

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Kaneohe Bay Venture L.P.
Address 1001 Bishop Street, Pauahi Tower, Suite 701
Honolulu, Hawaii 96813
Project Name(\*): Summit at Kaneohe Bay
Address: 45-175 Lilipuna Road, Kaneohe, Hawaii

Registration No. 2935

Effective date: January 21, 1994

Expiration date: February 21, 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: 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: 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: 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

(\* Exacty 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:

1. There have been some changes to the condominium documents, including the Declaration, Condominium Map, Sales Contract/Reservation Agreement, and Escrow Agreement. Exhibits "B", "C", and "F" have been revised.

SPECIAL ATTENTION:

This is a CONDOMINIUM Project, not a subdivision. The "Limited Common Element Land Area" beneath and immediately appurtenant to each unit is designated as a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each Limited Common Element Land Area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

Kaneohe Bay Venture L.P. purchased the land underlying the Summit at Kaneohe Bay from the bankruptcy estate of Houei Hawaii, Inc. Neither Kaneohe Bay Venture L.P. or the Summit at Kaneohe Bay have any relationship with Houei Hawaii, Inc., or its previously proposed condominium project known as Bayview Ridge for which a preliminary Public Report, dated February 20, 1989, was obtained under Registration Number 2004.

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

The following summarizes the changes that have been made to the Condominium Map of the Project. A redlined copy of the ~~changes~~ has been submitted along with the Condominium Map:

Sheet A/AA:

1. The initial square footage of the limited common elements appurtenant to Residential Dwelling Unit A has been reduced from 5002 square feet to 4664 square feet. This has been done in order to accommodate changes to entry of the Project. The excised square footage is now a common element.
2. Landscaping easements in favor of the Association have been added onto the limited common elements of Residential Dwelling Units B and CC.
3. The existing utility easement affecting Residential Dwelling Units F, G, H, and J has been realigned to account for field adjustments of the units.
4. The existing access and utility easements along the private roadway have been widened and realigned to accommodate the realignment of the telephone and cable lines.

Sheet A-1

1. A door has been added for entry from the garage to the utility room.
2. Windows have been expanded in the living room.
3. A skylight has been added above the stairwell.

Sheet A-2

1. An additional closets has been added in the Master Bedroom
2. A skylight has been added over the stair well.

Sheet A-3

1. An additional window has been added in the living room.
2. Language revision from "deck" to "lanai".
3. A skylight in living room has been added.
4. An additional closet has been added in the Master Bedroom.

Sheet A-4

1. The Lanai has been extended in width and in depth.
- 2 Access from the Dining Room to Lanai has been added.
- 3 A skylight above the stairwell has been added.
4. A door from the Garage to Family Room has been added.
5. The door from the Garage to the Family Room has been added.
6. The water heater has been moved to under the stairwell.
7. Added cabinet space to replace water heater.

Sheet A-5

1. Expanded lanai in width and in depth.
2. Added entry from Garage Door to Family Room.
3. Added a door from Garage to outside entry.
4. Added a skylight.
5. Change sink fixture to pedestal sink.
6. Move water heater under stairwell.
7. Remove water heater from Utility room.

Sheet A-6

1. Change tub to oval shape.
2. Increase size of walk-in closet in Master Bath.
3. Realign wall in hallway to increase hall space.
4. Added skylight.
5. Added tile to utility room.
6. Realign entry.
7. Changed sink fixture to pedestal sink.
8. Added CMU wall to lanai.
9. Revised shape of the butcher block.

Sheet A-7

1. Reshaped bathtub in Master Bath.
2. Added skylight.
3. Added tile in utility room.
4. Added CMU wall to lanai.
5. Changed sink fixture to pedestal sink.

Sheet A-8

1. Added upper level lanai.
2. Revised layout.
3. Added CMU wall to Lanai.
4. Added auxiliary room.
5. Expanded deck.
6. Increased size of Garage to 3 -car Garage.

Sheet A-9

1. Expanded lanai.
2. Changed powder room sink to pedestal sink.
3. Added skylight.

Sheet A-10

1. Added column.
2. Increased window size.
3. Added hexagon window.
4. Added window to main floor.
5. Deleted jalousie window;add awning/slider windows.

