY MAINTENANCE FEE ASSESSMENT PER UNIT:

No.	Type	Monthly Assessment	Annual Assessment	Total
32	A-1 (lower)	\$ 76.53	\$ 918.36	\$ 29,387.52
32	A-2 (upper)	74.29	891.48	28,527.36
72	B	117.69	1,412.28	<u>101,684.16</u>
			Total:	<u>\$159,599.04</u>

Note: The proposed monthly budget figures and resulting maintenance fees are subject to increases or decreases.

REALTY MANAGEMENT CORPORATION, as managing agent for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
Date: 7-29-92

Revised on \_\_\_\_\_.

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

920343  
01/31/92

EXHIBIT "I"

SUMMARY OF SALES CONTRACT: The specimen Sales Contract contains, among other things, the following provisions:

1. SELLER'S RIGHT TO MODIFY DOCUMENTS/PROJECT. Subject to any applicable rescission rights that Buyer may have pursuant to Section 514A-63, Hawaii Revised Statutes:

(a) Seller reserves the right to modify the Declaration, By-Laws, Condominium Map, Apartment Deed, and other documents as may be required by law, any title insurance company, any institutional mortgagee or governmental agency, or as otherwise may be deemed necessary or appropriate by Seller, and Buyer authorizes Seller to make and specifically approves all changes to said documents and the Project, provided that such approval shall not be deemed to constitute a waiver of Buyer's rescission rights under Section 514A-63, Hawaii Revised Statutes.

(b) Buyer acknowledges that the Architect in its sole discretion may increase or decrease the thickness of any wall within the Apartment, resulting in the room dimensions becoming smaller or larger than those shown on the Condominium Map, and Buyer hereby authorizes and specifically approves any such changes. Seller further reserves the right to require alterations of the Project (and to modify any such documents as Seller deems necessary or appropriate in light of such changes) to change the configuration of, to alter the number of rooms of, to decrease or increase the size of, or to change the location of any other apartment and/or parking area, and to make other changes to the Apartment, any of the other apartments, or the common elements. Seller may increase or decrease the number of parking stalls which may be assigned to the Apartment covered by this Agreement, provided that in no event shall any apartment be assigned fewer than one (1) parking stall. No taking by eminent domain of an easement or other limited right or of a portion of the common elements shall be deemed grounds for cancellation of this Agreement.

2. WARRANTIES. SELLER WILL ASSIGN ANY CONTRACTORS' OR MANUFACTURERS' WARRANTIES TO BUYER. EXCEPT FOR SUCH ASSIGNMENT, SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE HOMES, COMMON ELEMENTS, APPLIANCES, FURNISHINGS, OR ANYTHING INSTALLED IN OR UPON THE APARTMENTS OR THE PROJECT OR USED IN CONNECTION WITH THE APARTMENTS OR THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION, OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

3. TIME IS OF THE ESSENCE; SELLER'S REMEDIES; COSTS AND ATTORNEYS' FEES. Time is of the essence with regard to each of the terms of the Sales Contract, and if Buyer shall default in any pay-

ment when due, or fail to perform any other obligation required of the Buyer hereunder, Seller may notify Buyer in writing of such default and if such default shall not be cured within fifteen (15) days after receipt of such notice, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In such event, all sums paid by Buyer thereunder shall belong absolutely to Seller as liquidated damages, or at Seller's option, Seller may pursue any other remedies in law or in equity for specific performance, damages, or otherwise, and all costs, including reasonable attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

4. ASSIGNMENT. Buyer may not assign its rights or obligations under the Sales Contract or any portion thereof without the prior written consent of Seller, which consent may be withheld and/or conditioned at Seller's sole discretion.

5. RESTRICTIONS ON TRANSFER.

(a) The following restriction shall apply to any transfer of the Apartment by the Buyer and such Buyer's heirs, personal representatives and assigns, for a term of ten (10) years from the date of recordation of a deed from Seller to Buyer of the Apartment (the "Restriction Period"):

If the Buyer wishes to transfer title to the Apartment or any interest thereon or portion thereof at any time during the Restriction Period, the City and County of Honolulu (herein the "City") shall have the first option to purchase the Apartment at a price which shall not exceed the sum of:

(1) The original cost to the Buyer as defined in rules adopted by the City;

(2) The cost of any improvements added by the Buyer as defined in rules adopted by the City; and

(3) Simple interest on the original cost and capital improvements to the Buyer at the rate of one percent (1%) a year.

