CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Kawainui Corporation
Address 1149 Maunawili Road, Kailua, Hawaii 96734

Project Name(*): HALE MAKALEI
Address: 711 and 715 Wailepo Place, Kailua, HI 96734

Registration No. 2915

Effective date: November 25, 1994
Expiration date: December 25, 1995

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

___ SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated: _____
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

[ ] No prior reports have been issued by the developer.

[X] Changes made are as follows:

Contrary to the preliminary public report for this Project, the parking stalls are not pre-assigned to the condominium units. Rather, Buyer shall be notified of the parking stall and parking lift, if applicable, to be attached as limited common elements of the condominium unit Buyer is purchasing, within ten (10) business days of the date of Seller's receipt of an executed sales contract. The parking lift will be attached to the condominium unit prior to the scheduled closing date of said condominium unit.

Notwithstanding any provision contained in the Declaration of Condominium Property Regime ("Declaration"), Developer reserves the right to unilaterally amend the Declaration to attach a parking stall and parking lift, if applicable, to a specified condominium unit or remove a parking stall and parking lift, if applicable, appurtenant to an unsold condominium unit and attach said parking stall and parking lift, if applicable, to any unsold condominium unit as Developer deems appropriate in its sole discretion. This amendment of the Declaration shall require only the signature of the Developer and its mortgagee, if applicable, and recordation in Land Court. Developer shall retain this reserved right until all condominium units have been sold and conveyed to purchasers or Developer relinquishes such reserved right by written instrument, whichever occurs first.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Kawainui Corporation
Name
1149 Maunawili Road
Business Address
Kailua, HI 96734
Phone: 262-4469 (Business)

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

James S. Dial - President
Judith A. Moody - Vice President
Donald W. Moody - Secretary/Treasurer

Real Estate Broker: The Prudential Locations
Name
7 Waterfront Plaza, Suite 210
Business Address
500 Ala Moana Boulevard
Honolulu, HI 96813
Phone: 545-8800 (Business)

Escrow: Old Republic Title & Escrow of Hawaii
Name
900 Fort Street, 10th Floor
Business Address
Honolulu, HI 96813
Phone: 536-0842 (Business)

General Contractor: Mouse Builders, Inc.
Name
P.O. Box 247
Business Address
Kailua, HI 96734
Phone: 261-6805 (Business)

Condominium Managing Agent: Hawaiiana Management Co., Ltd.
Name
1270 Ala Moana Boulevard
Business Address
Honolulu, HI 96814
Phone: 593-9100 (Business)

Attorney for Developer: Watanabe, Ing & Kawashima
Name
745 Fort Street, 5th Floor
Business Address
Honolulu, HI 96813
Attn: Lyle Y. Harada/Donna Y. Kanemaru
Phone: 544-8300 (Business)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

[ ] Proposed

[ ] Recorded - Bureau of Conveyances: Document No._____
Book_____ Page _____

[X] Filed - Land Court: Document No. 2182900

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

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

The Condominium Map for this condominium project is:

[ ] Proposed

[ ] Recorded - Bureau of Conveyances Condo Map No. _____

[X] Filed - Land Court Condo Map No. 1045

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed

[ ] Recorded - Bureau of Conveyances: Document No._____
Book_____ Page _____

[X] Filed - Land Court: Document No. 2182901

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

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

The House Rules for this condominium are:

[ ] Proposed [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	By majority of Board of Directors

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

2. Developer:

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

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

Developer may amend (a) at any time prior to recording the first condominium deed or other conveyance to a party not a signatory to the Declaration or Bylaws; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project, or by any governmental agency of any other jurisdiction; (c) to file the "as-built" verified statement required by Section 514A-12, HRS, as amended; or (d) to make any amendments required by the Department of Housing and Urban Development, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or any institution providing financing.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires:_____

Rent Renegotiation Date(s):_____

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

For Subleaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires:_____
Rent Renegotiation Date(s):_____

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 711 and 715 Wailepo Place
Kailua, Hawaii 96734 Tax Map Key: (1) 4-3-58:56 & 57 (TMK)

[X] Address [ ] TMK is expected to change because the proposed project will be located on two parcels of land.