Sheet A-11

1. Added decorative column
2. Added hexagon window.
3. Revised window size and location.
4. Removed jalousie window; add awning window.
5. Removed jalousie windows; add awning

Sheet A-12

1. Deleted jalousie window;added awning
2. Added hexagon
3. Changed window from Jalousie to slider window.
4. Increased window size.

Sheet A-13

1. Deleted jalousie window; added slider window.
2. Deleted jalousie window; added awning window.
3. Added window.
4. Added slider window
5. Revised jalousie windows.
6. Added slider window.

Sheet A-14

1. Added slider window
2. Deleted jalousie window; added awning window.
3. Added hexagon window.
4. Added slider window.

Sheet A-15

1. Deleted jalousie window;added slider.
2. Added window.
3. Added window
4. Added decorative column
5. Revised window configuration
6. Added hexagon window.

Sheet A-16

1. Added glass block
2. Added decorative column
3. Revised window to glass block
4. Added glass block;revise window.
5. Added decorative column

Sheet A-17

1. Added glass block to window.
2. Added decorative column.
3. Added glass block
4. Added glass block
5. Added decorative column.

Sheet A-18

1. Added glass block
2. Decorative column
3. Added lanai.
4. Changed to 3 car garage.
5. Added hexagon window.
6. Added decorative column,
7. Added window.

Sheet A-19

1. Increased window size.
2. Added window.
3. Deleted jalousie window;added awning window.
4. Added hexagon window.
5. Added slider window, delete jalousie window.
6. Increased window size.
7. Deleted jalousie window;added awning window.

Sheet A-20

1. Added slider window.
2. Deleted jalousie window;added awning window
3. Added hexagon window.
4. Deleted jalousie window;added awning window
5. Deleted jalousie window;added awning window
6. Increased window size

Sheet A-21

1. Added slider window.
2. Added window.
3. Deleted awning window.
4. Added hexagon window.
5. Increased window size.
6. Deleted jalousie window;added slider window.
7. Deleted jalousie window;added slider window
8. Deleted jalousie window;added awning window

Sheet A-22

1. Increased window slider window.
2. Added hexagon window.
3. Deleted jalousie window;added awning window.
4. Added slider window.
5. Increased window size.
6. Added window
7. Deleted jalousie window;added awning window.

Sheet A-23

1. Added shed roof and decorative column.
2. Deleted jalousie window added slider window.
3. Added window.
4. Added hexagon window.
5. Added window.
6. Added shed roof and decorative column.
7. Deleted jalousie window;added awning window.
8. Increased window size.

Sheet A-24

1. Added hexagon window.
2. Deleted jalousie window;added slider window.
3. Deleted jalousie window;added slider window.
4. Deleted jalousie window;added slider windows.
5. Added window
6. Increased window size.

Sheet A-25

1. Added window.
2. Increased window size.
3. Deleted jalousie window;added awning window.

These improvements to the Project were previously reflected in the square footage's listed in Exhibit A. Accordingly, Exhibit A remains unchanged.

Sheet L-1

Various improvements were made as indicated on the redline copy of Sheet L-1.

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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, panos, 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: Kaneohe Bay Venture L.P. Phone: 521-1045  
Name Suite 701, Pauani Tower  
1001 Bishop Street (Business)  
Business Address  
Honolulu, Hawaii 96813

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

Windward Ridge Partners, Inc.- General Partner  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Locations Incorporated Phone: 522-7272  
(Steven D.H. Chung) (Business)  
Name  
1221 Kapiolani Blvd., Suite 345  
Business Address  
Honolulu, Hawaii 96814

Escrow: Security Title Corp. Phone: 521-9511  
Name Suite 1200, Pacific Tower (Business)  
Honolulu, Hawaii 96813  
Business Address  
\_\_\_\_\_

General Contractor: Phil Benson Builder Phone: 1-883-1054  
Name (Business)  
P.O. Box 383421  
Business Address  
Waikoloa, Hawaii 96738

Condominium Managing Agent: Metropolitan Management, Inc. Phone: 536-3511  
Name (Business)  
745 Fort Street, Suite 2100  
Business Address  
Honolulu, Hawaii 96813

Attorney for Developer: Reuben S.F. Wong, Esq. Phone: 531-3526  
Name Suite 1902, Pacific Tower (Business)  
Honolulu, Hawaii 96813  
Business Address  
\_\_\_\_\_

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

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2107274

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. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 1014

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

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

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2107275

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                       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 for projects with five or fewer apartments.