The City may purchase the Apartment either: (i) outright, free and clear of all liens and encumbrances; or (ii) by transfer subject to an existing mortgage which, by its terms or upon consent of the mortgagee, is assumable by the City.

If, by outright purchase, the City shall ensure that all existing mortgages, liens and encumbrances are fully paid.

In any purchase by transfer subject to an existing mortgage which is assumable, the City, shall agree to assume and to pay the Buyer's obligation on any first mortgage created for the purpose of enabling the Buyer to obtain funds for the purchase of

the Apartment and any other mortgages which were created with the approval and consent of the City. In such cases, the amount to be paid to the Buyer by the City shall be the difference between the above mentioned price and the principal balance of all mortgages outstanding and assumed at the time of transfer of title to the City. Any mortgage owned or insured by a mortgage holder, as defined in Section 201E-2, Hawaii Revised Statutes, shall be assumable only upon such terms and conditions as are prescribed by the applicable requirements or regulations of such mortgage holder.

(b) The restrictions prescribed in the above Paragraph a. may be waived if:

(1) Buyer wishes to transfer title to the Apartment by devise or through the laws of descent to a family member who would otherwise qualify to own the Apartment under rules established by the City; or

(2) City determines, in accordance with rules adopted by the City, that the sale or transfer of the Apartment, at a price and upon terms as the City shall determine, preserves the intent of Chapter 201E, Hawaii Revised Statutes, without the necessity of repurchasing the Apartment; provided that the Buyer shall sell the Apartment and sell or assign the Apartment to a person who is a "qualified resident". For purposes herein, a "qualified resident" means a person who:

(i) Is a citizen of the United States or a resident alien;

(ii) Is at least eighteen years of age;

(iii) Is domiciled in the State of Hawaii and has a bona fide intent to reside in the dwelling unit being purchased;

(iv) Has a gross income sufficient to qualify for the loan to finance the purchase; and

(v) Either oneself or together with spouse does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, and whose spouse does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, except when husband and wife are living apart under a decree of separation from bed and board issued by the family court pursuant to Section 580-71, Hawaii Revised Statutes.

#### 6. RESTRICTIONS ON USE

(a) The Apartment shall be occupied by the Buyer at all times during the Restriction Period except as approved in writing by the City.

(b) From time to time the City may submit a verification of owner-occupancy form to the Buyer.

(c) Violation of Paragraphs a. or b. contained herein shall be sufficient reason for the City, at its option, to purchase the Apartment as provided in Paragraph 5, above.

7. TERMINATION OF RESTRICTIONS

(a) The restrictions prescribed in Paragraphs 5 and 6 above shall be automatically extinguished and shall not attach to the Apartment in the cases of subsequent transfers of title when a mortgage holder, as defined in Section 201E-2, Hawaii Revised Statutes, or any other person becomes the owner of the Apartment pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced or when a mortgage is assigned to a federal housing agency. Any law to the contrary notwithstanding, a mortgagee under a mortgage covering the Apartment encumbered by the option to purchase in favor of the City shall, prior to commencing mortgage foreclosure proceedings, notify the City of (i) any default of the mortgagor under the mortgage within ninety days after the occurrence of the default, and (ii) any intention of the mortgagee to foreclose the mortgage under Chapter 667 of the Hawaii Revised Statutes; provided that the mortgagee's failure to provide such written notice to the City shall not affect such mortgagee's rights under the mortgage. City shall be a party to any foreclosure action and shall be entitled to all proceeds remaining in excess of all customary and actual costs and expenses of transfer pursuant to default, including liens and encumbrances of record; provided that the person in default shall be entitled to an amount which shall not exceed the sum of the amounts determined pursuant to Paragraphs 5 a(1)(b) and (c) and the Buyer's equity in the Apartment.