Land Area: 13,210 [X] square feet [ ] acre(s) Zoning: A-2

~~Lessor~~ James Stuart Dial
(Fee Owner): Donald Wayne Moody & Judith Ann Moody
Name
1149 Maunawili Road
Address
Kailua, HI 96734

Sublessor: _____
Name
_____
Address
_____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building 4

[X] Exhibit A contains further explanations.

3. Principal Construction Material:

[X] Concrete [ ] Hollow Tile [X] Wood

[ ] Other_____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[X] Residential	24	[X] Yes [ ] No	[ ] Ohana	N/A	[ ] Yes [ ] No
[ ] Commercial	N/A	[ ] Yes [ ] No	[ ] Industrial	N/A	[ ] Yes [ ] No
[ ] Mix Res/Comm	N/A	[ ] Yes [ ] No	[ ] Agricultural	N/A	[ ] Yes [ ] No
[ ] Hotel	N/A	[ ] Yes [ ] No	[ ] Recreational	N/A	[ ] Yes [ ] No
[ ] Timeshare	N/A	[ ] Yes [ ] No	[ ] Other:_____	_____	[ ] Yes [ ] No

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

5. Special Use Restrictions:

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

[X] Pets: one (1) dog or cat weighing no more than twenty-five (25) pounds permitted.

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1 Stairways: 2 Trash Chutes: 0

Apt. Type **	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)

Total Apartments: 24 **See Exhibit "B"

**Square footages listed therein are approximations.

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

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

Boundaries of Each Apartment:

See Exhibit "C"

Permitted Alterations to Apartments:

See Exhibit "D"

7. Parking Stalls:

Total Parking Stalls: 45 See Exhibit "I"

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)							42
Guest							3
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open							

Each apartment will have the exclusive use of at least one 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.

[X] Exhibit I contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute

[X] Other: See Exhibit "E" for common elements.

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

[X] There are no violations. [ ] Violations will not be cured.

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

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

N/A

11. 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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

D. Common Elements, Limited Common Elements, Common Interest

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

[X] described in Exhibit E.

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[ ] described in Exhibit _____.

[X] as follows:

Each unit shall have exclusive use of one (1) mailbox.

Each unit shall have exclusive use of at least one (1) parking space as identified on the Condominium Map and Exhibit "B" attached hereto.

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

[X] described in Exhibit B.

[ ] as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated August 4, 1994 and issued by Old Republic Title & Escrow of Hawaii.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

[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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Loan	Mortgagee may foreclose and cancel all reservations and non-binding sales contracts. Purchaser's deposit will be refunded, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:

See Exhibit "G"

2. Appliances:

A description of warranties on the appliances to be installed in each condominium unit is presently unavailable because the purchase contracts have not been executed. The Developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixture or appliance. By such assignment, DEVELOPER IS NOT ADOPTING ANY SUCH CONTRACTOR'S, MANUFACTURER'S OR DEALER'S WARRANTIES OR ACTING AS CO-WARRANTOR, BUT IS MERELY ATTEMPTING TO PASS THROUGH TO BUYER THEIR BENEFIT OF ANY SUCH WARRANTIES.

G. Status of Construction and Estimated Completion Date:

Status - 0% constructed

Estimated Completion Date - September 1995

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report, is:

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

[ ] None [X] Electricity* [ ] Gas [X] Water

[X] Sewer [ ] Television Cable [X] Other Refuse collection, telephone (management)

*common elements only

V. MISCELLANEOUS

A. 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 J contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated May 4, 1993
Exhibit K contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other_____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime.
C) Bylaws of the Association of Apartment Owners.
D) House Rules.
E) Condominium Map.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other_____

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

This Public Report is a part of Registration No. 2915 filed with the Real Estate Commission on 7/16/93.

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C. Additional Information Not Covered Above

1. Kawainui Marsh. The Project is located near the Kawainui Marsh which is a wildlife preserve and also serves as an emergency flood area for the discharge and collection of water. The Association and each owner covenants that he/she/it shall assume all risks associated with such location, including but not limited to the risk of property damage or personal injury, and shall individually and through the Association, indemnify, defend and hold harmless the Developer, its directors, officers, employees, agents, and consultants from any liability, claims or expenses, including attorney's fees, arising from any nuisance, property damage or personal injury.