2. Developer:

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

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

- a. To file "as built" amendments following completion of construction of apartments.
- b. To amend, replace, modify or revise plans of an apartment as long as the total number of apartments in the Project and percentage of common interest assigned to an apartment is not changed, and any such provisions are approved by the appropriate governmental agencies prior to commencement of any work.
- c. To alter size or configuration of a Limited Common Element Land Area ("LCELA") of an unsold apartment so long as the total number of apartments and common interests are not changed.

- d. To remove the neighboring access easement area located within the Project as set forth in the Condominium Map as Easement 11 from the Declaration by amending the Declaration, the Condominium Map and any other documents to reflect such removal and to thereafter convey said access easement area free and clear of the Declaration and any other encumbrance related thereto as it shall see fit at its sole discretion. Such removal and/or conveyance shall be without the consent of any other person (including but not limited to any apartment owners or purchasers of the apartment or their mortgagee or prospective mortgagees, if any, or any other person or entity), and any such amendments may be executed solely by Developer, without the consent or joinder of any other persons.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
    Semi-Annually                     Annually

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

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                  Canceled             Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
    Semi-Annually                     Annually

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

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 45-175 Lilipuna Road Tax Map Key: 1st Div. 4-5-045-033  
Kaneohe, Hawaii (TMK)

[X] Address [ ] TMK is expected to change because each unit will later be assigned  
an address

Land Area: 5.374 [ ] square feet [X] acre(s) Zoning: R-10 Residential  
District

Lessor

(Fee Owner): Kaneohe Bay Venture L.P.

Name

1001 Bishop Street, Pauahi Tower, Suite 701

Address

Honolulu, Hawaii 96813

Sublessor:

Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 35 Floors Per Building 31 Apartments-2 floors

Exhibit \_\_\_\_\_ contains further explanations.    Recreation Pavilion-1 Floor  
Water-booster Pump Station-  
1 floor

3. Principal Construction Material:    Two detached garages-1 floor

Concrete     Hollow Tile     Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>31</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

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

- [ X ] Pets: Dogs, cats and household pets permitted in reasonable number
- [ X ] Number of Occupants: Not to exceed two persons per bedroom
- [ X ] Other: No time sharing, including "vacation license", "travel club membership" or "time interval ownership"
- [ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0                      Stairways: one per apartment                      Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>See Exhibit "A"</u>	<u>attached</u>	<u>hereto</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Total Apartments: 31

\*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.

An apartment shall consist of the building of which Boundaries of Each Apartment: it is a part and all other improvements, including without limitations, all foundations, walls, floors, columns, supporting beams, ceilings, roofs and other structures supporting an apartment and located within the Limited Common Element Land Area designated on the Condominium Map including but not limited to all garages (whether attached or detached), trash enclosures located solely within the Limited Common Element Land Area (if any), meters, ducts, pumps, pipes, wires, cables, conduits or other utility apparatus and equipment, poles and other improvements which serve or are utilized by only such apartment. The apartments as shown by the letters "A" through "Z" and "AA" through "EE" and are located Permitted Alterations to Apartments: as shown on the Condominium Map.

All apartment owners are prohibited from altering or modifying their apartments, including without limitations, altering or modifying the size elevation, layout, location, dimensions, structural portions, such as walls and roofs of an apartment, and external or exterior envelope of an apartment, including without limitations, the color, siding, windows and other external portions of an apartment; provided however, apartment owners may change interior items of their apartments, such as carpets, tile, wallpaper and paint so long as such interior changes do not affect or alter the floor plan or basic structure of the apartment, without prior written consent of the Association. 11



11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "B".

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 use them, as described in the Declaration, are:

[X] described in Exhibit "B".

[ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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:

[ ] described in Exhibit \_\_\_\_\_.

[X] as follows:

Each Apartment, except Apartment Q, will have a 3.2258% common interest. Apartment Q will have a 3.226% common interest.

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 "C" describes the encumbrances against the title contained in the title report dated Sept. 23, 1993 and issued by Security Title Corporation.

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.

