CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer MLC INC.
Address P.O. BOX 1512, HONOLULU, HAWAII 96806

Project Name(*): WAIAKEA RIDGE
Address: 99-144 WAIAKEA PLACE, AIEA, HAWAII 96701

Registration No. 3026 (Partial Conversion)

Effective date: February 14, 1994
Expiration date: March 14, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes. 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:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with _____

____ **SUPPLEMENTARY:** (pink) This report updates information contained in the:

[ ] Preliminary Public Report dated: _____
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

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

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

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

[ ] Changes made are as follows:

****

ATTENTION

The Developer has disclosed the following:

1. The heavy dashed lines on the Condominium Map delineating the yards appurtenant to each apartment do not represent legally subdivided lots. The yards are limited common elements of the project. Apartment owners shall have the exclusive use of the yard appurtenant to their apartments and shall be responsible for the maintenance of their yards.

2. There is an existing apartment (a detached house) located on the WAIAKEA RIDGE property that will be included in the WAIAKEA RIDGE condominium project, but this house will not be offered for sale when the new apartments are offered for sale.

3. The land on which the project is located shall be conveyed to the Developer before recordation of the Declaration in the Bureau of Conveyances. A copy of the proposed deed for such conveyance is on file with the Real Estate Commission.

4. Upon conveyance of the project land to the Developer, the Developer will own an undivided 3/20 interest in Waiakea Place, which is a private road connecting the project to Aiea Heights Drive, the main public access road to the project, together with non-exclusive access rights over Waiakea Place to the project land. The Developer intends to acquire the remaining 17/20 interest in Waiakea Place before recordation of the Declaration in the Bureau of Conveyances such that the Developer shall own 100% of Waiakea Place. All of the Developer's interest in Waiakea Place will be covered by the Declaration and shall be a common element of the project.

   In the event the Developer is unable to obtain the remaining 17/20 interest in Waiakea Place before the Declaration is recorded, the Developer's 3/20 ownership interest in the road will be covered by the Declaration and shall be a common element of the project, and apartment owners shall have non-exclusive access rights over Waiakea Place to the project land. The Developer will then reserve the right to amend the Declaration to add to the Project, as a common element, the remaining 17/20 interest in Waiakea Place upon the Developer's acquisition of such interest. The Developer intends to use its best efforts to acquire the remaining 17/20 interest in Waiakea Place and to include such interest as a common element of the project, but makes no representations or warranties relating thereto.

5. The Developer makes no warranties, expressed or implied, with respect to any apartment, the property or consumer products or other things installed or contained in an apartment, the property or the project, including, but not limited to, warranties of merchantability, habitability, workmanlike construction or fitness for a particular use (see pages 15-16 of this public report).

Each prospective purchaser is cautioned to carefully review the project documents with regard to further information on 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 owner/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 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 they 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 a 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 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: **MLC INC.** Phone: **(808) 486-8457**
Name (Business)
P.O. BOX 1512
Business Address

HONOLULU, HAWAII 96806

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

Steve Montgomery Crouch (President, Treasurer)

Lurline May Ling Crouch (Vice President, Secretary)

Real Estate Broker: **LOCATIONS INCORPORATED**
(MARY M. HAKODA) Phone: **(808) 545-8800**
Name (Business)
7 WATERFRONT, SUITE 210
Business Address
500 ALA MOANA BOULEVARD
HONOLULU, HAWAII 96813

Escrow: **OLD REPUBLIC TITLE AND ESCROW OF HAWAII** Phone: **(808) 531-0226**
Name (Business)
900 FORT STREET MALL, SUITE 1000
Business Address

HONOLULU, HAWAII 96813

General Contractor: **To be selected.** Phone:
Name (Business)
Business Address

Condominium Managing Agent: **(Not yet selected)** Phone:
Name (Business)
Business Address

Attorney for Developer: **CASE & LYNCH**
(DENNIS M. LOMBARDI, SCOTT D. RADOVICH and VALERIE J. LAM) Phone: **(808) 547-5400**
Name (Business)
737 BISHOP STREET, SUITE 2500, MAUKA TOWER
Business Address
HONOLULU, HAWAII 96813

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:

[X] Proposed

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

[ ] Filed - Land Court Document Number _____

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:

