

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer **ULUNI PARTNERS LLC**
Address **P.O. Box 1247, Kailua, Hawaii 96734**

Project Name (*): **ULUNI URBAN**
Address: **320 Uluniu Street, Kailua, Hawaii 96734**

Registration No. 2943 Effective date: May 12, 2005
Expiration date: June 12, 2006

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.

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

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

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

The developer registered this project with the Real Estate Commission (Registration No. 2943 – partial conversion), but all prior public reports have expired.

1. **Number of Units in Condominium.** The original Declaration of Condominium Property Regime for the Project, as restated by the Second Amendment to Declaration of Condominium Property Regime under the Condominium Property Act; Exhibit A, filed with the Land Court on October 29, 1993 as Document No. 2081906, established fifteen (15) units in the Project. Subsequently, two (2) of the fifteen (15) units were combined and the Project thereafter consisted of fourteen (14) units as set forth in the Third Amendment to Declaration of Condominium Property Regime of Uluniu Urban Condominium and As-Built Certificate filed on December 15, 1994 as Document No. 2204079. The developer then decided to combine thirteen (13) of the fourteen (14) units in the Project into one (1) unit pursuant to the Fourth Amendment to Declaration of Condominium Property Regime filed on October 5, 1998 as Document No. 2490157 at which point there were two (2) units in the Project -- Unit 1 and 2. Pursuant to the Fifth Amendment of Declaration of Condominium Property Regime recorded as Document No. 3255190, the developer subdivided Unit 1 into ten (10) separate units so that there are now a total of eleven (11) units in the Project.

2. **Escrow Agreement.** A new escrow agreement with Title Guaranty Escrow Services, Inc. has been entered into by the developer. A summary of the terms of the Escrow Agreement is attached this Report as Exhibit E.

3. **Sales Contract.** A new form of sales contract has been prepared. A copy of this form of Sales Contract has been provided to the Real Estate Commission and a summary of the Sales Contract is attached to this Public Report as Exhibit E.

4. **Broker Listing Agreement.** A new broker, 50th State Properties Real Estate, Inc., has been selected for the Project and a new broker listing agreement entered into by the developer. A copy of the broker listing agreement for this Project has been submitted to the Real Estate Commission.

5. **Change of corporate structure of the developer.** Uluniu Partners was the original developer for the Project. After the Project was created, Uluniu Partners converted its corporate structure from a partnership to a limited liability company called "Uluniu Partners LLC" as such change is noted in Land Court Order No. 139177 filed on July 31, 2000.

6. **Units covered by this Public Report.** Unit No. 1 is not owned by the developer. Therefore, the developer is only selling 10 of the 11 units in the Project and this Public Report only covers the 10 units owned by the developer.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Members	
EXHIBIT B: Apartment Boundaries, Descriptions and Common Interest	
EXHIBIT C: Encumbrances on Title	
EXHIBIT D: Estimated Initial Maintenance Fees and Budget	
EXHIBIT E: Summary of Escrow Agreement and Sales Contract	

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: **Uluniu Partners LLC** Phone: **(808) 263-1234**
 Name* (Business)
P.O. Box 1247
 Business Address
Kailua, Hawaii 96734

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

See Exhibit A

Real Estate Broker*: **50th State Properties Real Estate, Inc.**** Phone: **(808) 263-1234**
 Name (Business)
P.O. Box 1247
 Business Address
Kailua, Hawaii 96734

Escrow: **Title Guaranty Escrow Services, Inc.** Phone: **(808) 521-0211**
 Name (Business)
235 Queen Street
 Business Address
Honolulu, Hawaii 96813

General Contractor*: **Not Applicable.** Phone: _____
 Name (Business)
 Business Address

Condominium Managing Agent*: **No managing agent.** Phone: _____
 Name (Business)
Condominium owners to self-manage.
 Business Address

Attorney for Developer: **Nancy Grekin/Stacey C. G. Hee** Phone: **(808) 529-7300**
McCorrison Miller Mukai MacKinnon LLP (Business)
 Name
P.O. Box 2800
 Business Address
Honolulu, Hawaii 96803-2800

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

** The real estate broker for this Project and the developer are affiliated. Some of the shareholders of the real estate broker are also members of the developer.