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
--------------	--

Note: At present the Developer does not anticipate that there will be blanket liens affecting title to the individual apartments; however the Developer may obtain a construction loan for the Project at a later date. If the Developer obtains a construction loan and defaults, all sales contracts will be subordinate to the lien and secured interests of the lender. In the event the Developer defaults under its agreements with the lender and the lender forecloses on its secured interests, the lender's interest will be superior to all Buyers' interests. Buyer will be entitled to a return of deposit paid (less any escrow cancellation and other costs), but Buyer may lose right to purchase unit in the project

F. Construction Warranties:

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

Upon conveyance of the Residential Detached

1. Building and Other Improvements: Dwelling Unit to the Buyer by the Residential Detached Dwelling Unit Deed, Seller will give Buyer an express limited warranty that Buyer's Residential Detached Dwelling Unit shall be free from "faulty workmanship and materials and major construction defects" as defined in the limited warranty which is an exhibit to the most recent Public Report issued by the Commission with respect to the Condominium. Other than this express limited warranty, Seller makes no warranties, expressed or implied, with respect to the Residential Detached Dwelling Unit or the contents thereof and Seller specifically disclaims any warranties in the nature of warranties of merchantability, fitness for a particular purpose, habitability, workmanlike construction, or sufficiency of design. (see exhibit H)
2. Appliances:

None given by Developer, except that to the extent that Developer has the right and power to do so, Developer will pass on whatever manufacturer's or dealers' warranties, if any, covering any appliance or consumer products that are included with the purchase of the Apartment.

G. Status of Construction and Estimated Completion Date:

Most of the site work on the Project has been completed. Construction of apartments has commenced and is expected to be completed on or about May 15, 1994.

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:

- 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 "D" 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 (common elements only)
- Electricity
- Gas
- Water
- Sewer
- Television Cable
- Other telephone (management) and refuse collection

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

[ X ] Escrow Agreement dated June 24, 1993  
Exhibit "F" 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 Report, Conclusions, Decision and Order dated November 17, 1988 issued by Department of Land Utilization; Declaration of Restrictive Covenants dated December 21, 1993 filed as Doc. No. 2107272; Declaration of Restrictive Covenants\*

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.

\*(Private Park) dated December 21, 1993, filed as Doc. No. 2107273.

This Public Report is a part of Registration No. 2935 filed with the Real Estate Commission on Aug. 19, 1993

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

[ ] yellow paper stock                      [X] white paper stock                      [ ] pink paper stock

C. Additional Information Not Covered Above

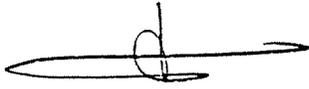
1. SUMMIT AT. KANEOHE BAY will be developed as a Planned Development Housing Project. Pursuant to the City and County of Honolulu Land Use Ordinance, the Developer is required to construct a private park and the Association of Apartment Owners is obligated for the perpetual maintenance of the park, including all improvements constructed thereon.

2. Because of the proximity of the Project to Kaneohe Marine Air Station there is a possibility that noise caused by aircraft landing and taking off from the Air Station may be heard from the Project or parts of the Project.

- 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.

Kaneohe Bay Venture L.P.  
By Its General Partner  
Windward Ridge Partners, Inc.

\_\_\_\_\_  
Name of Developer

By:   
\_\_\_\_\_  
Duly Authorized Signatory

11-12-93  
Date

Alexander Sutter, President

\_\_\_\_\_  
print name & title of person signing above

Distribution:

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

## EXHIBIT "A"

## APARTMENT TYPE, FLOOR AREA, COMMON INTEREST.

APT. NO.	HOUSE PLAN	NO. OF FLOORS	NO. OF BEDROOMS /BATHS	NET LIVING AREA	LANAI (S) DECKS & BALCONIES*
A	AR	2	3/2.5	1,513	133
B	AMIR	2	3/2.5	1,513	430
C	AM1	2	3/2.5	1,513	430
D	B	2	3/2.5	1,501	232
E	C	2	3/2.5	1,501	399
F	B	2	3/2.5	1,501	232
G	CR	2	3/2.5	1,501	399
H	CR	2	3/2.5	1,501	399
I	BR	2	3/2.5	1,501	232
J	CR	2	3/2.5	1,501	399
K	CR	2	3/2.5	1,501	399
L	AR	2	3/2.5	1,513	334
M	D1	2	3/2.5	1,665	135
N	D1	2	3/2.5	1,665	135
O	D1	2	3/2.5	1,665	135
P	D2	2	4/3.5	2,139	597
Q	D2M	2	4/3.5	2,466	752
R	A	2	3/2.5	1,513	301
S	C	2	3/2.5	1,501	399
T	B	2	3/2.5	1,501	232
U	C	2	3/2.5	1,501	399
V	B	2	3/2.5	1,501	232
W	C	2	3/2.5	1,501	399
X	B	2	3/2.5	1,501	232
Y	B	2	3/2.5	1,501	232
Z	C	2	3/2.5	1,501	399
AA	AMZ	2	3/2.5	1,513	358
BB	AMZR	2	3/2.5	1,513	358
CC	B	2	3/2.5	1,501	232
DD	CR	2	3/2.5	1,501	399
EE	E	2	4/2.5	1,646	404