2. Parking Lifts. Specified parking stalls identified with two (2) numbers (e.g., 1/2) shall have a mechanical parking lift which will allow two (2) automobiles to be parked on top of each other in a single stall. The Association shall provide the general maintenance of the parking lifts and all costs and expenses arising directly or indirectly from any parking lift shall be charged to and paid by the respective owner. The parking lifts are necessary to satisfy parking requirements of the City and County of Honolulu. In the event any parking lift becomes inoperable or be deemed not worth repairing, the Association shall replace it with a comparable system allowing two (2) automobiles to park within a single parking stall and the cost to purchase and install such system shall be payable by the owner; provided, that owner may elect to pay such cost by installment over a period of time and at a per annum interest rate determined by the Board in its best business judgment; provided, further, that if owner fails to pay or defaults in any installment payment, the Association may lien the condominium unit in the same manner as assessments.

3. Restrictive Covenant (Lanais). Notwithstanding any provision of the condominium documents and in accordance with that certain Declaration of Restrictive Covenant dated June 27, 1994 and recorded in Land Court as Document No. 2163652, no owner shall enclose the lanai(s) of his/her condominium unit in any manner. This restrictive covenant means that no permanent or temporary structural or other alteration or addition to all or any portion of the lanais of any of the condominium units, such as, but not limited to, walls, windows, doors, panels, awnings, jalousies, blinds or screens, shall be permitted. This restrictive covenant shall also apply to the Association. If the Association or any owner violates this restrictive covenant, the Developer or the City and County of Honolulu may exercise any rights, remedies or actions available under the Declaration of Restrictive Covenant or law to require the restoration of the condominium unit(s) to its condition prior to the violation and the recovery of all costs and expenses incurred in connection with the enforcement of this restrictive covenant.

4. Insurance. Developer hereby discloses that due to past hurricanes and windstorms, the availability of property insurance and coverage of said property insurance is limited. As of the date of this Declaration, Developer has been informed that most insurance policies now contain a provision requiring two percent (2%) up through fifteen percent (15%) of the total value of the project as a deductible for perils resulting from a "hurricane" or "windstorm." Depending upon when such hurricane or windstorm occurred, the maintenance reserve fund may not be sufficient to pay for the deductible or the cost to repair the damage to the common element. This means that if the Project suffered damage resulting from a hurricane or windstorm and the maintenance reserve fund does not have a sufficient amount of money, the owners would be required to pay their proportionate share of the deductible or any balance thereof. The Association and each owner covenants that he/she/it shall assume all risks associated with the Project and property insurance including, but not limited to, property insurance maintained during Developer control and transition periods, any coverage issues, maintenance reserve fund and amount of the property insurance deductible, and shall individually and through the Association, indemnify, defend and hold harmless the Developer, its directors, officers, employees, agents and consultants from any liability, claims or expenses, including attorney's fees, arising from such property insurance.

5. Transfer of Land. Developer hereby discloses that the owners of the underlying land for the Project may transfer the fee ownership of said land to the Developer in the future. Upon such transfer, Developer shall become the owner and grantor of the interest created by the Declaration of Condominium Property Regime. The transfer of ownership to the Developer shall not give Buyer any right to cancel Buyer's purchase of a condominium unit pursuant to a binding sales contract.

6. Improvement District Assessment. The land for the Project is subject to improvement district assessments (Coconut Grove, I.D. No. I236). To the best of Developer's knowledge, approximately 20 installments remain. The improvement district assessments shall constitute a common expense which each owner shall be obligated to pay his/her proportionate share based upon the percentage common interest appurtenant to his/her respective condominium unit.

7. Material House Bond. Developer discloses that the performance bond for the Project was issued by a material house (non-licensed surety). Buyer's funds in escrow will not be disbursed to pay for construction costs or other expenses of the development of the Project until completion of construction of the unit to be conveyed and the closing of the sale.

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

Kawainui Corporation
Name of Developer

By: _____ Aug 21, 1994
(Duly Authorized Signatory) Date

JAMES J. DIAL PRESIDENT
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

BUILDING DESCRIPTION

The Project shall consist of one (1) freestanding building containing four (4) floors. The ground floor shall contain the parking spaces, lobby and mailboxes. The first, second and third floors shall contain twenty-four (24) residential condominium units which are described in more detail in Exhibit "B" attached hereto and incorporated herein by reference. The building does not have a basement. The building shall be constructed principally of concrete, wood, glass, steel, stowe stucco and tile materials.

