

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer IGWT, INC.
Address 1810 Alaweo Street, Honolulu, Hawaii 96821

Project Name(*): ESTATES AT HAIKU
Address: 46-247 Haiku Road, Kaneohe, Hawaii 96744

Registration No. 2956

Effective date: November 30, 1993

Expiration date: December 30, 1994

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.
[X] No prior reports have been issued.
[] 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

(*) Exactly as named in the Declaration

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:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and 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 applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

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

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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: IGWT, INC. Phone: (808) 377-5627
Name (Business)
1810 Alaweo Street
Business Address
Honolulu, HI 96821

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

Wayland D. Lum, President
Neil M. Takekawa, Vice President
Michael G. Taylor, Secretary
Erland H. Lum, Treasurer

Real Estate Broker: Frances M. Abe (RA), McCormack Real Estate Inc.,
dba Coldwell Banker McCormack Phone: (808) 944-1888
Real Estate (B) (Business)
Name
1909 Ala Wai Blvd., #C-2
Business Address
Honolulu, HI 96815

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen St., 1st Floor
Business Address
Honolulu, HI 96813

General Contractor: Wayland Lum Construction, Inc. Phone: (808) 833-2351
Name (Business)
P. O. Box 1742
Business Address
Honolulu, HI 96806

Condominium Managing Agent: Self-managed by the Association Phone: N/A
Name of Apartment Owners (Business)
Business Address

Attorney for Developer: CADES SCHUTTE FLEMING & WRIGHT Phone: (808) 521-9200
Name (Business)
1000 Bishop Street
Business Address
Honolulu, HI 96813
Attn: Jeffrey D. Watts, Esq.

**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. 2062045

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

N/A

- 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. 993

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

N/A

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the 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. 2062046

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

N/A

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 | -- | Majority of quorum of <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:

See Exhibit "A"

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: 46-247 Haiku Road Tax Map Key: 1-4-6-26-93
Kaneohe, Hawaii 96744 (TMK)

[] Address [] TMK is expected to change because N/A

Land Area: 20,058 [X] square feet [] acre(s) Zoning: R-5

~~Lessor~~

(Fee Owner): IGWT, INC.
Name
1810 Alaweo Street
Address
Honolulu, Hawaii 96821

Sublessor: N/A
Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Gypsum board; concrete slab

4. Permitted Uses by Zoning:

| | No. of Apts. | Use Permitted By Zoning | | No. of Apts. | Use Determined By Zoning |
|---|--------------|---|---------------------------------------|--------------|--|
| <input checked="" type="checkbox"/> Residential | <u>2</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:

Pets: No pets permitted unless all owners otherwise agree in writing.

Number of Occupants: _____

Other: No time-sharing, rooming house, bed & breakfast or commercial uses.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: 1 per apt. Trash Chutes: -0-

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) | Garage (sf)** |
|-----------|----------|--------------|-----------------------|------------------|---------------|
| A | <u>1</u> | <u>3/2.5</u> | <u>1,628</u> | <u>30</u> | <u>392</u> |
| B | <u>1</u> | <u>3/2.5</u> | <u>1,808</u> | <u>250*</u> | <u>439</u> |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

*Includes covered entryway of 114 sq. ft.

Total Apartments: 2

** The garages are part of the Apartments.

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

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

Boundaries of Each Apartment:

See Exhibit "B"

Permitted Alterations to Apartments:

See Exhibit "B"

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 "C".

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:

described in Exhibit "C".

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 "D".

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 "E" describes the encumbrances against the title contained in the title report dated July 6, 1993 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.

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> |
|---------------------|---|
|---------------------|---|

N/A

F. Construction Warranties:

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

1. Building and Other Improvements:

See Exhibit "F"

2. Appliances:

See Exhibit "F"

G. Status of Construction and Estimated Completion Date:

Construction of the Project is more than one-half completed as of the date of this application. Construction of the Apartments and all common areas and facilities is estimated to be completed by December 31, 1993.