\* ALSO INCLUDES ENTRY

## COMMON INTEREST PERCENTAGE:

(1) APARTMENT Q HAS A COMMON INTEREST OF 3.226%

(2) ALL OTHER APARTMENTS HAVE A COMMON INTEREST OF 3.2258%

EXHIBIT "B"Common Elements.

The common elements include all of the portions and appurtenances of the Project not otherwise designated as an apartment, including specifically, but not limited to:

- (1) said Land in fee simple;
- (2) all entry features (including the security entry gate and enterphone system), landscaped areas, grounds, the recreational pavilion and recreational facilities located within the Project;
- (3) all ducts, sewer lines, electrical equipment, pipes, wires, cables, conduits 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, electricity, light, water, gas, sewer, telephone, radio and television and cable television signal distribution;
- (4) all roadways, including the private roadway for ingress and egress to the Project, gates, ramps, walkways, curbs, street lights, loading areas, guest parking stalls, mailboxes, trash enclosure facilities and landscaping not located on limited common elements;
- (5) all fixtures, furnishings, equipment, decorations, tools and appliances used in connection with the recreational pavilion, recreational facilities or other common elements;
- (6) The neighboring access easement area located within the Project as set forth on the Condominium Map as Easement 11; provided however, that at any time prior to the issuance of all of

the certificates of occupancy for all of the apartments in the Project, Developer may, at its option and in its sole discretion, remove said area from this Declaration by amending this Declaration, the Condominium Map and any other condominium documents to reflect such removal and to thereafter convey said area free and clear of the Declaration and any other encumbrance related thereto as it shall see fit in its own sole discretion. Such removal and/or conveyance shall be made without the consent of any other person (including but not limited to any apartment owners or purchasers of the apartments or their mortgagees or prospective mortgagees, if any, or any other person or entity), and any such amendments may be executed solely by Developer, without the consent or joinder of any other persons.

(7) The water booster pump station located within the Project as shown on the Condominium Map.

(8) All retaining walls and fences shown on the Condominium Map, whether or not located on a Limited Common Element Land Area (as described hereinbelow). If any part of said fences now or hereafter encroaches upon any apartment, Limited Common Element Land Area or other limited common element a valid perpetual easement for such encroachment and the maintenance and repair thereof, so long as it continues, shall exist. The cost of maintaining and repairing such fences shall be borne solely by the Association as a common expense.

(9) any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety or normally in common use.

Limited Common Elements.

Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of an apartment or certain apartments and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(1) The thirty-one Limited Common Element Land Areas lettered "A" through "Z" and "AA" through "EE" as shown on the Condominium Map shall be appurtenant to and for the exclusive use of the apartment having the same letter. For example, Limited Common Element Land Area "A" is appurtenant to and for the exclusive use of Apartment "A".

(2) The driveway located within each Limited Common Element Land Area, which driveway shall be appurtenant to and for the exclusive use of the apartment on whose Limited Common Element Land Area the driveway is located.

(3) All landscaping located within each of the Limited Common Element Land Areas, as shown on the Landscaping Plan of the Condominium Map Sheet L.

(4) All other common elements of the Project which are rationally related to less than all of the apartments in the Project.

Note: The land area beneath and adjacent to each apartment (Limited Common Element Land Area) is not a legally subdivided lot.

Note: Limited Common Element Land Areas B and CC shall be subject to a landscaping easement as shown on Sheet A of the Condominium Map. All costs of planting, maintaining and upkeeping such easement area shall be borne solely by the Association as a common expense.