EXHIBIT "B"

UNIT SPECIFICATIONS

Unit No.	Unit Type	Bed Room	Bath Room	Total No. of Rooms	Approx. Net Living Area (s.f.)	Approx. Lanai (s.f.)	Approx. Total (s.f.)	% Common Interest	Parking Stall No.	Parking Lift
101	A	2	2	6	673	49	722	4.35097		
102	D	2	2	6	677	49	726	4.37518		
103	E	2	2	6	682	49	731	4.4052		
104	C	1	1	4	438	29	467	2.81427		
105	B(r)	2	2	6	672	49	721	4.34494		
106	A(r)	2	2	6	672	49	721	4.34494		
107	B	2	2	6	672	49	721	4.34494		
108	D	2	2	6	676	49	725	4.36904		
201	A	2	2	6	673	49	722	4.35097		
202	D	2	2	6	676	49	725	4.36904		
203	E	2	2	6	682	49	731	4.4052		
204	C	1	1	4	437	29	466	2.80824		
205	B(r)	2	2	6	671	49	720	4.33891		
206	A(r)	2	2	6	672	49	721	4.34494		
207	B	2	2	6	672	49	721	4.34494		

*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.
**Parking stalls for compact cars are indicated with a "c" after the parking stall number.
***The designation of (UC) means uncovered parking stalls, (PC) mean partially covered parking stalls, (CV) means covered parking stalls.

Unit No.	Unit Type	Bed Room	Bath Room	Total No. of Rooms	Approx. Net Living Area (s.f.)	Approx. Lanai (s.f.)	Approx. Total (s.f.)	% Common Interest	Parking Stall No.	Parking Lift
208	D	2	2	6	675	49	724	4.36302		
301	A	2	2	6	673	49	722	4.35097		
302	D	2	2	6	676	49	725	4.36904		
303	E	2	2	6	682	49	731	4.4052		
304	C	1	1	4	437	29	466	2.80824		
305	B(r)	2	2	6	671	49	720	4.33891		
306	A(r)	2	2	6	672	49	721	4.34494		
307	B	2	2	6	672	49	721	4.34494		
308	D	2	2	6	675	49	724	4.36302		

*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.
**Parking stalls for compact cars are indicated with a "c" after the parking stall number.
***The designation of (UC) means uncovered parking stalls, (PC) mean partially covered parking stalls, (CV) means covered parking stalls.

EXHIBIT "B"

PARKING STALLS

Total Number of Parking Stalls: 45

Total Number of Assigned Parking Stalls: 42
Total Number of Guest Parking Stalls: 3

Assigned Tandem Parking Stalls: 36

Covered and Standard Size
Stall Nos. 1 and 2
25 and 26
27 and 28
40 and 41
42 and 43
Total No. of Stalls: 10

Partially Covered and Standard Size
Stall Nos. 29 and 30

Total No. of Stalls: 2

Covered and Compact Size
Stall Nos. 3 and 4
5 and 6
7 and 8
9 and 10
17 and 18
23 and 24
32 and 33
34 and 35
Total No. of Stalls: 16

Partially Covered and Compact Size
Stall Nos. 15 and 16
38 and 39

Total No. of Stalls: 4

Covered and Standard and Compact Size
Stall Nos. 11 and 12c

Total No. of Stalls: 2

Partially Covered and Standard and Compact Size
Parking Stall Nos. 13 and 14c

Total No. of Stalls: 2

Assigned Single Parking Stalls: 6

Covered and Standard Size
Stall Nos. 20
36
Total No. of Stalls: 2

Partially Covered and Standard Size
Stall Nos. 37
44
Total No. of Stalls: 2

Partially Covered and Compact Size
Stall Nos. 21
22
Total No. of Stalls: 2

Guest Single Parking Stalls: 3

Uncovered and Standard Size
Stall Nos. 19
31
Total No. of Stalls: 2

Uncovered and Compact Size
Stall No. 45

Total No. of Stalls: 1

EXHIBIT "C"

BOUNDARIES OF EACH UNIT

Each condominium unit is designated as a separate freehold estate. The respective condominium units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the floors and ceilings surrounding each condominium unit or any pipes, wires, conduits or other utility or service lines running through such condominium unit which are utilized for or serve more than one (1) condominium unit, the same being deemed common elements as hereinafter provided. Each condominium unit shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, windows or panels along the perimeters and all fixtures originally installed therein. Each condominium unit shall also include the lanai or lanais to which such condominium unit has direct, exclusive access. No condominium unit shall have a basement.

