

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Waialae Kahala Partners
Address 1042 Kiionioni Loop, Honolulu, Hawaii 96816

Project Name(*): The Kahala Courtyard
Address: 4110 Waialae Avenue, Honolulu, Hawaii 96816

Registration No. 3044

Effective date: March 28, 1994

Expiration date: April 28, 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: Waialae Kahala Partners Phone: 734-2231
Name (Business)
1042 Kiionioni Loop
Business Address
Honolulu, HI 96816

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

Hale Kulana, Inc., a Hawaii corp., general partner of
Waialae Kahala Partners

Real Estate
Broker: CB Commercial Group Phone: 521-1200
of Hawaii, Inc. (Business)
Name
1001 Bishop St., 2000 Pacific Twr.
Business Address
Honolulu, HI 96813

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

General
Contractor: Lindemann Construction Inc. Phone: 842-5111
Name (Business)
500 Ala Kawa, #216J
Business Address
Honolulu, HI 96817

Condominium
Managing
Agent: To be selected Phone: _____
Name (Business)

Business Address

Attorney for
Developer: James A. Stubenberg Phone: 525-0892
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:

The Developer may amend the Declaration by filing an "as-built" verified statement, so long as this statement is only a verified statement of a registered architect or professional engineer and will state that the final plans that were filed represent the layout, location, apartment numbers and dimensions of the apartments as built, or so long as the plans involve only immaterial changes to the layout, location, apartment numbers, or the dimensions of the apartments as built.

At any time prior to the recording of the first conveyance of an apartment (or any interest therein) to a party not a signatory to the Declaration, Developer may amend the Declaration (including all exhibits), By-Laws or Condominium Map in any manner.

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: 4110 Waiialae Avenue Tax Map Key: 1-3-3-12-10
Honolulu, Hawaii 96816 (TMK)

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

Land Area: 39,223 [x] square feet [] acre(s) Zoning: B-2

~~Lessor~~

(Fee Owner): Waialae Kahala Partners
Name
1042 Kiionioni Loop
Address
Honolulu, HI 96816

Sublessor:
Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building 3

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Steel, allied building materials

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Residential	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>3</u>	<input checked="" 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 checked="" type="checkbox"/> Other: <u>Parking</u>	<u>148</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

- Pets: _____
- Number of Occupants: _____
Project for commercial use only. See "Rules and Regulations", which
- Other: may be obtained from Developer upon request.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 2 Stairways: 2 Trash Chutes: 2

Apt. Type	Quantity	BR/Bath	Approx. Net Living Area (sf)*	Lanai/Patio (sf)
Commercial	<u>3</u>	<u>N/A</u>	<u>15,236 to 17,492</u>	<u>N/A</u>
Parking	<u>148</u>	<u>N/A</u>	<u>145</u>	<u>N/A</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 151

*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:

There are 3 Commercial Apartments and 148 Parking Apartments in the Project. Each apartment consists of the space within the boundaries shown on the Condominium Map, which is enclosed by each apartment's floor, ceiling and exterior perimeter walls or, where there are no perimeter walls, vertical planes rising from the floor boundaries to the ceiling at a 90° angle.

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.

7. Parking Stalls:

Total Parking Stalls: 23 These 23 parking stalls are for guests and are in addition to the 148 parking apartments which are for common use of apartment owners. See further explanation below at *.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	<u>9</u>	<u>12</u>	<u>2</u>	_____	_____	_____	<u>23</u>
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>21</u>	_____	<u>2</u>	_____	_____	_____	_____

~~Each apartment will have the exclusive use of at least _____ 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 A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

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

There are no violations. Violations will not be cured.

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

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years): Not applicable.

*Parking apartments will be purchased, owned and conveyed individually but maintained and used on a common basis. Unused parking apartments may be rented to others by the Association.

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 January 12, 1994 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.
-] 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>
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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: Not applicable.

G. Status of Construction and Estimated Completion Date:

Estimated completion date is March 1995. Construction, which is estimated to begin in August, 1994, has not yet commenced.

H. Project Phases:

The developer 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):

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 January 14, 1994
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. 3044 filed with the Real Estate Commission on February 1, 196

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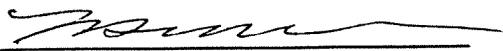
C. Additional Information Not Covered Above

The Developer advises that it is considering the possibility of creating smaller commercial apartments out of the three contemplated should consumer demand warrant such a change. If more apartments are created, the change will be reflected by amendment to the Declaration of Condominium Property Regime and disclosed in either a supplementary or final public report.

- 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.