**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. 2046582

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: (1) **First Amendment to the Declaration of Condominium Property Regime under the Condominium Property Act filed on August 27, 1993 as Land Court Document No. 2060191**; (2) **Second Amendment to Declaration of Condominium Property Regime under the Condominium Property Act; Exhibit A filed on October 29, 1993 as Land Court Document No. 2081906**; (3) **Clarification of Second Amendment to Declaration of Condominium Property Regime under the Condominium Property Act filed on February 2, 1994 ad Land Court Document No. 2114779**; (4) **Third Amendment to Declaration of Condominium Property Regime of Uluniu Urban Condominium and As-Built Certificate filed on December 15, 1994 as Land Court Document No. 2204079**; (5) **Fourth Amendment to Declaration of Condominium Property Regime filed on October 5, 1998 as Land Court Document No. 2490157**; and (6) **Fifth Amendment to Declaration of Condominium Property Regime filed on April 15, 2005 as Land Court Document No. 3255190**.

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. 986

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: (1) **Third Amendment to Declaration of Condominium Property Regime of Uluniu Urban Condominium and As-Built Certificate filed on December 15, 1994 as Land Court Document No. 2204079**; (2) **Fourth Amendment to Declaration of Condominium Property Regime filed on October 5, 1998 as Land Court Document No. 2490157**; and (3) **Fifth Amendment to Declaration of Condominium Property Regime filed on April 15, 2005 as Land Court Document No. 3255190**.

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. 2046583

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: **None**.

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>**</u>

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

** The Board, upon giving notice to all apartment owners in the same manner set forth in the By-Laws as provided for notice of meetings of the Association and opportunity to be heard, may adopt, amend or repeal any supplemental rules and regulations (e.g., house rules) governing details of the operation and use of the common elements not inconsistent with any provision of law, the Declaration or the By-Laws. See Section 13 of the By-Laws.

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:

The Developer has reserved the right to subdivide the units located in the building at 328 Uluniu Street in the Uluniu Urban condominium project into a greater or lesser number of units with a greater or lesser net area per unit, including the right to create a unit or units encompassing the first and second floor. Each of these new units will become apartments subject to the Uluniu Urban Condominium Property Regime. The Developer has also reserved the right to change the Declaration, Condominium Map, By-Laws and House Rules to reflect these changes.

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 Sub-leasehold: 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 Sub-leaseholds:

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 Sub-leasehold:

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: 320 Uluniu Street Tax Map Key (TMK): (1) 4-3-052-009
Kailua, Hawaii 96734

Address TMK is expected to change because _____

Land Area: 10,460 square feet acre(s) Zoning: BMX-3 (Community Business District)

Fee Owner: Uluniu Partners LLC
 Name
P.O. Box 1247
 Address
Kailua, Hawaii 96734

Lessor: Not applicable.
 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: 2 Floors Per Building: 320 Uluniu – 1 floor
328 Uluniu – 2 floors

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	10**	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<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

**** This Report only covers 10 of the 11 units in the Project.**

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:

No livestock, poultry, rabbits, dogs, cats or other animals or pets whatsoever shall be allowed or kept in any part of the project except that dogs, cats or other household pets in reasonable number may be allowed on any common elements in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed upon notice given by the Board or Managing Agent, if any.
 Pets: _____

Number of Occupants: _____

Other: **Please see the Declaration (especially Section 9 regarding use and restrictions), Bylaws and Rules and Regulations for the Project. Copies of these documents have been filed with the Real Estate Commission and are available upon request.** _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers): **See Exhibit B.**

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 10**

* **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.

All floor area figures are approximate.