EXHIBIT "D"

PERMITTED ALTERATIONS TO UNIT

The owner of a condominium unit shall not, except as specifically permitted in the Declaration of Condominium Property Regime ("Declaration") or Bylaws of the Association ("Bylaws"), make any structural alterations in or additions to the condominium unit or make any alterations or additions to the exterior of the condominium unit (including awnings, jalousies or screens) or to any other portion or portions of the common elements. No work shall be done which would jeopardize the soundness or safety of the Project, reduce the value therefor, violate the uniform external appearance of the condominium unit, or impair any easement, without in every such case the consent of seventy-five percent (75%) of the owners, together with the consent of all owners whose condominium units or limited common elements appurtenant thereto are directly affected, the mortgagees of such condominium unit and the Declarant, if appropriate.

The owner of a condominium unit shall have the right at any time and from time to time at such owner's sole cost and expense, and without the necessity of the consent or joinder of the Board or any other owner or the amendment of the Declaration to make any of the following alterations pertaining to the condominium unit as defined in Paragraph 4 above: to install, maintain, remove, and rearrange partitions and other structures from time to time within such condominium units, and to paint, paper, panel, plaster, tile, finish, and do or cause to be done such other work on the exterior or interior surfaces of the ceilings, floors and walls within any such condominium unit and to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such condominium unit by such owner or the tenants or lessees thereof; provided, however, that nothing contained herein shall authorize any work or alteration which would affect any system, wiring or equipment servicing more than one (1) condominium unit or jeopardize the soundness or safety of any part of the Project, reduce the value therefor, adversely affect any other condominium unit or affect or impair any easement or rights of any other owners.

Except as otherwise expressly set forth and reserved in the Declaration or Bylaws, any additions or alterations to the exterior of condominium units and to their lanais and structures and landscaping in common elements shall be undertaken by the Association or any condominium unit owners only upon the review and approval by the appropriate agency of the City and County of Honolulu, if necessary, after the written consent of the

Association is obtained by the affirmative vote of not less than seventy-five percent (75%) of the condominium unit owners and accompanied by the written consent of holders of all liens affected thereby.

EXHIBIT "E"

COMMON ELEMENTS

Common elements are portions of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use for the benefit of the Project and all owners. One freehold estate is hereby designated in all remaining portions and appurtenances of the Project (hereinafter referred to as the "Common Elements"), including specifically, but not limited to:

(a) Said fee interest in land;

(b) All structural components such as foundations, beams, supports, main walls, roofs, stairs, stairways, entrances, exits, floor slabs, unfinished perimeter party and load-bearing walls, awnings, corridors and walkways of said buildings;

(c) All exterior walkways and roadways located upon the Land;

(d) All yards, grounds, landscaping, retaining walls, and planters located upon the Land;

(e) All ducts, electrical equipment, central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and/or across the property which serve more than one (1) condominium unit for services such as power, light, hot water, cold water, incineration, sewage, gas, telephone and television and radio signal distribution, if any;

(f) Any apparatus and installation existing for common use such as elevators, elevator shafts and pits, tanks, pumps, motors, fans, compressors, ducts, vents and other installations and apparatus;

(g) The lobby, storage room, machine room, parking areas (other then designated parking stalls), deck areas, loading areas and refuse facilities;

(h) A total of three (3) uncovered parking stalls shall be designated for guest parking. No automobile shall park in any guest parking stall for a period of twelve (12) hours or more;

(i) Any and all other apparatus and installation of common use and all other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. REAL PROPERTY TAXES, as may be due and payable. Refer to the Director of Finance, City and County of Honolulu.

Tax Map Key (1) 4-3-58-56

1. IMPROVEMENT DISTRICT ASSESSMENTS
   Title: *Coconut Grove*
   I.D. No.: I236
   Assessment Lot No.: 01013-0000
   No. of installments: 20
   Installment interest: 6.500%

2. Covenants as contained in that certain Deed dated March 29, 1954, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 160193.

3. MORTGAGE
   Dated: August 4, 1992
   Filed: August 6, 1992
   Document No.: 1939952
   Mortgagor: JAMES STUART DIAL, unmarried.
   Mortgagee: FIRST HAWAIIAN CREDITCORP, INC., a Hawaii corporation.
   To secure an indebtedness of $250,000.00 and any other amounts payable under the terms thereof.

