

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer IAO PARTNERS
Address 828 Fort Street, 4th Floor, Honolulu, Hawaii 96813

Project Name(*): Iao Parkside Phase II
Address: Eha Street, Wailuku, Maui, Hawaii

Registration No. 3022

Effective date: January 26, 1994

Expiration date: February 26, 1995

Preparation of this Report:

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

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

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

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

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

Type of Report:

X 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.
(yellow)

 FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[] 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:
(pink)
[] 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:

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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: Iao Partners Phone: 521-5661
Name (Business)
828 Fort Street, 4th Flr.
Business Address
Honolulu, HI 96813

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

Schuler Homes, Inc., a Delaware corporation
C. Brewer Homes, Inc., a Hawaii corporation

Real Estate
Broker: Schuler Realty/Maui, Inc. Phone: 875-4144
Name (Business)
300 Ohukai Road, #316
Business Address
Kihei, HI 96753

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

General
Contractor: Albert C. Kobayashi, Inc. Phone: 671-6460
Name (Business)
94-535 Ukee Street
Business Address
Waipahu, HI 96797

Condominium
Managing
Agent: Oihana Property Management Phone: 244-7684
& Sales, Inc. (Business)
Name
840 Alua, #103
Business Address
Wailuku, HI 96793

Attorney for
Developer: James A. Stubenberg Phone: 526-0892
Name (Business)
1001 Bishop St., 1250 Pauahi Twr.
Business Address
Honolulu, HI 96813

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

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

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

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

See attached 7a and 7b

2. Developer has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

A. The Developer hereby reserves the right to designate, establish, grant and convey to or in favor of any public or governmental authority or to or in favor of any adjoining condominium project such rights-of-way and easements, which are for the benefit of this Condominium and which do not materially and adversely interfere with or impair the use or value of the Condominium or any apartment therein, over, across, under and through the common elements and limited common elements of the Condominium for access and for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines, facilities and appurtenances and trimming any trees in the way thereof; provided, however, that the Association, through the Board, and with the consent and agreement of the holders of any then existing easements affecting thereby, shall be authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such easements without requiring any consideration therefor. To the extent that a joinder of any Owner or lien holder or other person who may have any interest in the Land or the Condominium or in any apartment may be required in order to validate any act or thing done pursuant to the foregoing reservation, such joinder shall be accomplished by power of attorney from each of the Owners, lien holders or other such parties, the acquiring or acceptance of ownership in an apartment or of a lien covering an apartment or any other interest in the Condominium or Land subject to this Declaration being a grant of such power and the grant being coupled with an interest, being irrevocable.

B. The Developer hereby reserves the right to conduct extensive sales activities within the Condominium including without limitation: (a) the use of any apartments owned by the Developer as model apartments and sales and management offices, and (b) the use of such apartments and the common elements (excluding limited common elements appurtenant to other apartments) for sales displays and related activities. Such sales activities shall be conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession, and aesthetic enjoyment of the Condominium by the other apartment Owners. Said reserved rights of the Developer shall continue as to such apartments used as model apartments or offices until four (4) years have elapsed from the date of recordation of the Declaration of Condominium Property Regime of Iao Parkside Phase II.

C. The Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon the Condominium as may be reasonably necessary for the completion of improvements to and correction of defects in the Condominium. This easement shall terminate thirty (30) months after the later of: (a) the recording of the "as built" verified statement required by Section 514A-12 of the Condominium Property Act, or (b) the "date of completion" of the improvements as defined in Section 507-43(f), Hawaii Revised Statutes.

D. The Developer hereby reserves the right to add to and/or withdraw certain portions of the Land described in Exhibit A of the Declaration of Condominium Property Regime of Iao Parkside Phase I from the Project in order to adjust the boundaries of the Land. The exact area of the land to be added and/or withdrawn being subject to an order of subdivision by the County of Maui authority having jurisdiction over the subdivision of land in the County of Maui.

E. Iao Parkside Phase II is the continuation of the Iao Parkside project which consists of five (5) Phases. Each Phase will be developed as a single condominium. As each subsequent Phase is completed, Developer hereby reserves the right to merge said Phase with the prior Phase(s) so that the common elements in each Phase may be jointly used by apartment owners in all of the combined Phases, the common expenses and management of the affairs of the respective Phases will be shared on an equitable basis, and the administration of the respective Phases will be unified under one association of apartment owners.