[X] 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:

[X] 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:

[X] 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:

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

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

2. Developer:

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

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

a) Any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of an apartment and its appurtenances to a party not a signatory to the Declaration, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map in any manner without approval or consent of any apartment purchaser.

b) The Developer may amend the Declaration (and when appropriate the Condominium Map) to change the size, design, and/or layout of any apartment owned by the Developer (or any other apartment with the consent of the owner of such apartment and its mortgagee, if any).

c) The Developer may amend the Declaration (and when appropriate the Condominium Map) without the consent or joinder of any person or group of persons to file a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed with the amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartment as built, so long as said revised final plans involve only immaterial changes to the layout, location and dimensions of the apartment as built or any change in any apartment number, or involve such other changes as the Developer is permitted to make in accordance with the Declaration.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

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

[ ] Leasehold or Subleasehold: Individual apartments and the common elements, which includes 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 cancelled 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 provisions.

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: **99-144 WAIAKEA PLACE**
AIEA, HAWAII 96701

Tax Map Key: **(1) 9-9-09:15, (1) 9-9-09:79** (TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: **174,327** [**X**] square feet [ ] acre(s) Zoning: **R-10 Residential**

Lessor (Fee Owner): * STEVE MC [illegible]OMERY CROUCH
LURLINE M[illegible] LING CROUCH
Name

99-144 WAIAKEA PLACE
Address

AIEA, HAWAII 96701

** The property will be conveyed to MLC Inc. (the Developer) before recordation of the Declaration and/or sale of any apartments.*

Sublessor: _____
Name

_____
Address

_____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 20 Floors Per Building 2

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

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

   [X] Other glass and other building materials

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning			No. of Apts.	Use Determined By Zoning	
[X] Residential	20	[X] Yes	[ ] No	[ ] Ohana		[ ] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No	[ ] Industrial		[ ] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No	[ ] Agricultural		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No	[ ] Recreational		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No	[ ] Other:		[ ] Yes	[ ] No

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

5. Special Use Restrictions:

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

[X] Pets **Reasonable number of common household pets kept for the apartment owner's personal pleasure and not for sale or other commercial purposes. No livestock or poultry, and no animals classified as "pests" or prohibited from importation under state statutes.**

[ ] Number of Occupants: _____

[X] Other: **There are special use restrictions contained in the proposed Project Rules.**

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: **N/A** Stairways: **Each apartment will have an interior stairway** Trash Chutes: **N/A**

Apt. Type	Quantity	BR/Bath	Net Living Area(sf)*	Lanai/Patio(sf) - Garage (sf)
A	7	3/2-1/2	1686	150 - 410
AR	6	3/2-1/2	Same as Type A	150 - 410
B	1	3/2-1/2	1629	150 - 400
BR	1	3/2-1/2	Same as Type B	150 - 400
B1	3	3/2-1/2	Same as Type B	150 - 400
B2	1	3/2-1/2	Same as Type B	150 - 400
Unit #20	1	6/3	6924	290 - N.A.

Total Apartments 20.

**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:

Each apartment includes, but is not limited to, the footings or slab on which it is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the apartment, the lanais as may be shown on the Condominium Map and all fixtures originally installed in the apartment. Each apartment includes a garage, except for the existing apartment, which has only a parking area for cars. Each apartment shall not include any pipes, shafts, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided.

Permitted Alterations to Apartment:

See Exhibit "A".

7. Parking Stalls:

Total Parking Stalls: **76 (including 19 2-car garages)**

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned* (for each apartment)	2			2			76
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	38		38				

Each apartment will have the exclusive use of at least 4 parking stall(s).*
Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

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

*Each apartment has a 2-car garage and 2 appurtenant guest parking spaces, except for the existing apartment, which has only a parking area for cars but no garage or stall.

8. Recreational and Other Common Facilities.

[ ] There are no recreational or common facilities.

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

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

[**X**] Other: **Park**

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

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

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

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

Information for Unit 20 will be provided in the final public report.

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] described in Exhibit "B".

[ ] as follows:

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

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

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

[X] described in Exhibit "B".

[ ] as follows:

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

[X] described in Exhibit "C".