**** This Report only covers 10 of the 11 units in the Project.**

Boundaries of Each Apartment: **See Exhibit B.**

Permitted Alterations to Apartments: :

- **Restoration or replacement of the project or of any building, or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map, shall be undertaken by the Association or any apartment owners only pursuant to an amendment to the Declaration, duly executed by or pursuant to the affirmative vote of all apartment owners. This vote shall not be unreasonably withheld. In addition, the written consent of the holders of first mortgage liens affecting any of the apartments must be obtained and such restoration, replacement or construction must be performed in accordance with complete plans and specifications first approved in writing by the Board. Upon completion of such restoration, replacement or construction, the Association shall promptly record or file of record an amendment to the Declaration together with a complete set of floor plans of the project as so altered, certified as built by a registered architect or professional engineer.**

- **Notwithstanding any other requirement in the Declaration, an apartment owner may make any alterations or additions within such owner's apartment, if the structural integrity of the building is not affected.**

Apartments Designated for Owner-Occupants Only: **Not applicable.**

~~Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has _____ elected to provide the information in a published announcement or advertisement.~~

7. Parking Stalls:

Total Parking Stalls:	<u>None.*</u>						
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>TOTAL</u>
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	_____	_____	_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least 0 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

***There is no on-site parking for any of the commercial apartments in this Project.**

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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):

Not applicable.

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>	_____	_____
Structures	<u>X</u>	_____	_____
Lot	<u>X</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 _____.

as follows:

- **The Land in fee simple.**
- **All foundations, floor slabs, supporting posts, columns, girders, beams, supports, apartment boundary and load-bearing walls and partitions (except for the finishes on them) and roofs.**
- **Yard areas, walkways and landscaping.**
- **All driveways, paved areas and roadways.**
- **All of the following so long as they are not located within an apartment: bathrooms, stairways, walkways, corridors, entrances, entry ways and exits of each building, all storage rooms, maintenance rooms and electrical rooms.**
- **All vents, shafts, sewer lines, electrical equipment, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), water, cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution (if any).**
- **Any and all other apparatus and installations existing for common use and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.**

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:

described in Exhibit _____.

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 **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 **C** describes the encumbrances against the title contained in the title report dated **February 18, 2005** and issued by **Title Guaranty of Hawaii, Inc.** .

Blanket Liens:

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

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

[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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage, Security Agreement, Assignment of Leases and Rents, Fixture Filing, and Financing Statement	Lender (mortgagee) has the right to foreclose and to eliminate a buyer's rights under any sales contract. Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed.

F. Construction Warranties:

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

1. Building and Other Improvements: **None.**

2. Appliances: **None.**

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction of this Project was completed in 1992.

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): **None.**

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:

Notice to Owner Occupants

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

Escrow Agreement dated March 1, 2005
Exhibit E 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 issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- 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 or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 2943 filed with the Real Estate Commission on August 30, 1993.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

ULUNIU PARTNERS LLC,
a Hawaii limited liability company



Name: BERNARD M. SCHERMAN
Its MEMBER

4/8/05
Date

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

Exhibit A

Members of Developer

Uluniu Partners LLC

Bernard M. Scherman

50th State Management Corp.

Frederick C. Holschuh (Tr)

Stephen A. Aglinskis (Tr)

Evan Scherman

Aaron Scherman

Danielle Scherman

Scherman Family Irrevocable Trust

Ross Goodhart

Exhibit B
APARTMENT BOUNDARIES AND DESCRIPTIONS

1. Apartment Boundaries

a. *Included in the Apartment.* The boundaries of the respective apartments consist of the interior decorated surfaces of the perimeter walls, floors and ceilings. Each apartment shall also be deemed to include (i) all interior walls or partitions within the boundaries of the apartment, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through or otherwise located within such apartment which are utilized for and serve only that apartment, (iii) the inner decorated and finished surfaces of all walls, floors and ceiling, (iv) all doors, door frames, window, window frames within the apartment boundaries or along the perimeters of such apartment, and (v) all fixtures installed in such apartment.

b. *Not included in the Apartment.* Each of the respective apartments shall not be deemed to include any pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through or otherwise located within each such apartment which are utilized for or serve more than one apartment, the same being deemed common elements.