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

1. For information regarding real property taxes as may be due and owing, reference is made to the City and County of Honolulu Director of Finance.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. AS TO PARCEL FIRST - LOT 229:
  - a) Easement "11", as shown on Map 166, as set forth by Land Court Order No. 64266, filed on November 19, 1982.
  - b) Easement of right of way in favor of Lot 228, over Lot 229, as granted by Land Court Order No. 64266, filed on November 19, 1982.
4. AS TO PARCEL SECOND - LOT 230:
  - a) A setback line located over and across Lot 209, as shown on Map 90, as set forth by Land Court Order No. 21792, filed on October 8, 1963.
  - b) Easement "U" (10-feet wide), for sewer purposes, as shown on Map 90, as set forth by Land Court Order No. 21792, filed on October 8, 1963.
  - c) Easement of right of way in favor of Lots 228 and 229, over Lot 230, as granted by Land Court Order No. 64266, filed on November 19, 1982.
  - d) Reservation as set forth by Land Court Order No. 64266, filed on November 19, 1982.
5. Declaration of Restrictive Covenants dated December 21, 1993, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2107272.
6. Declaration of Restrictive Covenants (Private Park) dated December 21, 1993, filed as aforesaid as Document No. 2107273.
7. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements set forth in Declaration of Condominium Property Regime of Summit at Kaneohe Bay dated December 21, 1993, filed as aforesaid as Document No. 2107274.
8. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of Summit at Kaneohe Bay dated December 21, 1993, filed as aforesaid as Document No. 2107275.
7. Land Court Condominium Map No. 1014.

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee x 12 months = Yearly Total</u>
A	\$ 154.84	\$ 1,858.08
B	\$ 154.84	\$ 1,858.08
C	\$ 154.84	\$ 1,858.08
D	\$ 154.84	\$ 1,858.08
E	\$ 154.84	\$ 1,858.08
F	\$ 154.84	\$ 1,858.08
G	\$ 154.84	\$ 1,858.08
H	\$ 154.84	\$ 1,858.08
I	\$ 154.84	\$ 1,858.08
J	\$ 154.84	\$ 1,858.08
K	\$ 154.84	\$ 1,858.08
L	\$ 154.84	\$ 1,858.08
M	\$ 154.84	\$ 1,858.08
N	\$ 154.84	\$ 1,858.08
O	\$ 154.84	\$ 1,858.08
P	\$ 154.84	\$ 1,858.08
Q	\$ 154.85	\$ 1,858.20
R	\$ 154.84	\$ 1,858.08
S	\$ 154.84	\$ 1,858.08
T	\$ 154.84	\$ 1,858.08
U	\$ 154.84	\$ 1,858.08
V	\$ 154.84	\$ 1,858.08
W	\$ 154.84	\$ 1,858.08
X	\$ 154.84	\$ 1,858.08
Y	\$ 154.84	\$ 1,858.08
Z	\$ 154.84	\$ 1,858.08
AA	\$ 154.84	\$ 1,858.08
BB	\$ 154.84	\$ 1,858.08
CC	\$ 154.84	\$ 1,858.08
DD	\$ 154.84	\$ 1,858.08
EE	\$ 154.84	\$ 1,858.08
<u>31</u>	<u>\$4,800.05</u>	<u>\$57,600.60</u>

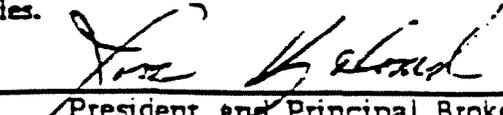
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services		2,055	24,660
Air Conditioning			
Electricity	350		
[ x ] common elements only			
[ ] common elements and apartments			
Elevator			
Gas			
Refuse Collection	450		
Telephone	75		
Water and Sewer	1,180		
Maintenance, Repairs and Supplies		480	5,760
Building	230		
Grounds	250		
Management		800	9,600
Management Fee	750		9,000
Payroll and Payroll Taxes			
Office Expenses	50		
Insurance		725	8,700
Reserves(*)		475	5,700
Taxes and Government Assessments		15	180
Audit Fees		50	600
Other (Amenities)		200	2,400
 TOTAL		<u>4,800</u>	<u>57,600</u>

I, Jim Kolonick as agent and employed by Metropolitan Mgmt. the condominium managing agent or the developer, for the condominium project Summitt at Kaneohe Bay, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
 \_\_\_\_\_  
 President and Principal Broker  
 Date: July 23, 1993

(\*) Mandatory reserves in effect January 1, 1993

Exhibit "E"SUMMARY OF SALES CONTRACT/RESERVATION AGREEMENT

1. The Buyer shall purchase an apartment by paying the Total Purchase Price as set forth in the Sales Contract/Reservation Agreement.