(b) The restrictions prescribed in Paragraphs 5 and 6 above shall automatically terminate at the end of the Restriction Period and Buyer may sell, assign or transfer the Property free and clear of the restrictions.

8. BUYER'S AGREEMENT TO PAY CITY A SHARE OF THE NET APPRECIATED VALUE OF THE APARTMENT

The Apartment was developed by the Seller with assistance from the City which provided such assistance in furtherance of the interest of the State of Hawaii of addressing the need for safe, sanitary and reasonably priced housing as more particularly set forth in Hawaii Revised Statutes, Section 201E-1.

For the opportunity which City has created to enable the Buyer to purchase the Apartment for the "Purchaser's Original Purchase Price" rather than for the "Original Fair Market Value", the Buyer, jointly and severally, if more than one Buyer, agrees to the

"Shared Appreciation or Equity Program" ("Program") of City. Under the Program, the Buyer agrees to pay to City a share of the "Net Appreciation" which the Buyer realizes or is deemed to have realized upon the sale or transfer of the Apartment (as such terms are defined below).

The Buyer will agree that title to the Apartment is being conveyed to the Buyer subject to the following terms and conditions.

(a) Meaning of Words Used in this Paragraph 8

(1) "Original Fair Market Value" means the sum which represents the fair market value of the Apartment as determined by a Federal Housing Administration ("FHA") appraisal (or if such an appraisal is not available, a comparable appraisal obtained by City).

(2) "Purchaser's Original Purchase Price" means the sum for which the Buyer is purchasing the Apartment from Seller.

(3) "City's Percentage Share" means the percentage which was calculated by subtracting the Purchaser's Original Purchase Price from the Original Fair Market Value and divided by the Original Fair Market Value, rounded to the nearest one-hundredth of one percent.

(4) "Purchaser's Original Percentage Share" means the difference between 100% minus City's Percentage Share.

(5) "Fair Market Value" means the fair market value of the Apartment as determined by an appraisal obtained and performed in the manner described below in Paragraph (c), if and when the Buyer subsequently sells or transfers the Apartment.

(6) "Net Appreciation" means:

Fair Market Value of Apartment - Purchaser's Original Purchase Price - The amount obtained by multiplying the following fraction:

Fair Market Value of the Apartment divided by Actual Sale price

by the sum of the following sales and closing expenses which the Buyer actually pays in the case of a bona fide arm's length sale (but not including a foreclosure sale) of the Apartment: (i) escrow fees, (ii) title report fees (not including any title insurance premiums), (iii) drafting of conveyance documents, (iv) conveyance taxes, (v) notary fees, (vi) recording fees, and (vii) real estate commissions. (The foregoing fraction shall not exceed a value of "1".)

(b) City's Share of the Net Appreciation Due on Sale or Transfer of the Apartment. Except for a "Permitted Transfer", as that term is defined below, or a sale or transfer to the City pursuant to Paragraph 5 hereof, the Buyer shall promise and agree that if and when all or any part of or interest in the Apartment is sold or transferred or if the Buyer shall be divested of title or any interest in the Apartment, in any manner, voluntarily or involuntarily, including a judicial or nonjudicial foreclosure sale, City will immediately be entitled to a share of the Net Appreciation equal to City's Percentage Share x Net Appreciation.

The Buyer shall agree to give City written notice as soon as the Buyer has reached an agreement or understanding for the sale or transfer of the Apartment together with the specific terms of such sale or transfer. The Buyer shall pay City's Percentage Share of the Net Appreciation on the effective date of such sale or transfer. If City's share of the Net Appreciation is not paid when due, interest on City's share of the Net Appreciation will accrue at the simple annual rate of 12% until paid. In addition, City will be entitled to be paid reasonable attorneys' fees and costs to enforce its rights hereunder. Subject to the provisions in Paragraph (g) below, the obligation to pay City's share of the Net Appreciation will survive any Permitted Transfer with respect to the Buyer and any person or entity who acquires an interest in the Apartment as a result of a Permitted Transfer.