2. Apartment Descriptions.

a. *Unit 102:* Unit 102 contains one room with a net living area of approximately 663 square feet and its common interest is 6.9034%.

b. *Unit 103:* Unit 103 contains one room and one bathroom with a net living area of approximately 1,034 square feet and its common interest is 10.7663%.

c. *Unit 1:* Unit 1 contains one room and one bathroom with a net living area of approximately 776 square feet and its common interest is 8.08%.

d. *Unit 2:* Unit 2 contains one room and two bathrooms with a net living area of approximately 1,288 square feet and its common interest is 13.4111%.

e. *Unit 3:* Unit 3 contains one room on the ground floor, one bathroom on the ground floor and one room on the second floor. It has a net living area of approximately 2,269 square feet (1,628 square feet on the ground floor and 641 square feet on the second floor). There are two stairways located within the apartment. Its common interest is 23.6256%.

f. *Unit 4:* Unit 4 contains one room and one bathroom with a net living area of approximately 678 square feet and its common interest is 7.0596%.

g. *Unit 201:* Unit 201 contains one room with a net living area of approximately 836 square feet and its common interest is 8.7047%.

h. *Unit 202:* Unit 202 contains one room with a net living area of approximately 798 square feet and its common interest is 8.309%.

i. *Unit 204:* Unit 204 contains two rooms with a net living area of approximately 561 square feet and its common interest is 5.8413%.

j. *Unit 205:* Unit 205 contains one room with a net living area of approximately 335 square feet and its common interest is 3.4881%.

k. *Unit 207:* Unit 207 contains one room with a net living area of approximately 366 square feet and its common interest is 3.8109%.

IMPORTANT NOTES: (1) THE FLOOR AREAS FOR THE APARTMENTS AS SHOWN IN THIS EXHIBIT ARE ALL APPROXIMATE. THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACTUAL AREA OF ANY PARTICULAR APARTMENT. THE AREAS OF PARTICULAR APARTMENTS ARE LIKELY TO VARY. (2) THE BATHROOMS REFERRED TO ABOVE CONSIST OF A TOILET AND SINK. THERE ARE NO BATHTUBS OR SHOWERS.

Exhibit C

ENCUMBRANCES ON TITLE

The Preliminary Title Report prepared by Title Guaranty of Hawaii, Inc. and submitted to the Commission discloses the following as encumbrances against title to the lands of the Uluniu Urban condominium project:

1. Real property taxes due but not yet owing.
2. -AS TO PARCELS FIRST AND SECOND:-
 - (A) GRANT in favor of HAWAIIAN ELECTRIC COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED dated October 1, 1945, filed as Land Court Document No. 81126; granting an easement for utility purposes.
 - (B) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING
DATED : --- (acknowledged October 5, 1999)
FILED : Land Court Document No. 2582718
3. -AS TO PARCEL SECOND:-
 - (A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED
DATED : July 31, 1946
FILED : Land Court Document No. 87182
 - (B) Rights of others who own undivided interest(s) in the land described in Schedule C.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT
UNDER SECTION 4.40-21 OF THE LAND USE ORDINANCE
(LUO)
DATED : August 26, 1991
FILED : Land Court Document No. 1856604
5. Any matters disclosed on surveyor's report dated October 26, 1992, and survey map dated October 28, 1992, prepared by James R. Thompson, Registered Professional Land Surveyor.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
THE "ULUNI URBAN" CONDOMINIUM PROJECT
DATED : June 10, 1993
FILED : Land Court Document No. 2046582
MAP : 986 and any amendments thereto

Said Declaration was amended by instruments dated August 13, 1993, filed as Land Court Document No. 2060191, dated --- (acknowledged October 20, 1993), filed as Land Court Document No. 2081906 (said