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: Eha Street Tax Map Key: (2) 3-4-030-013
Wailuku, Maui, Hawaii (TMK)

[x] Address [] TMK is expected to change because County will designate street numbers

Land Area: 3.182 [] square feet [x] acre(s) Zoning: Light Industrial

~~DELETED~~

(Fee Owner): Iao Partners

Name
828 Fort Street, 5th Floor

Address
Honolulu, HI 96813

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: 6 Floors Per Building 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>64</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	<u> </u>	<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: No livestock, poultry, rabbits or other animals shall be allowed or kept in any part of the Project except for dogs,
 [x] Pets: cats or other household pets in reasonable number.

Limited to no more than 2 persons per bedroom in each Apartment
 [x] Number of Occupants: not including children under the age of 5 yrs., but in no event*
No time-sharing plan permitted, including "vacation" license, "travel
 [x] Other: club membership" or "time interval ownership".

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

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

Total Apartments: 64

*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:

Spaces within the perimeter walls, floors and ceilings of each of the 64 apartment units of the Project. Each apartment includes all the walls and partitions which are not loadbearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and the fixtures originally installed in the apartments. These spaces, together with lanais are referred to as "apartments" and are designated on the Condominium Map.

Permitted Alterations to Apartments:

Any alterations to the interior of an apartment may be made except the type of alterations which would jeopardize the soundness of the common elements, reduce the apartment's value or impair any easement. Any alteration which would affect the exterior appearance of the Project must be approved by the Board of Directors.

*shall the number of occupants per bedroom exceed 3 persons including children under 5 yrs.

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	x _____	_____	_____
Structures	x _____	_____	_____
Lot	x _____	_____	_____

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

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

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

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

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

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 D .

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 E describes the encumbrances against the title contained in the title report dated December 21, 199 and issued by Title Guaranty of Hawaii .

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [x] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
The Developer has arranged for construction financing through First Hawaiian Bank	Buyer's interest will be terminated and Buyer is entitled to return of deposits without interest

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:

Developer warrants and will repair and remedy any structural, mechanical and/or electrical defect(s) in the apartment for a period of 365 days after the closing date of purchase, including materials and labor. The apartment purchaser must notify the Developer in writing of any defect(s) in a timely manner as soon as practicable after discovery. The Developer will not be responsible for any damage, defects, failures, or personal injuries resulting from the abuse, misuse, alteration, tampering, neglect or removal of any appliance, structure or other component of the apartment.

2. Appliances:

The Developer warrants that the appliances contained in each apartment as part of the purchase are in good working condition.

G. Status of Construction and Estimated Completion Date:

Currently under construction. Estimated completion date is August 1994.

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):

It is the Developer's plan that as each phase is completed it will be combined with the prior phase(s) so that the common elements in each phase may be jointly used by apartment owners in all of the combined phases, the common expenses and management of the affairs of the respective phases will be shared on an equitable basis, and the administration of the respective phases will be unified under one association of apartment owners; provided, however, that the ownership interests of apartment owners in the respective phases will remain separate as to each phase and will not be altered or affected. This method of combining phases is referred to as "administrative merger".

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

- None (common elements only) Electricity Gas Water
- Sewer Television Cable Other refuse collection

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit G contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated December 2, 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. 3022 filed with the Real Estate Commission on January 7, 19

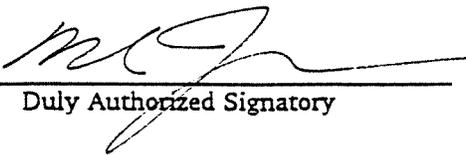
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C. Additional Information Not Covered Above

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.

Iao Partners
Name of Developer

By: 
Duly Authorized Signatory

January 7, 1994
Date

Michael T. Jones, Executive Vice-President, Schuler Homes, Inc.,
the Managing Partner of Iao Partners, a Hawaii general partnership
print name & title of person signing above

Distribution:

Department of Finance, County of Maui
Planning Department, County of Maui
Federal Housing Administration

EXHIBIT A

APARTMENT DESCRIPTION/TYPE

The Condominium Property Regime ("Project") has sixty-four (64) "Apartments", as that term (in the singular) is defined in Section 514A-3 of the Hawaii Revised Statutes. All of the Apartments are located in six (6) two-story, metal-framed, multi-unit buildings. For convenience of reference these Apartments are referred to as "Apartment Units". The multi-unit buildings are all constructed principally of concrete, wood, glass and allied building materials. None of the multi-unit buildings has a basement.