(1) A sale or transfer of the Apartment will be deemed to have taken place upon the occurrence of any one of the following events:

(i) When the Buyer sells or transfers the Apartment or any legal or beneficial right, title or ownership interest in the Apartment, including by way of an agreement of sale or a lease with an option to purchase the Apartment;

(ii) When the Buyer no longer uses the Apartment as Buyer's principal residence but continues to retain legal and/or equitable title to the Apartment; or

(iii) When the Buyer rents the Apartment or any part of the Apartment to someone else but continues to retain legal and/or equitable title to the Apartment.

City may, but is not required to, extend the time by when City's Share of the Net Appreciation will become due and payable for a period not exceeding one year if: (i) the Apartment is covered by a First Mortgage (as that term is defined below in Paragraph (g) which is insured or held by FHA, and (ii) the transfer involves a transfer under (2) or (3), above, and (iii) the transfer is temporary and is for a period of time not exceeding one year, and (iv) City determines, in City's sole discretion, that the transfer under (2) or (3) above is necessary because of adverse circumstances involving the Buyer.

(2) The following transfers ("Permitted Transfers") will not result in City's share of the Net Appreciation becoming due and payable. However, the Buyer must still notify City and obtain City's consent prior to a Permitted Transfer.

(i) The creation of a lien or other encumbrance which does not relate to a transfer of rights of occupancy in the Apartment provided that the total amount of all liens and other encumbrance which are secured by the Apartment must not exceed 80% of the sum of the Purchaser's Original Purchase Price plus the Purchaser's Original Percentage Share of the then Net Appreciation as determined by an appraisal obtained by City at the Buyer's cost and expense;

(ii) A transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety;

(iii) A transfer to a relative resulting from Buyer's death;

(iv) A transfer where Buyer's spouse or children become an owner of the Apartment;

(v) A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which Buyer's spouse becomes an owner of the Apartment; and

(vi) A transfer into an inter vivos trust in which Buyer is and remains the primary beneficiary and which does not relate to a transfer of rights of occupancy in the Apartment (i. e., Buyer must continue to use the Apartment as Buyer's principal residence after the transfer).

(c) Determination of Fair Market Value by Appraisal. Whenever it shall become necessary to determine the Net Appreciation, City will select an independent appraiser who has any of the qualifications set forth below and who shall prepare a written appraisal of the Fair Market Value of the Apartment within 45 calendar days after the Buyer has given City written notice that the Buyer will be selling or transferring the Apartment together with the terms of such sale or transfer. The appraisal shall not include the value of any improvements which the Buyer may have added to the Apartment after the date of the Deed. Items of repair and maintenance shall not be considered to be improvements. The Buyer will pay the cost of City's appraisal.

City will send to the Buyer by first class mail a copy of the written appraisal no later than ten (10) business days after the appraisal has been completed together with a notice

informing the Buyer that the Buyer may procure an independent appraisal within 45 calendar days if the Buyer disputes City's appraisal.

If the Buyer does not dispute City's appraisal, that appraisal will constitute a final and conclusive determination of the Fair Market Value of the Apartment. If the Buyer disputes City's appraisal, the Buyer may, at the Buyer's own expense, procure an appraisal by an independent appraiser who has any of the qualifications set forth below. The purchaser will send a copy of the Buyer's appraisal to City within 10 business days after it has been completed. If the Buyer's appraisal is lower than City's appraisal, the Fair Market Value of the Apartment will be taken to be one-half the sum of the two appraisals. If the Buyer's appraisal is not lower, City's appraisal will govern.

All appraisals will be made only by an appraiser having one or more of the following qualifications: (i) State of Hawaii licensed appraiser; or (ii) State of Hawaii certified appraiser.

(d) Cancellation of this Paragraph 8. Subject to the provisions of Paragraph (g), below, City's right to be paid a share of the Net Appreciation will continue in full force and effect and will constitute a lien on the Apartment until either (1) or (2), below, has occurred:

(1) The Buyer has sold or transferred the Apartment pursuant to Paragraph 5 hereof; or

(2) The Buyer has sold or transferred the Apartment and City has been fully paid City's share of the Net Appreciation and any other amounts which the Buyer is obligated to pay to City.