Second Amendment was clarified by instrument dated January 31, 1994, filed as Land Court Document No. 2114779), dated December 8, 1994, filed as Land Court Document No. 2204079, and dated September 2, 1998, filed as Land Court Document No. 2490157.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS
DATED : July 19, 1993
FILED : Land Court Document No. 2046583

8. Any recorded and unrecorded leases and matters arising from or affecting the same.*
9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated February 9, 1994, filed as Land Court Document No. 2119062.
10. Any unrecorded leases and matters arising from or affecting the same.*
11. The Final Public Report for the ULUNIU URBAN condominium project filed in the Office of the Department of Commerce and Consumer Affairs on November 10, 1993 expired on April 9, 1997.*
12. MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, FIXTURE FILING, AND FINANCING STATEMENT*

MORTGAGOR : ULUNIU PARTNERS, LLC (also known as ULUNIU PARTNERS LLC), a Hawaii limited liability company
MORTGAGEE : AMERICAN SAVINGS BANK, F.S.B., a federal savings bank
DATED : August 20, 2003
FILED : Land Court Document No. 2984643
AMOUNT : Various amounts

13. FINANCING STATEMENT *

DEBTOR : ULUNIU PARTNERS LLC
SECURED PARTY: AMERICAN SAVINGS BANK, F.S.B.
RECORDED : Document No. 2003-182803
RECORDED ON: August 29, 2003

14. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land.*

-Note:- Before issuance of an ALTA policy, verification is required that there is no renovation or construction in progress at the present time, nor has there been any renovation or construction during the past year, nor has any material been delivered to the site for purposes of renovation or construction in the past year.

* Apartments will be conveyed to Buyer free and clear of these items.

Exhibit D

**Estimate of Initial Maintenance Fees
And
Estimate of Maintenance Fees Disbursements**

I, Bernard M. Scherman, a member of the developer, hereby certify that the estimates of maintenance fees assessments and maintenance fee disbursements shown in this Exhibit were prepared in accordance with generally accepted accounting principles. The developer has not conducted a reserve study.

ULUNI PARTNERS LLC,

By 

Name BERNARD M. SCHERMAN

Its MEMBER

Exhibit D

Estimate of Initial Maintenance Fees

Apartment Type/ Apartment Number	Common Interest (%)	Monthly Fee	Yearly Total
102	6.9034	\$333.67	\$4,004.00
103	10.7663	\$520.37	\$6,244.45
1	8.08	\$390.53	\$4,686.40
2	13.4111	\$648.20	\$7,778.40
3	23.6256	\$1,141.90	\$13,702.85
4	7.0596	\$341.20	\$4,094.57
201	8.7047	\$420.73	\$5,048.73
202	8.309	\$401.60	\$4,819.23
204	5.8413	\$282.33	\$3,387.95
207	3.8109	\$185.19	\$2,210.32
205	3.4881	\$168.59	\$2,023.10

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

ESTIMATE OF MAINTENANCE FEE DISBURSEMENT

Utilities & Services	
Electricity	\$1,500.00
Water	\$3,000.00
Gardening	\$3,300.00
Trash Disposal	\$1,300.00
Maintenance, Repairs & Supplies	
Maintenance, Repairs & Janitorial	
Services	\$31,500.00
Supplies	\$2,000.00
Insurance	\$10,200.00
Miscellaneous/Administrative	\$5,200.00
TOTAL	\$58,000.00

NOTE: The developer has not conducted a reserve study.

Exhibit E

Summary of Escrow Agreement and Sales Contract

Copies of the executed Escrow Agreement and specimen Deposit Receipt and Contract of Sale (referred to herein as the "Sales Contract") have been submitted as part of the registration. The Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as the Escrow Agent for the sales of the apartments in the condominium project.

It is incumbent upon buyers and prospective buyers to read these documents with care. The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed into escrow, as well as the retention and disbursement of these funds. The specimen Sales Contract determines, among other things, the time for and amount of payments on the purchase price, and for payment of all closing costs.