There are one hundred sixteen (116) parking stalls assigned to Apartment Units as hereafter set forth. Four (4) additional parking stalls are available for purchase by Apartment Owners and thirteen (13) parking stalls are set aside and reserved for "Guest" or "Visitor" parking.

APARTMENT UNIT TYPES. There are five (5) Apartment Unit Types, described on the Condominium Map as Types A, B, D, E and F.

1. Type A: One-story unit containing 2 bedrooms, 2 bathrooms, kitchen, dining room, living room, entry and lanai. Each Type A unit contains a net living area of approximately 830 square feet, more or less, plus a lanai of approximately 92 square feet and an entry area of approximately 56 square feet. The configurations for Type A units located side-by-side in the same building are the reverse or mirror image of each other. There will be 8 Apartment Units of this type.
2. Type B: One-story unit containing 2 bedrooms, 2 bathrooms, kitchen, combined living/dining room, entry and lanai. Each Type B unit contains a net living area of approximately 754 square feet, more or less, plus a lanai of approximately 70 square feet and an entry area of approximately 70 feet. The configurations for Type B units located side-by-side in the same building are the reverse or mirror image of each other. There will be 12 Apartment Units of this type.
3. Type D: One-story unit containing 2 bedrooms, 1 bathroom, kitchen, combined living/dining room, entry and lanai. Each Type D unit contains a net living area of approximately 657 square feet, more or less, plus a lanai

of approximately 86 square feet and an entry area of approximately 62 square feet. The configurations of Type D units located side-by-side in the same building are the reverse or mirror image of each other. There will be 20 Apartment Units of this type.

4. Type E: One-story unit containing 1 bedroom, 1 bathroom, kitchen, combined living/dining room, entry and lanai. Each Type E unit contains a net living area of approximately 543 square feet, more or less, plus a lanai of approximately 93 square feet and an entry area of approximately 58 square feet. The configurations of Type E units located on the ends of the same building are the reverse or mirror image of each other. There will be 12 Apartment Units of this type.
5. Type F: One-story unit containing 3 bedrooms, 2 bathrooms, kitchen, combined dining/living room, entry and lanai. Each Type F unit contains a net living area of approximately 960 square feet, more or less, plus a lanai of approximately 93 square feet and an entry area of approximately 58 square feet. The configurations of Type F units located on the ends of the same building are the reverse or mirror image of each other. There will be 12 Apartment Units of this type.

EXHIBIT B

COMMON INTERESTS

<u>Type and No. of Apartments</u>	<u>Apartment Numbers</u>	<u>% of Undivided Interest for Each Apartment</u>	<u>Total Percentage Interest For Each Apt. Type</u>
Type A (8)	23-101, 23-102, 23-103, 23-104 23-201, 23-202, 23-203, 23-204	1.771%	14.168%
Type B (12)	21-103, 21-104, 21-203, 21-204 22-103, 22-104, 22-203, 22-204 24-103, 24-104, 24-203, 24-204	1.609%	19.308%
Type D (20)	19-101, 19-102, 19-103, 19-104 19-201, 19-202, 19-203, 19-204 20-101, 20-102, 20-103, 20-104, 20-105, 20-106 20-201, 20-202, 20-203, 20-204, 20-205, 20-206	1.402%	28.040%
Type E (12)	21-102, 21-106, 21-202, 21-206 22-102, 22-106, 22-202, 22-206 24-102, 24-106, 24-202, 24-206	1.158%	13.896%
Type F (12)	21-101, 21-105, 21-201, 21-205 22-101, 22-105, 22-201, 22-205 24-101, 24-105, 24-201, 24-205	2.049%	24.588%
TOTAL:			100.000