Thereafter, the City will sign and cause to be recorded a document which need only be signed by City and which acknowledges that the Buyer's obligation to pay City a share of the Net Appreciation has been fully satisfied and that this Paragraph 8 is then being cancelled.

(e) Sale or Transfer of the Apartment to City Pursuant to Paragraph 5. The provisions in this Paragraph will not apply in the case where City exercises City's first option to purchase the Apartment as set forth in Paragraph 5 above.

(f) Payment of City's Percentage Share of Net Appreciation in Advance. The Buyer may elect to pay all or any part of City's share of the Net Appreciation at any time and in advance without having to sell or transfer the Apartment. If the Buyer pays only a part of City's share of the Net Appreciation in advance, the Purchaser's Original Purchase Price will be increased after the payment is made for the purpose of making any later

calculation to determine the balance of City's share of the Net Appreciation. The Purchaser's Original Purchase Price, as increased, will be referred to as the "Purchaser's Adjusted Purchase Price" which will be equal to the sum of:

- Purchaser's Original Purchase Price
- + Partial Payment Amount divided by City's Percentage Share
- + Any prior increase(s) to the Purchaser's Original Purchase Price

The Purchaser's Adjusted Purchase Price will be substituted for the "Purchaser's Original Purchase Price" for any subsequent calculation of the Net Appreciation under this Paragraph.

(g) First Mortgage Protection. The foregoing provisions shall not apply with respect to:

(1) The first purchase money mortgage ("First Mortgage"), if any, which is being placed on the Apartment.

(2) The first purchase money mortgagee ("First Mortgagee") named in the First Mortgage, including the first purchase money mortgagee's successors and assigns.

(3) The rights of the First Mortgagee to foreclose or take title pursuant to the remedies in the First Mortgage, to accept a deed in lieu of foreclosure in the event of default by the Buyer, as mortgagor under the First Mortgage, or to sell or lease the Apartment acquired by the First Mortgagee.

(4) Any person or persons acquiring the Apartment as a result of foreclosure or by a deed in lieu of foreclosure of the First Mortgage or any successor, transferee, or assignee of such person or persons.

Provided, however, that the Buyer promises and agrees to provide notice to City of the First Mortgage and to cause the holder of the First Mortgage to provide written notice to City of any default under the First Mortgage. Provided, further, however, that if the First Mortgage is (i) insured or held by FHA, or (ii) guaranteed or held by FNMA or FHLMC, Buyer's failure to cause the holder of the First Mortgage to provide written notice to City of any default under the First Mortgage or any failure of the holder of the First Mortgage to provide such written notice shall not affect such holder's rights under this Paragraph (g).

City specifically subordinates any lien or contingent lien rights that City may have under this Paragraph 8 to the lien of the First Mortgage. Any holder of the First Mortgage or any person who acquires legal title to the Apartment as a result of a foreclosure or a deed in lieu of foreclosure of the First

Mortgage shall acquire legal title free of such lien or contingent lien rights that City may have under this Paragraph. This Paragraph 8 shall be null and void upon a conveyance of the Apartment through a foreclosure sale or a deed in lieu of foreclosure.

(h) Notice to the Buyer. THIS PARAGRAPH 8 PROVIDES THAT IF THE BUYER SELLS OR TRANSFERS THE APARTMENT OTHER THAN PURSUANT TO PARAGRAPH 5, CITY WILL BE ENTITLED TO BE PAID IMMEDIATELY A SHARE OF THE APPRECIATION OR EQUITY IN THE APARTMENT. THIS PARAGRAPH ALSO EXPLAINS WHEN A SALE OR TRANSFER OF THE APARTMENT HAS OR WILL BE DEEMED TO HAVE TAKEN PLACE. IF THE APARTMENT IS SOLD OR TRANSFERRED AND THE BUYER DOES NOT PAY CITY'S SHARE OF THE NET APPRECIATION OF EQUITY IN THE APARTMENT AS SET FORTH ABOVE, CITY MAY TAKE LEGAL ACTION WHICH MAY RESULT IN THE FORECLOSURE SALE OF THE APARTMENT. IF THERE IS A FIRST MORTGAGE COVERING THE APARTMENT WHICH IS INSURED OR HELD BY FHA, FHA MAY NOT BE ABLE TO HELP THE BUYER.