When a buyer signs a Sales Contract, the buyer also adopts the Escrow Agreement, just as if the buyer had signed the Escrow Agreement. A buyer should make time to read the Escrow Agreement and his/her Sales Contract.

Some of the key provisions of the Escrow Agreement and the Sales Contract may be summarized as follows:

I. Summary of Escrow Agreement

(1) Deposit of Funds with Escrow Agent.

The seller must give the Escrow Agent any monies received by the seller from any buyer in connection with a Sales Contract.

The seller may direct the Escrow Agent to deposit these funds an account at a federally insured bank, savings and loan association or other financial institution located in the State of Hawaii, that pays interest on deposits. If a buyer requests that a separate account for buyer be established by the Escrow Agent, then such buyer must pay to the Escrow Agent a fee of Twenty-Five Dollars (\$25.00) for each separate account.

(2) Release of Buyer's Funds. The Escrow Agent will not make any disbursement of a buyer's funds, unless and until all of the following conditions have been satisfied: (a) The Real Estate Commission shall have issued an effective date for the Final Public Report for the project, and the subject buyer is given a copy of said Final Report and acknowledges receipt of same and waives Buyer's right to cancel the Sales Contract or is deemed to have acknowledged receipt of same and to have waived Buyer's right to cancel the Sales Contract pursuant to HRS Section 514A-62; (b) Seller or seller's attorney shall have delivered a written opinion to Escrow Agent stating that the Sales Contract has become effective, the requirements of HRS Sections 514A-62 and 514A-63, as amended, have been satisfied, the Sales Contract delivered to Escrow is binding upon the seller and the requirements of 521-38, HRS have been complied with (if applicable); (c) Seller shall have given Escrow Agent a written waiver of any option reserved in any Sales Contract in favor of seller to cancel the subject Sales Contract, (d) Seller shall deliver to Escrow a certificate from the seller's architect stating that the project is in compliance with the Federal Fair Housing Amendment Act of 1988, and (e) Funds of the seller shall not be disbursed until Escrow has closed the Sales Contract in accordance with the Escrow Agreement.

(3) Deposit of Funds.

Each buyer shall be entitled to the return of funds deposited by such buyer with Escrow Agent (with interest to the extent provided in the Sales Contract), in the event that any one of the following occurs: (a) the seller and the buyer instruct the Escrow Agent, in writing, to return the funds to such buyer; or (b) the seller notifies the Escrow Agent of the seller's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission available to the seller with respect to which, in accordance with the Sales Contract, the buyer is entitled to a return of funds deposited by it with Escrow Agent; or (c) the buyer exercises its right to cancel the Sales Contract pursuant to either Section 514A-62 or 514A-63 of the Hawaii Revised Statutes.

(4) Fees. The escrow fees are shown in Exhibit A to the Escrow Agreement. Escrow shall arrange for the issuance of a title insurance policy (standard owner's or ALTA lender's policy). The premium for this title policy is also shown in Exhibit A to the Escrow Agreement. There are also additional fees that will be due if the buyer does not obtain a mortgage loan from a lender designated by the seller, the buyer obtains a mortgage loan from any out-of-state lender or escrow involves a 1031 exchange. There will also be fees assessed if the transaction is cancelled.

(5) Protection of the Escrow Agent. Escrow Agent will not be liable for acting in accordance with the Escrow Agreement and will not be responsible for the validity or sufficiency of any Sales Contracts or other documents received by the Escrow Agent. The seller shall cause each buyer to pay the Escrow Agent on demand and to indemnify and hold harmless the Escrow Agent from and against all costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with or arising out of the escrow.

(6) Closing.

When the Escrow Agent receives (a) an executed conveyance document for an apartment, (b) a receipt for the Final Public Report, (c) all necessary releases relating to or affecting such apartment, (d) the full amount of the purchase price for such apartment, (e) any mortgage or other instruments securing payment by the buyer of all or part of the purchase price of the apartment, and (f) the buyer's share of the closing costs, the Escrow Agent will close the sale of such apartment by undertaking the following:

1. Cause the recording of such releases, conveyance document and mortgage(s) to finance such purchase (if any); and

2. After recordation, the Escrow Agent will: (i) Cause a copy of the conveyance document to be delivered to the buyer, the release or partial releases, if any, to the seller, and the mortgage, if any, to be delivered to buyer's lending institution, and (ii) Disburse all sums relating to the purchase of the apartment, less the seller's share of the closing costs, to the seller.