EXHIBIT B

PARKING ASSIGNMENTS

<i>Iao Parkside Phase II</i>								
UNIT		STALL 1	STALL 2	UNIT	MODEL	STALL 1	STALL 2	
19	101	1	34C	24	101	F	81	75
19	102	3	6	24	102	E	79	**
19	103	5	8	24	103	B	77	73
19	104	31C	10	24	104	B	82	71
19	201	2	33C	24	105	F	84	69
19	202	4	7	24	106	E	86	***
19	203	32C	9	24	201	F	80	74
19	204	30C	11	24	202	E	78	***
20	101	130C	129C	24	203	B	76	72
20	102	132C	41C	24	204	B	83	70
20	103	37C	126C	24	205	F	85	68
20	104	35C	39C	24	206	E	87	***
20	105	25	21					
20	106	27	29		Guest Stalls:			
20	201	131C	128C		12, 13, 14, 15, 16, 17, 18, 19, 120C, 125C, 43C, 23, 24			
20	202	133C	42C					
20	203	38C	127C		Stalls for Sale:			
20	204	36C	40C		53C, 116C, 117C, 44			
20	205	26	20					
20	206	28	22					
21	101	110	114C					
21	102	112	***					
21	103	52	118C					
21	104	50	121C					
21	105	48	123C					
21	106	46	***					
21	201	111	115C					
21	202	113	***					
21	203	51	119C					
21	204	49	112C					
21	205	47	124C					
21	206	45	***					
22	101	96	59					
22	102	98	***					
22	103	100	57					
22	104	102	108					
22	105	104	55					
22	106	106	***					
22	201	97	58					
22	202	99	***					
22	203	101	56					
22	204	103	109					
22	205	105	54					
22	206	107	***					
23	101	88	67					
23	102	92	63					
23	103	90	65					
23	104	94	61					
23	201	89	66					
23	202	93	62					
23	203	91	64					
23	204	95	60					

EXHIBIT C

COMMON ELEMENTS

The common elements shall consist of all portions of the land and improvements, other than the apartments, including all elements of the Condominium generally described as common elements in the Condominium Property Act which are actually construed on the land. Without limitation to the generality of the foregoing, the common elements shall include:

(a) The land in fee simple, subject to easements and restrictions described in Exhibit A attached to the Declaration of Condominium Property Regime of Iao Parkside Phase II.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), and roofs of the building; all exterior stairs, stairways, landings, and railings (except lanai railings); and other building appurtenances.

(c) All yards, grounds, landscaping, fences, and refuse areas, facilities and Recreation Center.

(d) All sidewalks, pathways, parking areas, parking stalls (including 13 visitor parking stalls as shown on Exhibit B attached hereto and the driveways and roads within the Condominium.

(e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations for power, light, water, sewer, cable television and telephone; all pipes, plumbing, wires, conduits or other utility or service lines which are utilized by or serve more than one apartment, including any such lines which run through any apartment; and central air conditioning and like utilities, if installed.

(f) All the benefits, if any, inuring to the land or the Condominium from all easements shown on the Condominium Map or listed in said Exhibit A, including, without limitation to the generality of the foregoing, non-exclusive easements for use of vehicular and pedestrian access and for utility purposes over, under, across and through proposed Easements as described in said Exhibit A, as and when such easements are duly created.

(g) All other portions of the land and improvements that are not specifically designated for use by one or more specific apartments, but which are intended for common use, and all other devices and installations the use of which exists for, is rationally allocated to or is necessary to the existence, upkeep and safety of more than one apartment or the Condominium Project as a whole.

EXHIBIT D

LIMITED COMMON ELEMENTS

The limited common elements set aside and reserved for the exclusive use of certain apartments are as follows:

(a) The automobile parking stall(s) for each apartment, as shown on Exhibit B hereof, and any storage area within the parking stall(s) shall be appurtenant to and for the exclusive use of such apartment. The parking stall number for the parking stall appurtenant to each apartment are as set forth in Exhibit B hereof and as shown on the Condominium Map.

(b) Any walkway, stairway, or corridor which connects the apartment or apartments adjoining it to the exterior of the Project shall be appurtenant to and for the exclusive use of the apartment and said adjoining apartment or apartments.

(c) The mailbox assigned to each apartment.

(d) Each private patio or yard area appurtenant to the first floor apartment unit which such area adjoins as shown on the site plan included as part of the Condominium Map.