[ ] 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 "D" describes the encumbrances against the title contained in the title report dated December 6, 1993 and issued by **Old Republic Title and Escrow of Hawaii**.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit If Developer Defaults or Lien is Foreclosed Prior to Conveyance
1. Mortgage in favor of George Edward Isaacs and Shirley Mae Isaacs (dated June 18, 1993 and recorded as Document No. 93-101941)	Buyer's interest may be terminated and Buyer will be entitled to a refund of any deposits less an escrow cancellation fee of up to $250.
2. Mortgage in favor of Home Financial Services, Inc. (dated January 25, 1993 and recorded as Document No. 93-013657)	Buyer's interest may be terminated and Buyer will be entitled to a refund of any deposits less an escrow cancellation fee of up to $250.
3. Mortgage in favor of Home Financial Services (dated June 21, 1993 and recorded as Document No. 93-101943)	Buyer's interest may be terminated and Buyer will be entitled to a refund of any deposits less an escrow cancellation fee of up to $250.

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:

The Developer will require from the general contractor for the project a written warranty with respect to any defects in each apartment and the common elements due to faulty materials and/or workmanship that are discovered and reported within one year from the "Date of Substantial Completion" as defined in the construction contract. The Developer agrees that if the purchaser shall give the Developer written notice of any such condition promptly after discovery thereof during the unexpired term of such contractor's warranty, the Developer shall forward such notice together with a written notice to the contractor to correct such condition. The Developer shall assign to the purchaser the unexpired term of the general contractor's warranty and of any manufacturer's or dealer's warranties (which may by their terms be so assigned) covering the apartment, any furnishings, fixtures, appliances or consumer products in the apartment. The purchaser acknowledges and agrees that the Developer is not acting as a co-warrantor, but is agreeing to pass through to the purchaser the benefit of any such warranties. The terms of the manufacturer's or dealer's written warranties will be available for the purchaser's inspection at the Developer's sales office. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS INSTALLED OR CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. Appliances:

Each apartment owner shall have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in his or her apartment. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer makes no warranties itself; however, the Developer will assign to each apartment owner the benefit of any such warranties.

G. **Status of Construction and Es ed Completion Date:**

The estimated construction start date is November 15, 1993, and the estimated completion date is one year from the start date, November 15, 1994. Unit 20 was constructed in 1988.

H. **Project Phases:**

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

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

The Developer has reserved the right, without being required to obtain the consent or joinder of any person or group of persons, including the WAIAKEA RIDGE Homeowners' Association, any apartment owner or any mortgagee, lien holder, purchaser or any other person who may have an interest in the project or in any apartment, to develop, construct, transfer, convey and/or sell the apartments in the project in increments (or in groups of one or more apartments). Pursuant to the provisions of the Declaration, upon completion of any increment, the Seller may apply for and obtain from the City and County of Honolulu a certificate of occupancy for the apartment(s) in such increment and, notwithstanding the incompletion of any other increment(s) but subject to the Project Documents and the provisions of the sales contract for the sale of an apartment in such completed increment, may thereupon transfer ownership of apartments in the completed increment to apartment purchasers.

IV. CONDOMINIUM MANAGEMENT

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

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

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

[ ] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[X] other **(Management company will be selected)**

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 house 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 **"E"** contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

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

[ ] None
[X] Electricity (common elements only)
[ ] Gas
[X] Water
[X] Sewer
[ ] Television Cable
[X] Other refuse collection

The Developer shall install private water meters for each apartment. Pursuant to the provisions of the Bylaws, an elected member of the Association of Apartment Owners shall be responsible for reading each water meter. The rate per gallon charged by the Board of Water Supply shall be applied to the water usage by each of the apartments, together with 1/20 of any charges other than water usage reflected on each Board of Water Supply bill, to determine the amount of each bill to be allocated and assessed to individual 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 "F" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated August 11, 1993
Exhibit "G" contains a summary of the pertinent provisions of the escrow contract.

[ ] 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 buyers. 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, 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 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 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 3026 filed with the Real Estate Commission on December 21, 1993 .