II. Summary of Sales Contract

Among other things, the Sales Contract provides that:

A. Payment of Purchase Price Using Cash. If the buyer intends to pay any balance of the purchase price by way of cash only, then the buyer must supply all credit and other information requested by the seller to provide the seller with assurance acceptable to the seller in its sole discretion that buyer will be able to pay the purchase price in full at closing. If the buyer fails to deliver such assurance to the seller within 10 days after the execution of the Sales Contract by both parties, then the seller may decide to terminate the Sales Contract by providing written notice of its intention to terminate to the buyer. In this case, if the Sales Contract were terminated, any deposit made by the buyer would be refunded to the buyer without interest and less any escrow cancellation fees.

B. Payment of Purchase Price Using Financing. If the buyer intends that the balance of the purchase price will be paid by way of financing received from a lending institution, then the buyer is solely responsible for obtaining such financing, and within five (5) business days after the date of acceptance of the Sales Contract Agreement, the buyer will apply with one or more lending institutions for such financing and shall supply all credit and other information required by such institution and pay all fees imposed or charges by such institution. Buyer will promptly sign and deliver all documents and diligently take all steps necessary to obtain such financing. Within thirty (30) days after the date of acceptance of the Sales Contract, the buyer will give to the seller an executed copy of a loan commitment from a lending institution showing, in a manner reasonably acceptable to the seller, that the lending institution will loan the amount required by the Sales Contract.

If the buyer does not act in good faith in attempting to obtain financing for its purchase, then the shall be in default under the Sales Contract, and the seller may, among other things, terminate the Sales Contract by providing written notice to buyer. If buyer has applied for financing and diligently and in good faith pursued such application, and such application is not approved within thirty (30) days after the date of acceptance of the Sales Contract, then either the seller or the buyer may terminate the Sales Contract by written notice to the other, and in the event of such termination, any deposit made by the buyer will be refunded promptly to the buyer, less any escrow cancellation fees. The buyer's option to terminate the Sales Contract for this reason must be exercised, if at all, by the buyer giving written notice of such exercise to the seller and escrow within forty (40) days after the date of the Sales Contract.

C. Closing Costs. Buyer shall pay the Escrow Company's escrow fees; the cost of preparing any conveyance documents, applicable promissory note and mortgage to the lending institution providing financing to buyer and all points, fees and other sums required by such lending institution, if applicable, the recording costs for recording the Deed and Mortgage (if any), any notary public fees for acknowledgments of buyer's signature(s), the cost of title insurance, any applicable State of Hawaii conveyance tax; the buyer's pro rata share of real property taxes, buyer's non-refundable, non-transferable "start-up" contribution for the Association common expense reserve in

an amount equal to not less than two (2) months' estimated assessment for common expenses, and any administrative fee that may be charged by the seller for the use of an alternate lending institution.

D. Closing. The date of Closing will be on a date selected by the seller, but in no event more than sixty (60) days after the date of the Sales Contract. In order for closing to take place, all documents necessary for closing must be executed and all payments required under the Sales Contract must be made to the Escrow Agent at least two (2) business days prior to the closing date.

E. What the Seller is Required to Do at Closing. The seller will sign and deliver the Deed to the Escrow Agent, and pay any closing costs for which the seller is responsible.

F. What Buyer is Required to Do Prior to Closing. The buyer will sign and deliver all documents which the buyer has to sign in order to close to the Escrow Agent at least 5 business days before the closing date. The buyer will also pay to the Escrow Agent the balance of the purchase price and any closing costs for which the buyer is responsible.