4. MORTGAGE
   Dated: August 6, 1992
   Filed: August 6, 1992
   Document No.: 1939953
   Mortgagor: JAMES STUART DIAL, unmarried
   Mortgagee: JOHN STEPHEN KAY, unmarried, as Trustee of the John S. Kay Trust dated May 16, 1991, and WILLIAM MARTIN KAY, husband of Susan Helen Kay, as Trustee of the Kay Joint Revocable Trust dated May 16, 1991.
   To secure an indebtedness of $(no amount shown) and any other amounts payable under the terms thereof.

Tax Map Key (1) 4-3-58-57

1. IMPROVEMENT DISTRICT ASSESSMENTS
   Title: Coconut Grove
   I.D. No.: I236
   Assessment Lot No.: 01012-0000
   No. of installments: 20
   Installment interest: 6.500%

2. The covenant set forth in that certain Deed made by Nicholas Rodrigues Pao, Joseph Rodrigues Pao, Harold Rodrigues Pao, William Freitas Calistro, Frank Freitas Calistro and John Freitas Calistro to Alfred Subrian Ornellas and Florence Silva Ornellas, husband and wife, dated May 13, 1954, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 161644.

3. AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 4.40-21 OF THE LAND USE ORDINANCE (LUO)
   Dated: December 16, 1992
   Document No.: 1991820

4. DECLARATION OF RESTRICTIVE COVENANT
   Dated: June 27, 1994
   Document No.: 2163652

EXHIBIT "G"

CONSTRUCTION WARRANTIES

Paragraph 18 of Exhibit "A" of the Condominium Sales Contract states: The execution, delivery and recordation of the Unit Deed shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the Unit, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. If closing occurs after the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller will also give to Buyer a construction warranty from the Seller which shall last for a period of ninety (90) days from the date of closing; provided, however, that if closing occurs within ninety (90) days before the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller's warranty shall extend for a certain period after said expiration date so that the total period for Seller's warranty shall be ninety (90) days. Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the Unit. Buyer acknowledges that Seller has made no other warranties, expressed or implied, with respect to the Property or any common element or anything installed therein.

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
HALE MAKALEI

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fees x 12 months =	Yearly Total
101	$146.19	$1,754.28
102	$147.01	$1,764.12
103	$148.01	$1,776.12
104	$ 94.56	$1,134.72
105	$145.99	$1,751.88
106	$145.99	$1,751.88
107	$145.99	$1,751.88
108	$146.80	$1,761.60
201	$146.19	$1,754.28
202	$146.80	$1,761.60
203	$148.01	$1,776.12
204	$ 94.36	$1,132.32
205	$145.79	$1,749.48
206	$145.99	$1,751.88
207	$145.99	$1,751.88
208	$146.60	$1,759.20
301	$146.19	$1,754.28
302	$146.80	$1,761.60
303	$148.01	$1,776.12
304	$ 94.36	$1,132.32
305	$145.79	$1,749.48
306	$145.99	$1,751.88
307	$145.99	$1,751.88
308	$146.60	$1,759.20
	$3,360.00	$40,320.00

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

Note: The Developer will maintain the garage carlifts for the first two years at no cost to the garage carlift owners.

Estimate of Maintenance Fee Disbursements:

	Monthly Fee x 12 months =	Yearly Total
Utilities and Services		
Electricity (common elements only)	200	2,400
Refuse Collection	220	2,640
Water and Sewer	777	9,324
Telephone	45	540
Maintenance, Repairs and Supplies		
Building	135	1,620
Grounds	400	4,800
Management		
Management Fee	500	6,000
Office Expenses	40	480
Insurance	925	11,100
Reserves	23	276
Taxes and Government Assessments	5	60
Audit Fees	50	600
Other	40	480
TOTAL	$3,360	$40,320

I, Emory Bush, as agent and employed by Hawaiiana Management Company, the condominium managing agent, for the condominium project Hale Makalei, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Emory Bush

EMORY BUSH

Dated: November 21, 1994

EXHIBIT "I"