2. The Total Purchase Price and payment terms set forth in the Sales Contract/Reservation Agreement are subject to change prior to the issuance of a Final Public Report for the Project by the Real Estate Commission.

3. Until Buyer has received a copy of the Real Estate Commission's Final Public report and has waived or is deemed to have waived his or her rights of cancellation, the Sales Contract/Reservation Agreement shall constitute a mere reservation and may be cancelled at any time by either Seller or Buyer.

4. If a Final Public Report has been issued by the Real Estate Commission, the Seller will construct Buyer's Apartment within two (2) years from the date of the issuance of such Final Public Report or within two (2) years from the date of execution of the Sales Contract/Reservation Agreement, whichever is later.

5. Buyer has the right to rescind the Sales Contract/Reservation Agreement if there are any material changes in the Project (other than any additions, deletions, modifications and reservations permitted by the Declaration) which directly, substantially and adversely affects the use as value of the apartment or limited common elements appurtenant thereto. Under certain circumstances, as set forth in the Sales

Contract/Reservation Agreement, the Buyer's right of rescission shall be waived.

6. Closing will take place when the Residential Dwelling Unit Deed and all other documents are recorded and filed and Escrow makes all distributions and payments to complete the sale of the apartment and other interests to Buyer. In addition to the Total Purchase Price, the Buyer must pay various closing costs, a start-up fee in an amount equal to two (2) months maintenance fees, condominium maintenance fees for up to two (2) months and real property taxes for the remainder of the tax year prorated as of the Closing Date.

7. Seller shall have the right to coordinate construction of the various apartments and other parts of the Project. Seller may enter into a Buyer's Limited Common Element Land Area to install, repair and maintain utility lines and perform other activities in order to complete the Project.

8. If a Buyer who requires mortgage financing has not secured an unqualified, unconditional written loan commitment sufficient to pay the balance of the Total Purchase Price due upon Closing, Seller may elect to cancel, at Seller's option, the Sales Contract/Reservation Agreement. In such event, all monies paid by Buyer shall be refunded without interest, less escrow's cancellation fee and any costs incurred by Seller and the lending institution in processing the loan application.

9. If Buyer does not apply to a lending institution for financing, with ten (10) days after signing the Sales

Contract/Reservation Agreement, then Buyer must submit a financial statement to seller that is certified to be true and accurate in form and content, which fully discloses Buyer's financial condition and is in accordance with any other informational requirements of Seller. Seller will have fifteen (15) days after receipt of such financial statement to either accept said statement or reject said statement and terminate the Sales Contract/Reservation Agreement, at Seller's discretion. Escrow shall, upon receipt of notification from Seller of such termination, refund all monies paid by Buyer without interest, less the cost of any credit report, escrow cancellation fee and any other costs actually incurred by Seller in reviewing such financial statement.

Exhibit "F"SUMMARY OF ESCROW AGREEMENT

1. All funds paid to Escrow (SECURITY TITLE CORPORATION) shall be deposited into interest-bearing accounts. All interest earned on such deposits belongs to Seller.

2. A Purchaser shall be entitled to a refund of all monies deposited with Escrow, less Escrow's cancellation fee, and Escrow shall pay such funds to Purchaser, without interest, if any one of the following shall have occurred: (a) Seller has instructed Escrow in writing to return to the Purchaser the funds of such Purchaser then held by Escrow; or (b) Seller has notified Escrow in writing of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission available to Seller.

3. If refunds are not claimed by the Purchaser within sixty (60) days, Escrow shall treat such money as Seller's property.

4. Escrow shall give Purchaser notice of any default that is brought to its attention or authorized by Seller.

5. If any dispute or difference arises between Seller and Purchaser, or if any conflicting demand shall be made upon Escrow, Escrow shall not be required to take any action thereon; but may await settlement of the controversy by final appropriate legal proceedings or file a suit in interpleader in the Circuit Court of the First Circuit of the State of Hawaii and may deposit with the Court any and all monies held.