Waialae Kahala Partners

Name of Developer

By: 
Duly Authorized Signatory

1-26-94
Date

Leonard H. McMullin, President of Hale Kulana, Inc., the
general partner of Waialae Kahala Partners, a Hawaii ltd. partnership

print name & title of person signing above

Distribution:

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

EXHIBIT A

APARTMENT DESCRIPTION/TYPE

The Condominium Property Regime ("Project") has three (3) "Commercial Apartments", and one hundred forty-eight (148) "Parking Apartments". The Commercial Apartments and Parking Apartments are located in one (1) three-story building. For convenience of reference these Apartments are referred to as "Commercial Apartments" and "Parking Apartments". The building is constructed principally of steel, concrete, wood, and allied building materials. The building includes two levels of underground Parking Apartments and one Commercial apartment each on the First, Second and Third Floors.

Twenty-three (23) parking stalls are set aside and reserved for "Guest" or "Visitor" parking.

APARTMENT UNIT TYPES. There are three (3) Commercial Apartment Types and one (1) Parking Apartment Type, described on the Condominium Map as Commercial Apartment Types 1, 2 3, and Parking Apartments.

1. **Commercial Apartment 1:** Contains a net area of approximately 15,236 square feet, more or less, and is located on the first floor of the building. There is one Commercial Apartment of this type.
2. **Commercial Apartment 2:** Contains a net area of approximately 17,771 square feet, more or less, and is located on the second floor of the building. There is one Commercial Apartment of this type.
3. **Commercial Apartment 3:** Contains a net area of approximately 17,942 square feet, more or less, and is located on the third floor of the building. There is one Commercial Apartment of this type.
4. **Parking Apartments:** Contains 96 Standard Parking Apartments, 48 Compact Parking Apartments and 4 Handicap Parking Apartments, each with a net area of approximately 145 square feet, more or less, and is located on the underground levels of the building.

LIMITED COMMON ELEMENTS. Certain parts of the common elements, called "limited common elements", are set aside and reserved for the exclusive use of certain Apartments. The limited common elements are as follows:

- (a) The corridors, hallways, bathrooms on each floor are limited common elements appurtenant to the Commercial Apartment on each floor.
- (b) The mailbox assigned to each apartment.
- (c) 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 B

COMMON INTERESTS

<u>Type and No. of Apartments</u>	<u>Apartment Numbers</u>	<u>% of Undivided Interest for Each Apartment</u>	<u>Total % Interest for Each Apt. Type</u>
(1) Commercial Apartment No. 1	CA-1	21.04158	21.04158
(1) Commercial Apartment No. 2	CA-2	24.54252	24.54252
(1) Commercial Apartment No. 3	CA-3	24.77890	24.77890
(148) Parking Apartments	P1-1 to 75 P2-1 to 73	.20025	29.63700
		TOTAL:	100.00000

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 The Kahala Courtyard.

(b) All foundations, floor slabs, columns, girders, beams, footings, supports, unfinished perimeter, party and load-bearing walls and partitions and roof.

(c) All roadways, ground level parking, fences and gates.

(d) All pipes, cables, conduits, ducts, pumps, sewer lines, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, and telephone.

(e) 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.

(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.

(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, maintenance and 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 corridors, hallways, bathrooms on each floor are limited common elements appurtenant to the Commercial Apartment on each floor.

(b) The mailbox assigned to each apartment.

(c) 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. Easement for the construction, preservation and protection of the Interstate Highway, Federal Aid Project No. I-H1-1(3), Koko Head Avenue to Ainakoa Avenue, condemned by the State of Hawaii, by Final Order of Condemnation, filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 33027, recorded in Liber 8735 at Page 298.

2. Restricted access rights of ingress and egress into and from Interstate Highway, Federal Aid Project No. I-H1-1(3), Koko Head Avenue to Ainakoa Avenue, as condemned by State of Hawaii, by Final Order of Condemnation dated and filed in Civil No. 33027 on October 12, 1972, recorded in Liber 8735 at Page 298, over and across a portion of the southerly boundary of the premises.

3. Unilateral Agreement and Declaration for Conditional Zoning, recorded July 9, 1993 as Document No. 93-110697.

4. Real property taxes as may be due and owing. For further information, check with the City and County of Honolulu Director of Finance.

EXHIBIT F

**THE KAHALA COURTYARD
ESTIMATE OF INITIAL MONTHLY MAINTENANCE FEES**

Apartment No.	Apartment Type	% of Undivided Interest/ Unit	Maintenance per Unit	
			Annual	Monthly
CA-1	Commercial	21.04158%	\$55,741.16	\$4,645.10
CA-2	Commercial	24.54252%	\$65,015.48	\$5,417.96
CA-3	Commercial	24.77890%	\$65,641.67	\$5,470.14
P1-1 to 75 (75 Units)	Parking Apartments	0.20025%	\$530.48	\$44.21
P2-1 to 73 (73 Units)	Parking Apartments	0.20025%	\$530.48	\$44.21