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

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

C. **Additional Information Not Covered Above**

1. WAIAKEA RIDGE is a condominium project, not a subdivision. None of the apartments (nor the limited common element "yard" areas appurtenant to the apartments) of the project are subdivided lots, and prospective purchasers should be aware that by purchasing a apartment in the project, they are not purchasing a subdivided lot. The establishment of a condominium property regime does not necessarily mean that all County requirements pertaining to the subdivision of land have been met. Therefore, such facilities that are normally associated with County-approved subdivisions, such as fire protection devices, street name and signage, street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, County street maintenance and trash collection for interior roads/driveways, etc. may not necessarily be provided.

2. The project is on land classified within the Urban district by the State Land Use Commission and zoned Residential by the City and County of Honolulu. The issuance by the Real Estate Commission of an effective date for this Public Report covering WAIAKEA RIDGE should not be construed to mean that all State laws and County ordinances for land use and development have been satisfied.

3. Each apartment owner in the project is responsible for the satisfaction of all applicable rules, regulations and requirements relating to the maintenance of improvements for such apartment and any improvements to the limited common element yard area appurtenant to such apartment.

4. Upon conveyance of the project land to the Developer, the Developer will own an undivided 3/20 interest in Waiakea Place, which is a private road connecting the project to Aiea Heights Drive, the main public access road to the project, together with non-exclusive access rights over Waiakea Place to the project land. The Developer intends (but is not obligated) to acquire the remaining 17/20 interest in Waiakea Place before recordation of the Declaration in the Bureau of Conveyances such that the Developer shall own 100% of Waiakea Place. In such case, all of the Developer's interest in Waiakea Place will be covered by the Declaration and shall be a common element of the project.

   In the event the Developer is unable to obtain the remaining 17/20 interest in Waiakea Place before the Declaration is recorded, the Developer's 3/20 ownership interest in the road will be covered by the Declaration and shall be a common element of the project, and apartment owners shall have non-exclusive access rights over Waiakea Place to the project land. The Developer will then reserve the right to amend the Declaration to add to the Project, as a common element, the remaining 17/20 interest in Waiakea Place upon the Developer's acquisition of such interest. The Developer intends to use its best efforts to acquire the remaining 17/20 interest in Waiakea Place and to include such interest as a common element of the project, but makes no representations or warranties relating thereto.

5. There is an existing apartment (a detached house) in the north corner of the property that will be included in the WAIAKEA RIDGE condominium project, but this apartment will not be offered for sale when the new apartments are offered for sale.

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

MLC INC.
Name of Developer

By: Steve Montgomery Crouch 2/8/94
Duly Authorized Signatory Date

STEVE MONTGOMERY CROUCH, President
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

ALTERATION OF PROJECT

Section L of the Declaration provides:

1. Subject to the approval of the Design Review Committee ("DRC"), as set forth in Section M of this Declaration and in the Bylaws, each Unit Owner shall have the right at any time and from time to time, as hereinafter set forth, without the consent and/or the approval of the other Unit Owners or any other persons or entity, to construct, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his Unit or portions thereof or upon the Yard appurtenant to his Unit in accordance with this Declaration and the Project Rules (collectively, the foregoing are referred to as "alterations"). Each Unit Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map and to do such other things as may be reasonably necessary or convenient to accomplish any such alterations approved by the DRC, if approval is necessary, including, without limitation, applying for, processing and receiving all necessary governmental and quasi-governmental permits and approvals for such alterations. If required by the Act, promptly upon completion of such alterations the Owner of the altered Unit shall duly record an amendment to this Declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such Unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the Unit and/or Yard as built. If required by the Act, the Board of Directors shall be deemed to approve of all such alterations. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, consent to all such alterations and agree to give and shall be deemed to have given the Owner of the altered Unit a power of attorney to execute an amendment to the Declaration solely for the purpose of describing the alterations to such Unit in the Declaration, and for the purpose of applying for, processing and receiving necessary governmental and quasi-governmental permits and approvals for such alterations, so that the Owner of the altered Unit shall hereafter have a power of attorney from all the other Unit Owners to execute such amendment to the Declaration, and to apply, process and receive such permits and approvals. This power of attorney shall be deemed coupled with each Owner's interest in his Unit (including his common interest) and shall be irrevocable.

2. In addition to approval by the DRC, any alterations to a Unit shall be subject to the following conditions:

(a) All building plans for any such alterations shall conform with State of Hawaii and City and County of Honolulu land use, building and/or zoning laws and other applicable State of Hawaii and City and County of Honolulu ordinances and regulations. Where requirements imposed by the DRC are more stringent than the applicable laws or regulations, the DRC requirements shall govern.