H. Project Phases:

The developer [X] has [] 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):

Pursuant to paragraph 18 of the Declaration, the Developer has reserved the right (but is not obligated) to construct up to two (2) additional apartments on part of the common elements designated in the Declaration and on the Condominium Map as "Reserved Land." In connection with the creation of additional apartments, the Developer has also reserved the right to amend the Declaration and Condominium Map to reflect the addition of new apartments to the Project, to reapportion the common interests among the original and new apartments, and to designate all or part of the Reserved Land as limited common element "Open Areas" appurtenant to the new apartments. Purchasers are advised to read paragraph 18 of the Declaration carefully to ascertain the full range of rights reserved to the Developer in connection with the creation of additional apartments.

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 "H" contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated August 5, 1993
Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.
- [] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

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

This Public Report is a part of Registration No. 2956 filed with the Real Estate Commission on Sept. 2, 1993

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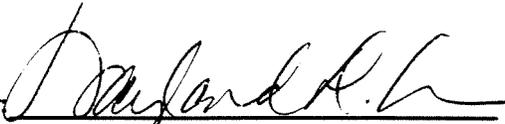
C. Additional Information Not Covered Above

None

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.

IGWT, INC.

Name of Developer

By: 
Duly Authorized Signatory

August 31, 1993
Date

Wayland D. Lum, 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

DEVELOPER'S RESERVED RIGHTS TO CHANGE DOCUMENTS

Under paragraph 18 of the Declaration, the Developer reserves the right to amend the Declaration and the Condominium Map to reflect the creation of up to two (2) additional apartments in the Project. This right shall terminate upon the issuance of a certificate of occupancy for a fourth apartment in the Project, or five (5) years after the date of recordation of the first conveyance of an apartment in the Project, whichever first occurs.

Under paragraph 19 of the Declaration, the Developer reserves the right to amend the Declaration, Condominium Map and Bylaws at any time prior to the first recording of a conveyance or transfer (other than for security) of an apartment and its appurtenances to a party who has not signed the Declaration. Paragraph 19 of the Declaration also permits the Developer to amend the Declaration and the Condominium Map to file the "as-built" verified statement required by the Condominium Property Act at any time before or after the lease, sale or conveyance of any of the apartments.

Section K of the Rules and Regulations provides that the Developer may amend the Rules and Regulations in any manner prior to election of the first Board of Directors for the Project.

Under paragraph E.18 of the Sales Contract, the Developer reserves the right to make changes to all of the Project's documents, under certain circumstances explained in paragraph E.18 of the Sales Contract.

EXHIBIT "A"

BOUNDARIES OF APARTMENTS
AND
PERMITTED ALTERATIONS TO APARTMENTS

A. Boundaries of Apartments.

Paragraph 3.1 of the Declaration provides that each Apartment shall be deemed to consist of the entire Building in which the Apartment is located, including:

(a) the outside surfaces of the Building (including the roof), the bottom surfaces of the footing of the Building, the entire concrete slab underlying the Building, the two-car garage attached to the Building, and all eaves, awnings, rain gutters and drain pipes attached to the Building;

(b) all perimeter and interior walls and partitions, both load-bearing and non-load-bearing;

(c) all doors and door frames, windows and window frames comprising part of the Building;

(d) all decks, lanais, porches, steps, entryways, stairs or other components physically attached to the Building and for the exclusive use of the Building and its occupants;

(e) the air space within the Building's perimeter walls, floor and roof, including the air space within the perimeter walls, floor and roof of the attached garage;

(f) all ducts, pipes, wires and conduits within the Building which serve only that Building; and

(g) all fixtures originally installed therein.

Paragraph 3.2 of the Declaration provides that each Apartment shall not be deemed to include any pipes, wires, ducts, conduits or other utility or service lines running through the Apartment's Building which are utilized by or serve more than one Apartment.

B. Permitted Alterations to the Apartments.

Article VIII of the Bylaws provides that each Owner shall have the right, upon obtaining the prior written consent of the Board and the holders of all mortgages affecting his Apartment, to improve, renovate, remodel, make additions to,

EXHIBIT "B"

enlarge, remove, replace or restore the Apartment or portions thereof, subject to certain conditions and restrictions set forth in Article VIII of the Bylaws.