6. If closing of any condominium unit in the Project is to occur prior to the expiration of the applicable mechanic's lien period, escrow will provide purchaser with an owner's title

insurance policy with a mechanic's lien endorsement that protects the purchaser against all mechanic's and materialmen's liens arising out of the Project.

7. Notwithstanding any provision herein to the contrary, purchaser's funds shall not be used to pay for construction costs incurred in constructing the condominium units in the Project.

This is only a summary of selected portions of the Escrow Agreement. Purchasers are urged to carefully review all provisions of the Escrow Agreements prior to signing a Sales Contract/Reservation Agreement.

EXHIBIT "G"

SUMMARY OF RESTRICTIVE COVENANTS

1. The Department of Land Utilization ("DLU") of the City and County of Honolulu approved the Project as a Planned Development Housing Project on November 17, 1988 subject to a number of conditions contained in a "Report, Conclusions, Decision and Order" issued by the DLU.

2. In order to comply with the conditions of the Planned Development Housing Project approval issued by the DLU, the Developer will record in the Land Court of the State of Hawaii a number of covenants that shall be binding on all Apartment Owners in the Project through the Association of Apartment Owners. Any future Apartment Owners are also bound to abide by these covenants.

3. In connection with the granting of the Planned Development Housing Application by the DLU, the Association must do the following:

a. Perpetually maintain and repair the common elements, including without limitations, the landscaping, private drainage system and common areas of the project.

b. Comply with all site plan, building design, roadway and landscaping requirements as more specifically set forth in that certain "Report, Conclusions, Decision and Order" issued on November 17, 1988 by the DLU.

c. After completion of the project, secure approval from the DLU for any future additions or alterations to the common elements of the project, any future additions or alterations to individual apartment units in the project and all fence designs for the project.

**LIMITED WARRANTY FOR MAJOR CONSTRUCTION DEFECTS,  
FAULTY WORKMANSHIP AND MATERIALS**

Kaneohe Bay Venture, a Washington Limited Partnership, hereby provides this Limited Warranty to you in connection with your purchase of Residential Detached Dwelling Unit No. \_\_\_\_\_ ("Dwelling Unit") of the Summit at Kaneohe Bay.

Kaneohe Bay Venture warrants to you and/or your heirs, personal representatives, successors or assigns with respect to your Dwelling Unit, that it shall be free from "faulty workmanship and materials and major construction defects" for a period of one (1) year from the recorded Notice of Completion or Substantial Completion of the Dwelling Unit whichever is stipulated in the general contractor's agreement. For purposes of this Limited Warranty, "faulty workmanship and materials and major construction defects" shall mean actual damages to the structural components of the dwelling unit resulting from: (a) negligent faulty design and/or faulty installation, (b) the installation of defective materials and/or, (c) the failure to install the necessary materials.

The execution, delivery and recordation of your Residential Detached Dwelling Unit Deed will constitute our assignment to you of all contractor and manufacturer warranties, including but not limited to appliances, roofing materials and exterior siding.

This Limited Warranty shall not apply to the following situations:

1. Defective design or materials supplied by the Buyer or installed under his or her direction.
2. Normal wear and tear or deterioration of the dwelling unit such as, but not limited to, minor cracks in concrete or plaster resulting from the normal expansion or contraction of the materials or underlying soil, weathering or discoloration of painted wood and stucco surfaces, and normal shrinkage and expansion of wood components.
3. Dampness or condensation due to failure of Buyer to maintain adequate ventilation or reasonable and proper use and maintenance of the dwelling unit.
4. Negligence, improper maintenance or operation or alteration by parties other than Seller, or Seller's subcontractors or agents, with respect to the house, its systems, appliances, equipment and fixtures.
5. Landscaping, if any, including plants, trees and landscape irrigation systems.

**THIS LIMITED WARRANTY IS THE ONLY WARRANTY THAT WE GIVE IN CONNECTION WITH THE SALE OF YOUR DWELLING UNIT. SELLER MAKES NO OTHER WARRANTIES, LIMITED OR OTHERWISE, EXPRESSED OR IMPLIED, IN RESPECT THERETO.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

MY SIGNATURE BELOW INDICATES THAT I (WE) HAVE RECEIVED AND UNDERSTAND THIS LIMITED WARRANTY PROGRAM AND THAT I (WE) ACCEPT THIS LIMITED WARRANTY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING MARKETABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_