9. OTHER CONDITIONS ACKNOWLEDGED BY BUYER.

(a) Buyer may experience aircraft noise from time to time from aircraft taking off and/or landing at Honolulu International Airport, Hickam Air Force Base, and Barber's Point Naval Air Station.

(b) The Project is located near or adjacent to land and easements used for or in connection with agricultural operations, including but not limited to the cultivation of sugar cane and meat processing facilities, which may cause some unpleasant odors, surface water runoff, noise, dust, smoke and other unpleasant effects that may bother or be a nuisance to the Buyer.

(c) Buyer acknowledges that the Hawaii Right to Farm Act, Chapter 165, Hawaii Revised Statutes limits the circumstances under which preexisting farming operations, as defined in Section 165-2, HRS, may be deemed a nuisance. Buyer hereby releases and agrees to indemnify and hold harmless, Oahu Sugar Company, Limited and its officers, directors, employees, agents, successors and assigns and the City and County of Honolulu, its elected officials, department heads, employees, agents, successors and assigns from and against any and all liability, claims and expenses relating to any claim by the Buyer or any person using or occupying the Apartment or the Project arising directly or indirectly out of or from the above-mentioned effects, and hereby agrees to include these provisions in any subsequent conveyance.

(d) Buyer will be required to attend homeownership counseling courses to be given by the Seller within six months of closing and continuing quarterly thereafter.

(e) An easement for railroad purposes formerly used by Oahu Railway and Land Company to operate trains to and from Honolulu to Nanakuli and located on the southwest portion of the Project has been designated as a "historic" property. There are plans to operate a passenger train on the railway easement which may cause unpleasant odors, noise, dust, smoke, earth movements and/or other unpleasant effects.

(f) A cemetery site is located within the West Loch Phase 2 Subdivision site.

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT: An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is DEVELOPERS ESCROW SERVICES, INC., a Hawaii corporation (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

Sale Contracts Deposited in Escrow. As of when Developer shall enter into a sales contract for the sale of a unit it shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall require that all payments to be made thereunder shall be made to Escrow and shall be accompanied by the initial deposit required thereunder.

Receipt of Funds by Escrow. Developer shall pay over to Escrow all payments made by purchasers under sales contracts. This includes any loan payments from purchasers' lenders. In accordance with Developer's written instructions to Escrow, Escrow shall deposit all funds received in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits. All interest earned from such accounts shall be credited to the account of seller.

Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

a. The Real Estate Commission has issued a final public report (the "Final Report") on the Project; and the purchaser has received a copy of the Final Report and given Developer a receipt for it; and

b. The requirements of Sections 514A-40 and 514A-63 through 514A-67, Hawaii Revised Statutes, have been met. The Developer or Developer's attorney has delivered a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62, and 514A-63, Hawaii Revised Statutes, as amended, have been met; and

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

Disbursement of Purchaser's Funds. Subject to the provisions of the preceding paragraph, and upon prior approval of Developer's construction mortgagee, disbursements from the funds held in escrow

shall be made by Escrow from time to time to pay for construction costs in accordance with bills submitted to Escrow from time to time from Developer, which said bills shall have been approved or certified for payment by Developer's construction mortgagee or a financially disinterested person. The balance remaining in escrow shall be disbursed in accordance with the directions of the Developer and Developer's mortgagee only upon completion of the buildings of the Project and when Escrow shall have received satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover such claims.

Return of Funds and Documents. A purchaser shall be entitled to a return of his funds and Escrow will pay such funds to such purchaser, without interest, minus Escrow's cancellation fee, if one of the following has occurred:

a. Escrow receives a written request from the Developer to return funds to purchaser; or

b. 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 agreement pursuant to Section 514A-62, Hawaii Revised Statutes, as amended.

Purchaser's Default. Developer will notify Escrow in writing that a purchaser has defaulted and that Developer has cancelled that purchaser's Sales Contract. Escrow will then treat the purchaser's funds, less Escrow's cancellation fees, as belonging to Developer.