To ensure that the Project maintains a uniform general appearance, no Owner may repaint all or any part of the exterior of his Apartment in a color different from the Apartment's original exterior color except upon the unanimous written approval of all the Owners. Unless the Association unanimously agrees otherwise, the exteriors of the Apartments shall at all times be painted only in earth tones.

Article VIII of the Bylaws contains additional information regarding alterations to the Apartments, the common elements and the limited common elements.

COMMON ELEMENTS
AND
LIMITED COMMON ELEMENTS

A. Common Elements.

Paragraph 4 of the Declaration provides that the common elements of the Project include, but are not limited to:

- (a) The Land, in fee simple;
- (b) The limited common elements described in paragraph 5 below;
- (c) All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Apartments and which are utilized for or serve more than one Apartment;
- (d) All pipes, wires, ducts, conduits or other utility or service lines running through an Apartment which are utilized by or serve more than one Apartment;
- (e) The driveway providing ingress to and egress from the Apartments and their appurtenant limited common elements;
- (f) The trash receptacle area near the entrance to the Project, as shown on the Condominium Map; and
- (g) All improvements on the Land which are not part of any Apartment.

B. Limited Common Elements.

Paragraph 5.1 of the Declaration describes the limited common elements appurtenant to Apartment A as follows:

- (a) The area shaded in red on the Condominium Map and designated as "Open Area A," and all rock walls, trees, shrubs, plants and landscaping situated therein;
- (b) The front walkway and driveway areas leading to Apartment A and shaded in red on the Condominium Map;
- (c) The mailbox designated by the mailing address for Apartment A; and

EXHIBIT "C"

(d) That portion of the perimeter wall surrounding the Project immediately adjoining Open Area A.

Paragraph 5.2 of the Declaration describes the limited common elements appurtenant to Apartment B as follows:

(a) The area shaded in green on the Condominium Map and designated as "Open Area B," and all rock walls, trees, shrubs, plants and landscaping situated therein;

(b) The front driveway area leading to Apartment B and shaded in green on the Condominium Map;

(c) The mailbox designated by the mailing address for Apartment B; and

(d) That portion of the perimeter wall surrounding the Project immediately adjoining Open Area B.

Paragraph 5.3 of the Declaration provides that any other common element of the Project which is rationally related to only one apartment shall be deemed a limited common element appurtenant to and for the exclusive use of such Apartment.

COMMON INTERESTS

To ensure the equitable administration of the Project, Apartments A and B shall initially each have appurtenant thereto an equal undivided fifty percent (50%) interest in the common elements of the Project, and in all common profits and expenses of the Project, and for all other purposes, including voting.

The Developer has reserved the right, pursuant to paragraph 18 of the Declaration, to add up to two (2) additional Apartments to the Project, and to reapportion the common interests of all the Apartments each time a new Apartment is created. Upon creation of an additional Apartment, the percentage common interest for each Apartment (including each original Apartment) shall be determined by adding the square footage of the Open Area appurtenant to such Apartment to the square footage of the land underlying the Apartment, and dividing this sum by the sum of (i) the aggregate square footage of all Open Areas appurtenant to the Apartments, plus (ii) the aggregate square footage of all land underlying the Apartments. The resulting fraction shall be rounded off to the nearest ten-thousandth and expressed as a percentage. If necessary, minor adjustments shall be made to the common interest for the most recently created Apartment to ensure that the total common interests appurtenant to all Apartments equals one hundred percent (100%). Exhibit "B" attached to the Declaration provides a hypothetical example of how new common interests are to be computed.

EXHIBIT "D"

ENCUMBRANCES

The Status Title Report dated July 6, 1993 (revised July 21, 1993), issued by Title Guaranty of Hawaii, Inc., discloses that the Project is subject to a grant in favor of Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company Incorporated, dated March 31, 1992, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1913695, granting a perpetual right and easement to construct, reconstruct, operate, maintain, repair and remove poles, wirelines, guywires, etc., for the transmission and distribution of electricity.

