CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer William Richard Harvey
Address 92-1138 Hooko Place, Kapolei, HI, 96707

Project Name(*): Kalani Sands II
Address: 76-227E Royal Poinciana, Kailua-Kona, HI, 96745

Registration No. 3154 (conversion)

Effective date: October 26, 1994
Expiration date: November 26, 1995

Preparation of this Report:

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

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

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

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

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

Type of Report:

___ 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.

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

___ SUPPLEMENTARY: (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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

☒ Required and attached to this report As Exhibit "F"

☐ Not Required - disclosures covered in this report

Summary of Changes from Earlier Public Reports:

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

☒ No prior reports have been issued by the developer.

☐ Changes made are as follows:

SPECIAL ATTENTION:

The Developer has disclosed the following:

(a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

(b) No warranties are given to the purchaser as the construction, materials or workmanship of Unit 1 and Unit 2. Unit 1 and Unit 2 are being sold in "as is" condition.

(c) The Sales contract provides that the purchaser will not have the right to sue the declarant for damages and defects of the Project.

This public report does not constitute approval of the Project by the Real Estate Commission or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: WILLIAM RICHARD HARVEY
Name
92-1138 Hooko Place
Business Address
Kapolei, HI 96707
Phone: 656-2701 (Business)

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

Real Estate Broker: Developer does not intend to sell at this time. (see page 20)
Name
Business Address
Phone: (Business)

Escrow: Security Title Corporation
Name
75-170 Hualalai Road #A-200
Business Address
Kailua-Kona, HI, 96740
Phone: 808-329-4427 (Business)

General Contractor: Owner/Builder
Name
Business Address
Phone: (Business)

Condominium Managing Agent: Self Managed by Association of Apartment Owners
Name
Business Address
Phone: (Business)

Attorney for Developer: Radcliffe Welles
Name
P O Box 2166
Business Address
Kamuela, HI 96743
Phone: 808-329-0525 (Business)

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

[XX] Recorded - Bureau of Conveyances: Document No. 94-055848
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]: First Amendment to Declaration of Condominium Property Regime dated September 30, 1994, and recorded on that date at the Bureau of Conveyances as Doc. No. 94-161210.

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

[XX] Recorded - Bureau of Conveyances Condo Map No. 2015

[ ] 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]: First Amendment to Declaration of Condominium Property Regime dated September 30, 1994, and recorded on that date at the Bureau of Conveyances as Doc. No. 94-161210.

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

[XX] Recorded - Bureau of Conveyances: Document No. 94-055849
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 [X] 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	---	N/A

* 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:

See attached Exhibit "A".

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] 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: 76-227E Royal Poinciana Kailua-Kona, HI 96745 Tax Map Key: (3) 7-6-24-8 (TMK)

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

Land Area: 10,535 [X] square feet [ ] acre(s) Zoning: RS-10

Lessor (Fee Owner): William Richard Harvey & Min Soon Harvey

Name

Tenants by Entirety: 92-1138 Hooko Place

Address

Kapolei HI 96707

Sublessor: _____

Name

_____

Address

_____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 2

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [ ] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning			No. of Apts.	Use Determined By Zoning
[X] Residential	1	[X] Yes [ ] No	[XX]	Ohana	1	[X] 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: Dogs, cats & other common household pets permitted in reasonable number.

[ ] Number of Occupants: _____

[x] Other: See page 20 and Exhibit "J"

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
UNIT A	1	3/2	1,186	382
UNIT B	1	3/2	1,186	334

Total Apartments: 2

*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:

All exterior surfaces and finishes of footings, floors, foundations, perimeter walls and roofs of each dwelling.

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)	2	2					4
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	4						

Each apartment will have the exclusive use of at least 2 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.

[X] Exhibit "I" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] 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

[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):

Not Applicable

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 "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.

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

[x] 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 _____.

[x] as follows:

Unit 1 - 50%
Unit 2 - 50%

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 May 25, 1994 and issued by Island Title Corporation.

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.

[XX] 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Buyer's interest may be terminated by Mortgagee but in such event, Buyer shall be entitled to return of his deposit less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:

None

2. Appliances:

Buyer shall have the direct benefit of any manufacturers' or dealers' warranties covering the furnishings and appliances in the apartments.