(b) Such alterations may decrease or increase the size of the affected Unit, provided that no alteration shall extend or place the Unit outside of the limits of the Yard appurtenant to such Unit.

(c) All such alterations shall be at the sole expense of the Unit Owner making the change and shall be completed within one (1) year of the commencement thereof and in a manner that will not unreasonably interfere with the other Unit Owners' use of their Units or Yards.

(d) The Owner of the altered Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such alteration for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with other Unit Owners' use or enjoyment of their Units or Yards.

(e) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this section.

(f) Before starting any alteration to a Unit having a cost in excess of $5,000.00, the Unit Owner shall obtain a performance bond or a certificate of a bond naming the Unit Owner and the WAIAKEA RIDGE Homeowners' Association, as co-obligees, in a penal sum not less than one hundred percent of the cost of the proposed alteration, in order to assure the completion of such alteration or construction free and clear of all mechanics' and materialmen's liens.

EXHIBIT "B"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Common Elements:

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the Condominium Declaration, in fee simple.

2. The Park, as shown on the Condominium Map. The Park shall be a landscaped, open area with a picnic site, barbecue facilities, seating areas and a jungle gym. It shall be a private park for the use of apartment owners and their invitees and guests.

3. The Interior Access Road, which runs through the project, as shown on the Condominium Map (including any street lighting system).

4. Waiakea Place, which is a private road connecting the project to Aiea Heights Drive, the main public access road to the project.

5. All private water meters provided for apartments in the project, as provided in the Bylaws.

6. All sewer lines, drainage facilities, electrical equipment, wiring, pipes and other central and appurtenant facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, water, gas, telephone, sewer and radio and television distribution, if any.

7. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Limited Common Elements

The apartments shall have appurtenant easements for the exclusive use of certain limited common elements as follows:

1. The "yard" upon which each apartment is located, as shown on the Condominium Map, is appurtenant to and for the exclusive use of such apartment, as follows:

Apartment No.	Yard (approx. sf)	Apartment No.	Yard (approx. sf)
1	3,243	11	5,089
2	4,971	12	4,757
3	4,694	13	4,902
4	4,895	14	4,808
5	5,004	15	5,078
6	4,722	16	4,662
7	5,479	17	3,883
8	4,768	18	4,148
9	4,846	19	4,267
10	5,025	20	10,000

The driveways and guest parking spaces appurtenant to each apartment, as shown on the Condominium Map, are included within the yards for each apartment.

2. The Mailbox bearing the same number or street address of an apartment, or otherwise intended for the exclusive use of an apartment, shall be appurtenant to and for the exclusive use of such apartment.

EXHIBIT "C"

COMMON INTEREST

Apartment No.	Undivided Common Interest	Apartment No.	Undivided Common Interest
1	1/20	11	1/20
2	1/20	12	1/20
3	1/20	13	1/20
4	1/20	14	1/20
5	1/20	15	1/20
6	1/20	16	1/20
7	1/20	17	1/20
8	1/20	18	1/20
9	1/20	19	1/20
10	1/20	20	1/20

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference is made to the Director of Finance, City and County of Honolulu.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. EASEMENT for sewer purposes containing 2,914 square feet, running along the rear portion of Lot "N" as shown on the Tax Map.

4. MORTGAGE

Dated:	June 18, 1993
Recorded:	June 25, 1993
Document No.:	93-101941
Mortgagor:	STEVE MONTGOMERY CROUCH and LURLINE MAY LING CROUCH, husband and wife.
Mortgagee:	GEORGE EDWARD ISAACS and SHIRLEY MAE ISAACS, husband and wife.

5. MORTGAGE

Dated:	January 25, 1993
Recorded:	January 28, 1993
Document No.:	93-013657
Mortgagor:	STEVE MONTGOMERY CROUCH and LURLINE MAY LING CROUCH, husband and wife.
Mortgagee:	HOME FINANCIAL SERVICES, INC., a Hawaii corporation.