EXHIBIT "E"

WARRANTY INFORMATION

Under paragraph E.14 of the Sales Contract, the Developer agrees to require the general contractor of the Project to warrant, in writing, that: (a) the materials furnished under the contract for construction of the Project will be of good quality and new, unless the construction contract requires or permits that the materials be otherwise; and (b) the construction and services required by the construction contract will be of good quality. The Developer also agrees to require the general contractor's written warranties to be effective for one (1) year from the date the final payment owed to the general contractor under the construction contract is made to and accepted by the general contractor.

The Developer also will transfer to the Buyer any manufacturer's or dealer's warranties that are transferable covering appliances in the Buyer's apartment.

The Developer agrees, without incurring any legal liability, to cooperate with the Buyer to try to have all the warranties performed by the general contractor for which he is responsible. Paragraph E.14 of the Sales Contract explains that the Developer makes no warranties, express or implied, other than the limited warranty contained in paragraph E.14 of the Sales Contract. Prospective purchasers should read paragraph E.14 carefully for further warranty information.

EXHIBIT "F"

EXHIBIT "G"
**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

| <u>Model</u> | <u>Monthly Fee</u> | <u>X 12 months = Yearly Total</u> |
|--------------|--------------------|-----------------------------------|
| A | \$120.00 | X 12 months = \$1,440.00 |
| B | \$120.00 | X 12 months = \$1,440.00 |

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:

Utilities and Services

| | | |
|-------------------|--|--------------------------------|
| Air Conditioning | | |
| Electricity | - common elements only (2 units @ \$25.00 each) | \$50.00 X 12 months = \$600.00 |
| Elevator | | |
| Gas | | |
| Refuse Collection | | |
| Telephone | | |
| Water and Sewer | | |

Maintenance, Repairs and Supplies

| | | |
|----------|--------------------------|--------------------------------|
| Building | | |
| Grounds | (2 units @ \$37.50 each) | \$75.00 X 12 months = \$900.00 |

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance

| | | |
|-----------|--------------------------|--------------------------------|
| Liability | (2 units @ \$12.50 each) | \$25.00 X 12 months = \$300.00 |
| Property* | (2 units @ \$30.00 each) | \$60.00 X 12 months = \$720.00 |

| | | |
|----------|--------------------------|--------------------------------|
| Reserves | (2 units @ \$15.00 each) | \$30.00 X 12 months = \$360.00 |
|----------|--------------------------|--------------------------------|

Taxes and Government Assessments

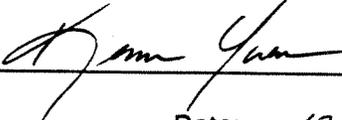
Audit Fees

Other

| | | |
|-------|-----------------|---------------------------------|
| TOTAL | <u>\$240.00</u> | X 12 months = <u>\$2,880.00</u> |
|-------|-----------------|---------------------------------|

* Based on a replacement cost of \$229,000.00 per dwelling and a \$1,000.00 deductible.

I, Kenn Yuen, as agent and employed by IGWT, Inc., the developer, for the condominium project, "Estates at Haiku", hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Date: 12/16/92

SALES CONTRACT AND ESCROW AGREEMENT SUMMARY

The Sales Contract provides for the sale of a condominium apartment (the "Residence") by the Developer to a Buyer. The Escrow Agreement provides how the funds paid by the Buyer under the Sales Contract to Escrow are to be held and released. Both the Sales Contract and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Both documents have been written in language intended to be easier for Buyers to read than that used in traditional legal documents. Some of the important provisions of the Sales Contract are described elsewhere in this Public Report (for example, Exhibits "A" and "F") and are not included in this summary.

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Sales Contract and Escrow Agreement provide who gets to keep interest that may be earned on the funds with Escrow. The Sales Contract may be cancelled by the Developer, among other reasons, if the Buyer is obtaining financing and fails to obtain a lender commitment within certain time limitations or if the Buyer is a cash buyer and fails to furnish satisfactory evidence of ability to pay within other time periods, if the Buyer's deposit check bounces, or if one of the Buyers dies. In certain cases, the Buyer may be responsible for cancellation fees.