<u>Estimated Maintenance Fee</u>		% of Undivided Interest (All Unit)	Maintenance Fee for All Units	
			Monthly	Annual
CA-1	Commercial	21.04158%	\$4,645.10	\$55,741
CA-2	Commercial	24.54252%	\$5,417.96	\$65,015
CA-3	Commercial	24.77890%	\$5,470.14	\$65,642
P1-1 to 75 (75 Units)	Parking Apartments	15.01875%	\$3,315.51	\$39,786
P2-1 to 73 (73 Units)	Parking Apartments	14.61825%	\$3,227.10	\$38,725
		100.00%	\$22,075.80	\$264,910

**THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

	Sub-Category Annual	Category Annual	Monthly Average	Cost per psf/mo
Utilities & Services		\$61,792	\$5,149	\$0.10
Air Conditioning	\$3,600		\$300	\$0.01
Electricity	\$24,899		\$2,075	\$0.04
Elevator	\$20,396		\$1,700	\$0.03
Mechanical Equipment	\$320		\$27	\$0.00
Refuse Collection	\$3,240		\$270	\$0.01
Telephone	\$792		\$66	\$0.00
Water & Sewer	\$8,545		\$712	\$0.01
Maintenance, Repairs, & Supplies		\$40,654	\$3,388	\$0.07
Building	\$4,800		\$400	\$0.01
Janitorial	\$19,500		\$1,625	\$0.03
Landscaping	\$10,938		\$911	\$0.02
Window Cleaning	\$5,417		\$451	\$0.01
Management		\$77,823	\$6,485	\$0.13
Management Fees	\$39,375		\$3,281	\$0.07
Payroll & Payroll Taxes	\$37,500		\$3,125	\$0.06
Office Expenses	\$948		\$79	\$0.00
Insurance		\$71,400	\$5,950	\$0.12
Property Insurance	\$60,000		\$5,000	\$0.10
General Liability	\$6,100		\$508	\$0.01
Umbrella Liability	\$3,700		\$308	\$0.01
Directors & Officers	\$1,600		\$133	\$0.00
Reserves		\$12,615	\$1,051	\$0.02
Audit Fees		\$625	\$52	\$0.00
Total		\$264,910	\$22,076	\$0.44

THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
NOTES

UTILITIES & SERVICES

Air Conditioning	\$3,600	Maintenance service for 150 ton cooling tower, 7.5 hp fan motor, 2 @ 15 hp circulating pumps, and 1 heat exchanger. Service contract will cost \$300/mo as quoted by Alan Nomura of Air Engineering. Includes water chemical treatment.
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Electricity		\$14,600 is HECO projection for a 50,000 sf office building with central chiller, individual air handlers, single sundry store, and security lighting. Electricity demand is estimated at 500 kwh, 320 hrs/mo, 160,000 kwh/mo. Rate is about \$.09125/kwh
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\$14,600 estimated monthly expense (per HECO projection, David Kaneshige)

160,000 estimated kwh usage

\$0.09125 /kwh

Common Area Consumption:

a. Interior Lighting Load – Common Area	50,000 sf 18% x load factor 1.5 x watts/sf 12 x hours/day <hr style="width: 20%; margin-left: 0;"/> 1000 watts/kwh 162 = kwh/day 0.09125 x rate/kwh 5.5 x days/week 52 x weeks/year <hr style="width: 20%; margin-left: 0;"/> 12 / months/year \$352 = monthly expense
--	--

b. Exterior Lighting Load – Landscape & Security	10 kwh (per Richard Leung, Electrical Engineer) 12 x hours/day 0.09125 x rate/kwh 7 x days/week 52 x weeks/year <hr style="width: 20%; margin-left: 0;"/> 12 / months/year \$332 = monthly expense
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THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
NOTES

Electricity (continuation)

c. Elevator

40	kwh (per Richard Leung, Electrical Engineer)
0.6	x factor to reflect energy to raise vs. lower
12	x hours/day
0.09125	x rate/kwh
5.5	x days/week
52	x weeks/year
12	/ months/year
<hr/>	
\$626	= monthly expense

d. Air Conditioning Equipment

7.5	hp fan (per Benjamin Notkins, Mechanical Engineer)
15	+ hp circulating pump
15	+ hp circulating pump
<hr/>	
37.5	= hp
0.746	x conversion factor
12	x hours/day
0.09125	x rate/kwh
5.5	x days/week
52	x weeks/year
12	/ months/year
<hr/>	
\$730	/month

e. Mechanical Equipment

4.5	3 sump pumps @ 1.5 hp (per Benjamin Notkins)
0.746	x conversion factor
2	x hours/day
0.09125	x rate/kwh
5.5	x days/week
52	x weeks/year
12	/ months/year
<hr/>	
\$15	= monthly expense