(e) All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. First Amendment to Unilateral Agreement and Declaration for Conditional Zoning dated June 10, 1992, recorded as Document No. 92-098719, by Wailuku Agribusiness Co., Inc., a Hawaii corporation, as "Declarant", re: change in zoning from Urban Interim to Light Industrial. Said Amendment shall replace and supersede that certain Unilateral Agreement and Declaration for Conditional Zoning dated August 7, 1990, recorded as Document No. 90-130744.

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Special Warranty Deed dated October 15, 1992, filed as Land Court Document No. 1961692, recorded as Document No. 92-167335.

The foregoing includes, but is not limited to, the following:

"EXCEPTING AND RESERVING, however, unto Grantor, its successors and assigns forever, all water and water rights within or appurtenant to the Property; provided, however, that in the exercise of said rights, Grantor, its successors and assigns, shall not have the right to drill for water or otherwise disturb the surface of the land or any improvements thereon."

4. Real Property Mortgage and Financing Statement in favor of First Hawaiian Bank, a Hawaii corporation, by instrument dated June 29, 1993, filed as Land Court Document No. 2039090, recorded as Document No. 93-104216. Said Mortgage was amended by instrument dated August 25, 1993, filed as Land Court Document No. 2059060, and recorded as Document No. 93-138539.

5. Additional Charge Real Property Mortgage and Financing Statement in favor of First Hawaiian Bank, a Hawaii corporation, by instrument dated June 29, 1993, filed as Land Court Document No. 2039091, recorded as Document No. 93-104218. Said Additional Charge Mortgage was amended by instrument dated August 25, 1993, filed as Land Court Document No. 2059060, and recorded as Document No. 93-138539.

6. Grant in favor of Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, dated August 5, 1993, filed as Land Court Document No. 2090730, recorded as Document No. 93-196200; granting a perpetual right and easement to build, construct, reconstruct, rebuilt, repair, maintain and operate pole and wire lines and underground power lines, etc., for the transmission of electricity.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees

IAO PARKSIDE PHASE II Apartment Types		% INTEREST	Monthly fee x 12 months =	Yearly Total
8	TYPE A	1.771	\$136.44	\$1,637.28
12	TYPE B	1.609	\$123.96	\$1,487.52
20	TYPE D	1.402	\$108.01	\$1,296.12
12	TYPE E	1.158	\$89.21	\$1,070.52
12	TYPE F	2.048	\$157.78	\$1,893.36

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

Estimate of Maintenance Fee Disbursements:

Monthly X 12 months = Yearly Total

IAO PARKSIDE PHASE II
Utilities and Services

Air Conditioning	\$0	\$0
Electricity		
<input checked="" type="checkbox"/> common elements only	\$196	\$2,352
<input type="checkbox"/> common elements and apartments	\$0	\$0
Gas	\$0	\$0
Refuse Collection	\$633	\$7,596
Telephone	\$0	\$0
Water and Sewer	\$1,502	\$18,024

Maintenance, Repairs and Supplies

Building	\$186	\$2,232
Grounds	\$1,252	\$15,024

Management

Management Fee	\$640	\$7,680
Payroll and Payroll Taxes	\$670	\$8,040
Office Expenses	\$67	\$804

Insurance

Fire/Liability Ins.	\$1,300	\$15,600
TDI/Workers' Comp.	\$50	\$600
Health Insurance	\$155	\$1,860

Reserves

	\$640	\$7,680
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Taxes and Government Assessments

	\$153	\$1,836
--	-------	---------

Audit Fees

	\$50	\$600
--	------	-------

Other - Managers Apt. Expense
Miscellaneous

	\$200	\$2,400
	\$10	\$120

TOTAL	\$7,704	\$92,448
-------	---------	----------

I Dick Weaver, President, Oihana Property Management & Sales Inc. as managing agent for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Dick Weaver
Dick Weaver, CPM

Date: 12-2-93

EXHIBIT G

SUMMARY OF SALES CONTRACT

1. Seller has entered into an Escrow Agreement dated December 2, 1993, with Title Guaranty Escrow Services, Inc.
2. Seller may terminate Sales Contract and refund to Buyer all money Buyer has paid without interest, if Seller determines that Buyer's ability to make payments or if the financial ability of Buyer has decreased at the time the credit report is updated.
3. Risk of loss to the apartment and percentage interest in the common elements will be born by Seller until the date of final closing at which time risk of loss will be borne by Buyer.
4. The contract will not be assignable without the prior written consent of Seller and any attempt to assign without this consent will be null and void.
5. Seller reserves the right to modify the Declaration, By-Laws, House Rules, Escrow Agreement and Apartment Deed, provided that these modifications do not increase the Buyer's share of common expenses, reduce the obligations of Seller for common expenses on unsold apartments, reduce the size of the apartments, increase the cost of the apartments, or impair or modify any obligations given or undertaken by Seller. Seller also reserves the right to make minor changes that may improve the apartment.
6. Seller anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor shall contain a warranty clause.

SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS INSTALLED OR CONTAINED IN THE APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OR MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

7. Seller may appoint the initial management agent for the Project.
8. Seller reserves the right to exercise all of the power of the Association until the election of the Board of Directors and officers of the Association of Apartment Owners and may vote and exercise all the powers of the Board and officers of the

Association including voting of owners of apartments remaining unsold.

9. Buyer may have the right to rescind the Sales Contract and obtain a refund of all money paid by Buyer without interest if there is any material change in the Condominium (other than any additions, deletions, modifications and reservations including, without limitation, the merger of increments accomplished pursuant to the terms of the Condominium Declaration) which directly, substantially, and adversely affects the use or value of the apartment or the limited common elements appurtenant thereto.
10. If the Buyer defaults when a payment is required, the Seller will notify the Buyer by registered mail of such default. If the default is not cured within seven (7) days after mailing the notice, the Sales Contract may be terminated by Seller with written notice to Buyer. If this occurs, the money paid by the Buyer will belong to the Seller as liquidated damages.
11. Seller agrees that it will erect the building containing the apartment within the period of two (2) years from the date of the issuance of the Final Public Report.
12. The Project will be subject to ongoing construction and sales activities which may result in certain annoyances to Buyer.
13. Seller has no program to offer a rental service of any kind to the owners of apartments in the Project.

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits which a Buyer makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement the following will or may happen:

(a) Seller will require all payments due to be made to Escrow.

(b) All money received by Escrow will be deposited in an interest-bearing account in a federally-insured bank or savings and loan institution. All interest earned in the account will be credited to the account of the Seller.

(c) If the Buyer under a reservation as an owner-occupant is not offered an apartment or if the Buyer refuses to enter into a Sales Contract, Escrow will promptly refund the deposit made by Buyer without interest. If Buyer enters into Sales Contract but rescinds the Sales Contract because of hardship or because the Buyer no longer intends to be an owner-occupant, Seller will cancel Sales Contract and Escrow will promptly return all money to Buyer without interest and less the cancellation fee.

(d) Escrow will disburse Buyer's funds until Seller has notified Escrow that Buyer's Sales Contract has become effective and a Final Public Report has been issued by the Real Estate Commission and Escrow has received a copy of Buyer's receipt for the Final Public Report.

(e) Escrow will from time to time make disbursements from the Escrow fund to pay for construction costs, to other persons for architectural, engineering, financing, advertising, legal fees and other expenses, but not for selling expenses or brokerage fees relating to the sales of any apartment.

(f) If Buyer is in default under the Sales Contract, Escrow will promptly give to Buyer notice of the default.

(g) Escrow is relieved from all liability for acting in accordance with the terms of the Escrow Agreement.

(h) Escrow will be paid TWO HUNDRED AND 00/100 DOLLARS (\$200.00) plus Hawaii general excise tax for each unit in the Project, on the condition that all sales of units in the Project are closed on or before two years after December 2, 1993. Escrow will also arrange for the issuance of a title insurance policy (standard owner's ALTA lender's policy) for the sum of TWO HUNDRED AND 00/100 DOLLARS (\$200.00) for each unit in the Project. An addition fee of ONE HUNDRED AND 00/100 DOLLARS (\$100.00), plus Hawaii general excise tax, shall be charged to the Buyer for each mortgage obtained by the Buyer if the Buyer does not obtain a mortgage loan from a lender designated by Developer.

(i) In the event of the cancellation of any Sales Contract that has been submitted to Escrow, a cancellation fee of TWENTY-FIVE AND 00/100 DOLLARS (\$25.00), plus all costs incurred by Escrow, shall be charged to Developer, unless otherwise agreed to by Developer and the Buyer.