The Escrow Agreement provides for the closing or settlement of the sale. Under certain conditions set out in the Escrow Agreement, after an effective date is issued for a Final Public Report and before the Project is complete, funds may be released by Escrow to pay certain costs of developing the Project as permitted by Hawaii law. Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and the Buyer as set forth in the Sales Contract.

If the Buyer defaults under the Sales Contract after an effective date is issued for a Final Public Report for the Project and the Final Public Report is "accepted" by the Buyer, the Buyer may lose all of the deposits with Escrow and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract, the Buyer shall be entitled to specific performance of the Sales Contract, or shall have the right to cancel and terminate the Sales Contract.

EXHIBIT "H"

Under the Sales Contract, the Developer promises to complete construction of the Residence within two (2) years from the effective date of the Sales Contract, provided that the two (2) year period may be extended under certain circumstances specified in Section E.15 of the Sales Contract.

If the Buyer cancels and terminates the Sales Contract because of the Developer's default, the Developer shall repay to the Buyer all sums the Buyer has paid to the Developer or to Escrow under the Sales Contract, and the Buyer may sue the Developer for damages or pursue other legal or equitable remedies. If the Buyer has signed an "owner-occupant" affidavit, the Sales Contract explains that the Buyer will be in default under the Sales Contract if the Buyer does not reaffirm at a specified time the Buyer's intention to be an owner-occupant of the Residence. If that happens, the Sales Contract permits the Developer to cancel the Sales Contract and to pursue all the remedies available to the Developer under the Sales Contract, including keeping all the money the Buyer has paid under the Sales Contract.

The Sales Contract confirms that the Developer may (but is not obligated to) build up to two additional apartments on the part of the Project designated on the Condominium Map as "Reserved Land." Under the Sales Contract, the Buyer agrees that if the Developer builds additional apartments, the undivided percentage interest in the Project's common elements which goes with the Buyer's Residence will be reduced. The Buyer also agrees that if the Developer builds additional apartments, there may be some temporary inconveniences because of construction activities (noise, dust, etc.), and the Buyer agrees not to complain to the Developer or anyone else about such inconveniences. The Buyer also agrees to accept noise, dust, dirt or other temporary nuisances which may occur due to construction or repair work which continues after the Buyer occupies his Residence.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws, and Rules and Regulations. The Sales Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of the Buyer under the Sales Contract.

The Sales Contract limits the Buyer's right to assign the Sales Contract and provides for a consent fee for any transfer. The Sales Contract and Escrow Agreement provide for "pre-closing." "Pre-closing" means that Escrow may set a time for the Buyer to sign all of the documents Escrow asks the Buyer

EXHIBIT "H"

Page 2

to sign, including the Apartment Deed and other closing documents, and the Buyer will pay the Buyer's share of the closing costs, as estimated by Escrow, even though the Buyer's Residence may not be ready for occupancy. Closing costs include Escrow's fee, conveyance tax, recording fees, real property taxes and other prorations (including hazard and liability insurance), notary fees, up to four (4) months' maintenance start-up fees, title report and title insurance fees, legal fees for preparing the Buyer's Apartment Deed, and fees charged by a lender if the Buyer is financing the purchase of his Residence with a loan. Escrow then handles the closing, the transfer of title in accordance with the Escrow Agreement. The Residence must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one apartment.

The Sales Contract provides that certain disputes between the Buyer and the Developer or certain parties involved in development of the Project must be arbitrated. The Buyer acknowledges that sales and construction activity at the Project by the Developer may continue after closing of the Buyer's purchase.

The Escrow Agreement provides certain protections to Escrow in the event of a dispute between the Buyer and the Developer. These rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

This summary is not complete and will not control in the event of any conflict with a provision in the Sales Contract or the Escrow Agreement. Prospective Buyers are cautioned and encouraged to read carefully the Sales Contract and Escrow Agreement.