1	2 toilet exhaust fans @ .5 hp (per Benjamin Notkins)
0.746	x conversion factor
12	x hours/day
0.09125	x rate/kwh
5.5	x days/week
52	x weeks/year
12	/ months/year
<hr/>	
\$19	= monthly expense

SUMMARY COMMON AREA ELECTRICITY:

\$352	Interior Lighting
\$332	Exterior Lighting
\$626	Elevator
\$730	A/C Equipment
\$34	Mechanical Equipment
<hr/>	
\$2,075	/month

\$24,899 /annual

THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
NOTES

	BUDGETED ANNUAL	COMMENTS
Electricity (continuation)		
	\$14,600 Total Electrical	
	\$2,074 less total common electrical per month	
	\$12,526 Total Tenant Electrical	
		(a/c equipment: compressor & air handler unit; interior lighting)
Elevator	\$18,900	Maintenance contract for two Otis traction elevators as quoted by Calvin Sugimoto of Otis Elevators. \$1,575/mo.
	\$320	Semi-annual state inspections at \$80/inspection.
	\$1,176	Two Elevator emergency phones at \$98/mo.
Total	\$20,396	
Mechanical Equipment	\$320	Maintenance for the three 1.5 hp sump pumps and two .5 hp toilet exhaust fans run two hours/day. \$80/qtr per Donwood Engineering.
Refuse Collection	\$3,240	Assumes 50,000 sf office building with one sundry store. Will require a three yard bin picked-up 3x/week, per Ron Ikei of Waste Management; monthly cost is estimated at \$270/mo.
Telephone	\$792	Business line for building engineer at \$66/mo.
Water & Sewer		Comparable building: Melim Building with 69,414 sf, one gift shop and one restaurant on ground floor. Averages 239,000 gal/mo or 3.44 gal/mo/psf. Equates to 172,000 gal/mo. Current rates are \$2.49/1,000 for sewer and \$1.65/1,000 gal for water.
Sewer	\$5,139	
Water	\$3,406	
Total	\$8,545	

THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
 NOTES

	BUDGETED ANNUAL	COMMENTS
<u>MAINTENANCE REPAIRS & SUPPLIES</u>		
Building	\$4,800	Lighting maintenance, fire equipment inspection & maintenance, touch-up painting, drain cleaning. General maintenance and repair estimated at \$400/mo.
Janitorial	\$19,500	Based on 50,000 sf building, load factor of 18%; 9,000 sf common area plus garage area. Estimated at 8 hours of periodicals a month and 6 man/hours per day, per Charles Smith of Action Janitorial. Cost estimated at \$1,560 month + GET.
Landscaping	\$10,938	Landscape maintenance, sprinkler maintenance & repair. Per Jim Farrell of Sea of Green: 1x week service visits – landscape & irrigation maintenance at \$875/mo + GET.
Window Cleaning	\$5,417	Quarterly exterior window cleaning per The Windowman at \$1,300/service + GET.
Total	\$40,654	

THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
 NOTES

	BUDGETED ANNUAL	COMMENTS
<u>MANAGEMENT</u>		
Management Fees	\$39,375	\$3,000/month flat fee plus recoverables of approximately \$150/mo plus 4.167% GET
Payroll & Payroll Taxes	\$30,000	Building Engineer's salary at \$2,500/mo.
	\$7,500	Estimated labor burden at 25% of monthly salary.
Total	\$37,500	
Office Expenses	\$348	Digital pager at \$29/month.
	\$600	Petty cash/miscellaneous at \$50/mo.
Total	\$948	

THE KAHALA COURTYARD
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
 NOTES

	BUDGETED ANNUAL	COMMENTS
<u>INSURANCE</u>		
Property Insurance	\$60,000	Replacement value of \$10,000,000 as quoted by Sue Savio, President of Insurance Associates. Carrier would be Firemen's Fund.
General Liability	\$6,100	Limit: \$1,000,000
Umbrella Liability	\$3,700	Limit: \$2,000,000
Directors & Officers Liability	\$1,600	Limit: \$1,000,000
Total	\$71,400	Liability premiums estimated by Brian Kanda, agent for Leeward Insurance.
<u>RESERVES</u>	\$12,615	5% of other expenses
<u>AUDIT FEES</u>	\$625	Based on cash basis accounting, 26 units, first time audit. Per George Lam, CPA. His market research indicates that average fee would be \$600 (\$550-1994 figure) + GET

EXHIBIT G

SUMMARY OF SALES CONTRACT

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.

6. Seller may appoint the initial management agent for the Project.
7. 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.

8. 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.
9. 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.
10. 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.
11. The Project will be subject to ongoing construction and sales activities which may result in certain annoyances to Buyer.
12. 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

Seller has entered into an Escrow Agreement dated January 14, 1994, with Title Guaranty Escrow Services, Inc.

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 January 14, 1994. 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.