G. Warranties. EXCEPT AS PROVIDED IN THIS AGREEMENT, AND EXCEPT FOR THE WARRANTY OF TITLE (SUBJECT TO THE ENCUMBRANCES MENTIONED IN THIS AGREEMENT), SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE PROPERTY OR ITS CONDITION OR SUITABILITY FOR ANY PURPOSE, OR AS TO THE AVAILABILITY OF ANY SCHOOLS, FIRE OR POLICE PROTECTION, OR ANY OTHER SERVICES TO BE PROVIDED BY PERSONS OR ENTITIES OTHER THAN SELLER.

H. Membership in the Apartment Owners Association. After closing, every condominium apartment owner will automatically become a member of the Association. Buyer has been advised as to the estimated monthly maintenance charges and assessments against the apartment. Buyer is aware that such amounts are subject to future change for various reasons, and buyer hereby specifically accepts and approves any such changes. BUYER AGREES THAT SUCH ESTIMATED MAINTENANCE FEE AMOUNTS ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY THAT SUCH MAINTENANCE FEE AMOUNTS WILL REMAIN STABLE AND NOT INCREASE OVER TIME.

I. Amendment of Documents. Before the closing date, the seller may amend certain documents as specifically authorize by the buyer in the Sales Contract.

J. Default by Buyer/Refund to Buyer. If the buyer (i) fails to make any payment when it is due, or (ii) fails to keep any of the other promises or agreements of the buyer set forth in the Sales Contract and this failure continues for ten (10) days or more after the seller notifies the buyer of this failure, then the seller will have the right to do any of the following:

1. The seller may terminate the Sales Contract by giving the buyer written notice of termination. If this happens, then the seller may keep all sums deposited by the buyer as "liquidated damages" (i.e., the amount agreed to by the buyer and the seller as properly payable in settlement for breach of contract), and not as a penalty.

2. The seller may take advantage of any other rights which the law allows, including, for example, a lawsuit for actual damages suffered, or a lawsuit for "specific performance," which means a lawsuit to require the buyer to pay the full purchase price and keep all of the buyer's promises under the Sales Contract.

In the event that the Sales Contract is terminated due to a buyer's default, the buyer must pay all costs which may be incurred by the seller because of the buyer's default, including attorneys' fees, court costs and escrow cancellation fees. The Escrow Company may, without further authorization from the buyer, pay to the seller all sums deposited by the buyer under the Sales Contract, together with accrued interest thereon.

K. Seller's Default/Refund to Buyer. If the seller fails to keep any of the seller's promises or agreements contained in the Sales Contract, the buyer may bring a lawsuit for "specific performance" or the buyer may cancel the Sales Contract. If a buyer cancels the Sales Contract due to the seller's default, then the seller must refund all sums paid by the buyer to either the seller or to the escrow company, together with accrued interest thereon. If seller defaults under the Sales Contract, the buyer will only have the rights mentioned in the Sales Contract, and the buyer gives up and waives any other rights which the buyer might otherwise have.

L. Joint Buyers. If there is more than one (1) person listed as the buyer, each person will be fully responsible for fulfilling all of the promises and agreements of the buyer contained in the Sales Contract. This means that any one of such persons may be required by the seller to pay all of the amounts owed by the buyer under the Sales Contract, or to keep all of the buyer's other promises and agreements contained in the Sales Contract.

M. Real Estate Agency Disclosures. The seller's broker (if any), and its employees, licensees and agents, are agents of the seller only and are not agents or subagents of the buyer and owe no fiduciary duties to the buyer.

ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ WITH CARE ALL PROVISIONS OF THE SALES CONTRACT AND ESCROW AGREEMENT. THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT OR SALES CONTRACT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT AND SALES CONTRACT, A BUYER MUST REFER TO THE ESCROW AGREEMENT REFERENCED IN THE BUYER'S SALES CONTRACT TO DETERMINE HIS/HER RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT OR SALES CONTRACT, THE ESCROW AGREEMENT OR SALES CONTRACT WILL GOVERN.