HALE MAKALEI

PARKING INFORMATION

Parking Stall No.	Parking Lift Available	Unit* No.
1s/2s(CV)	Yes	
3c/4c(CV)	Yes	
5c/6c(CV)	Yes	
7c/8c(CV)	Yes	
9c/10c(CV)	Yes	
11s/12s(CV)	Yes	
13s(PC)	Yes	
15c/16c(PC)	Yes	
17c/18c(CV)	Yes	
19s(UC)	Guest Parking	
20s(CV)	No	
21c(PC)	No	
22c(PC)	No	
23c/24c(CV)	Yes	
25s/26s(CV)	Yes	
27s/28s(CV)	Yes	
29s/30s(PC)	Yes	
31s(UC)	Guest Parking	
32c/33c(CV)	Yes	
34c/35c(CV)	Yes	
36s(CV)	No	
37s(PC)	No	
38c/39c(PC)	Yes	
40s/41s(CV)	Yes	
42s/43s(CV)	Yes	
44s/45s(PC)	No	
46c(UC)	Guest Parking	

*Developer shall unilaterally amend the Declaration of Condominium Property Regime to attach the parking stall to a condominium unit prior to the closing date of said unit.

EXHIBIT "J"

HALE MAKALEI

SUMMARY OF SALES CONTRACT

A specimen Fee Simple Condominium Sales Contract has been submitted to the Real Estate Commission as part of the registration. The specimen Fee Simple Condominium Sales Contract provides in part:

(a) That if the Buyers who have agreed to obtain mortgage loans have not secured loan commitment therefor within fifty (50) days after application for the same satisfactory to the Seller, the Seller may elect to terminate at Seller's option, the Sales Contract upon written notice to the Buyer and, upon such termination all monies paid by the Buyer shall be refunded, less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred by the Seller or lending institution in processing such loan application; provided, however, that if the Seller ascertains that the Buyer has failed to qualify for the mortgage loan due to the failure to use his best efforts to obtain such mortgage loan in good faith or to do or perform all acts necessary to obtain such loan, then such failure shall constitute a default by the Buyer entitling Seller to retain all sums paid as liquidated damages.

(b) Prospective Buyers should be aware that the Seller's mortgage loans (interim, renewals and extensions) used for the construction of the Project shall be and remain at all times a superior lien on all unsold condominium units of the Project, and Buyers intentionally waive and subordinate the priority of the lien under the Sales Contract or reservation agreement in favor of such mortgage loan and waives any claims which they may have against Seller for breach of the Sales Contract or reservation agreement in the event that said mortgage loans are foreclosed.

(c) That the Sales Contract constitutes only a reservation agreement until such time as the Seller delivers to Buyer (i) a copy of the Final Public Report and two (2) copies of the Receipt For Public Report(s) and Notice of Right to Cancel have been delivered to Buyer; (ii) the lapse of Buyer's Right to Cancel (the expiration of thirty (30) days from the date of receipt of the Final Public Report) or Buyer indicates its intent to waive its Right to Cancel and returns the executed Right to Cancel to Seller; (iii) a copy of the Deed, Declaration, Bylaws, House Rules and Escrow Agreement have been delivered to Buyer. Until the Sales Contract becomes binding, either the Seller or the Buyer has an unconditional right to cancel the contract by written notice to each other.

(d) Additionally, the Sales Contract provides that Seller makes no warranties, expressed or implied, with respect to the condominium units or any common elements or anything installed therein. Seller shall assign to Buyers any and all warranties given Seller by the general contractor of the Project together

with any guarantees against faulty material or workmanship. Buyer shall receive direct warranties given by dealers or manufacturers on appliances installed in the condominium units and common elements.

(e) All expenses in connection with the sale are to be payable by Buyer, including, but not limited to, the cost of drafting the Condominium Unit Deed and the cost of the acknowledgments in respect thereof; the State of Hawaii conveyance tax (NOTE: In connection with the conveyance tax, the Seller and Buyer will appoint Escrow Agent as their agent for the purposes of filing the affidavit in respect thereto); the escrow fee; the cost of obtaining financing or a financing commitment for any portion of the purchase price and all expense incident thereto; the expense of credit reports; the drafting of mortgages, etc. (which costs shall be paid directly to Buyer's mortgagee and shall in no event be reimbursed by Seller); acknowledgments of the Buyer on all instruments; recording fees; and any costs incurred for title insurance.