G. Status of Construction and Estimated Completion Date:

Unit 1 - completed in 1990
Unit 2 - completed in 1990

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):

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

[ ] None [ ] Electricity [ ] Gas [X] Water

[ ] Sewer [ ] Television Cable [ ] Other_____

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

[X] Specimen Sales Contract
Exhibit "G" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated June 16, 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, as amended.
C) Bylaws of the Association of Apartment Owners.
D) House Rules.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Declaration of Protective Covenants, Conditions and Restrictions for Holualoa Subdivision IV, Increments 1 and 2, of which Kalani Makai, Unit I, is a part.

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. 3154 filed with the Real Estate Commission on Aug 5, 1994.

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

[ ] yellow paper stock [XX] white paper stock [ ] pink paper stock

C. Additional Information Not Covered Above

1. The Declaration of Condominium Property Regime notes, on page 4, that Unit B is an "Ohana" unit and affected by provisions in Hawaii County's Comprehensive Zoning Ordinance relating to Ohana units. Prospective buyers should look into this matter to understand the implications of the unit being an Ohana unit.

2. The developer advises that the covenants, conditions, restrictions, reservations, agreements, obligations and other provisions to which the project property is subject (Item 4, Exhibit "E") concerns various restrictions. Buyers are cautioned to examine Exhibit J, the Declaration of Covenants, Conditions and Restrictions for Holualoa Subdivision IV, Increments 1 and 2, as the provisions are relevant to usage of the property, rebuilding and other matters.

3. Disclosure Re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until the Developer submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a copy of which shall be attached to this public report, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, as applicable. If the Developers, as the owners, intend to represent themselves, the disclosure abstract shall so state.

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.

WILLIAM RICHARD HARVEY
Name of Developer

By: William Richard Harvey
Duly Authorized Signatory

10-17-94
Date

WILLIAM RICHARD HARVEY, Developer
print name & title of person signing above

Distribution:

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

EXHIBIT A

To the extent permitted by H.R.S. 514-A.11(11) and the Declaration (particularly ¶19.1), the Owner of any Unit may amend the Declaration to reflect any changes, additions or alterations to his unit and all other owners of dwelling units are deemed to give an irrevocably power of attorney to the Dwelling Owner seeking amendment to reflect changes in his unit. NOTE: Prospective purchasers are urged to consult with their attorneys in this regard.

EXHIBIT B

Permitted Alterations to Apartments

1. Paragraph 19.1 of the Declaration is summarized as follows:

Each Dwelling Owner may make changes in his dwelling or limited common element appurtenant to that dwelling if:

(i) He has consent of the mortgage holder.

(ii) Building plans are drawn by a licensed architect or engineer according to County building and zoning laws.

(iii) Such change is within the owner's dwelling or limited common element and does not interfere with any other owner's use and enjoyment of his unit.

(iv) No change shall cause the unit to exceed allowable permitted floor area or lot coverage area, as defined by applicable County building and zoning codes.

(v) All such changes shall be at the expense of the Dwelling Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Dwelling Owner's use of his unit and/or limited common element.

(vi) During the course of construction, Dwelling Owner shall have all the insurance coverage in an appropriate amount naming the Association as a co-insured.

(vii) The owner of the changed unit may make necessary changes in services and utilities including new easements or rights of way provided that such change do not cause any interruption in the service of utilities to any other party in the project.

(viii) Promptly upon completion of changes, the Owner of the changed unit shall record any required amendments to the Declaration and Condominium Map together with floor plans certified as built by a registered architect or professional engineer.

EXHIBIT C

Common Elements. Certain portions of the Project are designated "common elements", including specifically but not limited to:

1. The land in fee simple;

2. Common Area as depicted on Condominium File Plan 2015 for access and utility purposes.

3. All other portions of the Land and improvements not specifically heretofore designated as Units, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT D

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Unit and each Unit shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common elements, including, but not limited to, costs of landscaping, maintenance repair, replacement and improvements, shall be borne immediately by the Unit to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

a. The site on which Unit A is located, consisting of the land beneath and immediately adjacent to Unit A, as shown and delineated on the Condominium Map as "Unit A", together with the airspace above such site is for the exclusive benefit of Unit A.

b. The site on which Unit B is located, consisting of the land beneath and immediately adjacent to Unit B, as shown and delineated on the Condominium Map as "Unit B", together with the airspace above such site is for the exclusive benefit of Unit B.