Subject to Subordination Agreement dated June 23, 1993 and filed as Document No. 93-101943 subordinating this mortgage to the mortgage listed in encumbrance no. 4 (Document No. 93-101941)

6. MORTGAGE

Dated:	June 21, 1993
Recorded:	June 25, 1993
Document No.:	93-101943
Mortgagor:	STEVE MONTGOMERY CROUCH and LURLINE MAY LING CROUCH, husband and wife.
Mortgagee:	HOME FINANCIAL SERVICES, INC., a Hawaii corporation.

NOTE: See reference to road access (Waiakea Place) on page 2 of this Public Report.

EXHIBIT E

WAIAKEA RIDGE HOMEOWNERS' ASSOCIATION
99-144 Waikea Place Aiea, Hawaii 96701

Estimate of Maintenance Fee Disbursements:

	Monthly times 12 months =	Yearly Total
Utilities and Services		
Air Conditioning	$0.00	$0.00
Electricity		
[X] common elements only	$270.00	$3,240.00
[ ] common elements & apartments		
Gas	$0.00	$0.00
Refuse Collection	$450.00	$5,400.00
Telephone	$0.00	$0.00
Water and Sewer	$300.00	$3,600.00
Maintenance, Repairs, and Supplies		
Building (Gate/Park Structure)	$150.00	$1,800.00
Grounds (Common Elements Only)	$1,100.00	$13,200.00
Management		
Management Fee	$675.00	$8,100.00
Payroll and Payroll Taxes	$0.00	$0.00
Office Expenses	$25.00	$300.00
Insurance		
Association	$1,100.00	$13,200.00
Reserves		
All Components	$416.00	$4,992.00
Taxes and Government Assessments		
Including Registration Fees	$15.00	$180.00
Audit Fees	$75.00	$900.00
Miscellaneous Expenses	$25.00	$300.00
TOTAL	$4,601.00	$55,212.00

ESTIMATE OF INITIAL MAINTENANCE FEES

Estimate of Initial Maintenance Fees; Apartment	MONTHLY FEE X 12 MONTHS =	YEARLY TOTAL
1/20 Share or 5.00% Common Interest	$230.05	$2,760.60

I/We, Certified Management, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and disbursements were prepared in accordance with generally accepted accounting principles.

JEFFREY E. DARR
CERTIFIED MANAGEMENT, INC.

DATE: November 17, 1993

END

EXHIBIT "F"

SUMMARY OF CONDOMINIUM DEPOSIT RECEIPT AND SALES CONTRACT

The Condominium Deposit Receipt and Sales Contract (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(e) Requirements relating to the purchaser's financing of the purchase of an apartment.

(f) That the apartment and the project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(g) That the Developer will require from the general contractor for the project a written warranty with respect to any defects in each apartment and the common elements due to faulty materials and/or workmanship that are discovered and reported within one year from the "Date of Substantial Completion" as defined in the construction contract. The Developer agrees that if the purchaser shall give the Developer written notice of any such condition promptly after discovery thereof during the unexpired term of such contractor's warranty, the Developer shall forward such notice together with a written notice to the contractor to correct such condition. The Developer shall assign to the purchaser the unexpired term of the general contractor's warranty and of any manufacturer's or dealer's warranties (which may by their terms be so assigned) covering the apartment, any furnishings, fixtures, appliances or consumer products in the apartment. The purchaser acknowledges and agrees that the Developer is not acting as a co-warrantor, but is agreeing to pass through to the purchaser the benefit of any such warranties. The terms of the manufacturer's or dealer's written warranties will be available for the purchaser's inspection at the Developer's sales office. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS INSTALLED OR CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

(h) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(i) That the purchaser will not receive interest on deposits made under the Sales Contract.

(j) That the purchaser acknowledges that construction activity by the Developer or other apartment owners may continue at the Project after the purchaser has occupied the apartment and that this activity may result in noise, dust and other nuisances or annoyances to the purchaser, and may limit the purchaser's access to portions of the Project.

(k) That in case of purchaser's default, the Developer may terminate the Sales Contract and retain all deposits paid as liquidated damages and in addition pursue any other remedies permitted by law or equity; except that if default is due to late payment, the Developer may assess a late charge of 1% per month or terminate the contract as provided above.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT "G"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

(a) Escrow will let the purchaser know when payments are due.

(b) Escrow will arrange for the purchaser to sign all necessary documents.

(c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.