(f) Buyer may also be required to prepay maintenance fees for a period of up to two (2) months, prepay insurance premiums for up to one (1) year, prepay real property taxes for the remainder of the tax year prorated as of the date that a certificate of occupancy for the condominium unit has been issued by the City and County of Honolulu and pay a non-refundable start-up fee in an amount equal to two (2) months maintenance fees, which shall be a one-time non-transferable non-refundable assessment at sale, not as a common expense, shall be in addition to the normal maintenance fees, shall be held, accounted for and expended as funds of the Association for the benefit of all of the condominium unit owners by Seller and the managing agent, all of which shall be paid at Pre-Closing. Buyer further agrees that all maintenance, other taxes, assessments and other expenses shall also be prorated between Seller and Buyer as of such proration date for real property taxes which shall be the date that a certificate of occupancy for the condominium unit has been issued by the City and County of Honolulu. (NOTE: This amount, together with other amounts required, are in addition to and are not part of the total purchase price and shall be paid at Pre-Closing).

(g) The Seller has made no representations with respect to the possibility of rental or other income from the condominium unit or other economical benefit to be derived from the rental of the condominium unit, including but not limited to, any representations to the effect that Seller or the managing agent of the project by a third party will provide services relating to the rental or sale of the condominium unit nor representations as to the possible advantages from the rental of the condominium unit under Federal and State tax laws. If Buyer wishes to rent the condominium unit to third persons, Buyer must make his own arrangements. Buyer further agrees and acknowledges that in the event that the offer to sell and the purchase of the condominium

unit or the activities of Buyer with respect to the condominium unit are determined to be or alleged to give rise to any violation of any Federal or State securities laws or regulations, Seller may obtain an injunction enjoining such acts of the Buyer and Seller may, in addition, pursue any other remedies and Buyer shall pay the Seller's costs and attorney's fees in connection therewith. In the event that the Buyer or anyone claiming by or through him alleges that the offer to sell or the purchase of any condominium unit gives rise to any violation of any Federal or State disclosure laws or regulations, the Buyer covenants not to sue for any remedy other than to sue for refund of the purchase price and actual closing cost plus interest at ten percent (10%) per annum from the date of closing to the date of repayment. Buyer agrees to absorb any additional charges incurred with respect to the condominium unit as the reasonable use value of the condominium unit. The terms of this paragraph shall survive final closing of the sale and Buyer's occupancy of the condominium unit.

EXHIBIT "K"

HALE MAKALEI

SUMMARY OF ESCROW AGREEMENT

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of the registration. The Escrow Agreement dated May 4, 1993, identified Old Republic Title & Escrow of Hawaii as the escrow agent. The Escrow agreement provides that the Escrow Agent shall refund to Buyer all of Buyer's funds, without interest, less a cancellation fee of not less than $25.00, if buyer shall request refund of his funds and any one of the following shall have occurred:

(a) Developer and Buyer have requested Escrow Agent in writing to return to Buyer the funds of Buyer then held under the Escrow Agreement by Escrow Agent; or

(b) Developer has notified Escrow Agent of Developer's exercise of the option to rescind the sales contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(c) With respect to a Buyer whose funds were obtained prior to the issuance of the Final Public Report,

(i) upon receiving a true copy of the Final Public Report, Buyer elects to cancel the sales contract before the earlier of (1) the conveyance of the condominium unit to the Buyer, or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report to such buyer, or

(ii) there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) the Buyer's condominium unit or limited common elements appurtenant thereto, or (2) those amenities of the Project available for Buyer's use, except for any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of the Project made pursuant to the terms of the Declaration.

Escrow shall promptly and diligently close the transactions and perform such services as are necessary or proper therefor including the recordation of all documents. If Buyer fails to make any payment on or before the due date or fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of Buyer.

(d) By addendum dated November 18, 1994, the Escrow Agreement has been amended as follows:

"Purchaser's funds shall not be disbursed to pay for construction costs, other expenses of the development of the Project, or to Developer until (1) the completion of construction of the unit to be conveyed, (2) the closing of the sale of said unit, and (3) until the mechanics' and materialmens' lien period for the construction of "Hale Makalei" has expired. If any sale shall close prior to the expiration of the applicable mechanics' lien period, Developer shall (1) provide purchaser with the appropriate Title Insurance endorsement protecting the purchaser from all future mechanics' lien claimed against or attached to "Hale Makalei", and (2) provide the Real Estate Commission with a release by the general contractor of the contractor's lien rights."