NOTE: Land areas referenced herein are not legally subdivided lots.

EXHIBIT E

1. FOR INFORMATION REGARDING REAL PROPERTY TAXES DUE AND OWING, REFERENCE IS MADE TO THE COUNTY OF HAWAII, DIRECTOR OF FINANCE.

   ASSESSMENTS OR CHARGES LEVIED BY MUNICIPAL OR GOVERNMENTAL AUTHORITY OR IMPOSED BY ANY OTHER LAWFULLY CONSTITUTED BODY AUTHORIZED BY STATUTE TO ASSESS, LEVY AND COLLECT THE SAME, IF ANY.

2. TITLE TO ALL MINERALS AND METALLIC MINES RESERVED TO THE STATE OF HAWAII.

3. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS AND OTHER PROVISIONS SET FORTH IN THE DECLARATION, DATED JUNE 23, 1983, RECORDED JUNE 24, 1983, IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII, IN BOOK 17133, PAGE 55.

4. AN EASEMENT IN FAVOR OF WATER COMMISSION OF THE COUNTY OF HAWAII, DATED OCTOBER 3, 1983, RECORDED NOVEMBER 16, 1983, IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII, IN BOOK 17458, PAGE 671.

5. EASEMENT "W-5" FOR WATER METER PURPOSES, DESCRIBED IN INSTRUMENT DATED OCTOBER 10, 1986, RECORDED OCTOBER 26, 1986, IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII, IN BOOK 19977, PAGE 412.

6. MORTGAGE DATED FEBRUARY 8, 1994, RECORDED FEBRUARY 15, 1994, IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII, AS DOCUMENT NO. 94-026136, TO SECURE THE REPAYMENT OF $215,000.00 AND ANY ADDITIONAL ADVANCES AND OTHER AMOUNTS SECURED THEREBY, UNDER THE TERMS AND PROVISION THEREOF,
   MORTGAGOR: WILLIAM RICHARD HARVEY AND MIN SOON HARVEY, HUSBAND AND WIFE
   MORTGAGEE: NORTH AMERICAN MORTGAGE COMPANY, A DELAWARE CORPORATION
   (ALSO AFFECTS OTHER PROPERTY)

7. CONDOMINIUM MAP NO. 2015, FILED IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII

8 COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS AND EASEMENTS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME DATED MARCH 15, 1994, RECORDED MARCH 30, 1994, IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII, AS DOCUMENT NO. 94-055848.

9. TERMS AND PROVISIONS CONTAINED IN THE BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KALANI SANDS II, DATED MARCH 15, 1994, RECORDED MARCH 30, 1994, IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII, AS DOCUMENT NO. 94-055849.

10. ANY AND ALL COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS ENCUMBERING THE APARTMENT HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENANT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION, AND/OR IN SAID APARTMENT DEED, AND/OR AS DELINEATED ON SAID CONDOMINIUM MAP.

EXHIBIT "F"

DISCLOSURE ABSTRACT

1.	(a)	PROJECT:	KALANI SANDS II Lot 8 of Kalani Makai, Unit I Holualoa, North Kona, County and State of Hawaii
	(b)	DEVELOPER:	WILLIAM RICHARD HARVEY 92-1138 Hooko Place Kapolei, Hawaii 96707 Telephone: (808) 672-6095
	(c)	MANAGING AGENT:	Self-Managed by Association of Apartment Owners

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. FIRE INSURANCE: In accordance with Section 514A-86, Hawaii Revised Statutes, the Association of Apartment Owners shall purchase fire insurance to cover the improvements of the Project, and said premiums shall be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Developer estimates such annual premium expense to be $509.04 per apartment. This estimate was prepared in accordance with generally accepted accounting principles.

4. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not making any warranties relating to the materials and workmanship of either Unit A or Unit B or the common elements.

5. USE OF THE UNITS. The KALANI SANDS II Condominium Project consists of two (2) units, Units A and B which shall be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose.

6. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by Hamlet C. Bennett, Registered Professional Architect, the Developer states:

a. The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of the condominium appears to be good.

b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a).

William Richard Harvey

WILLIAM RICHARD HARVEY
Developer

STATE OF HAWAII)
) SS:
CITY & COUNTY OF HONOLULU)

On this 17th day of OCTOBER, 1994, before me personally appeared WILLIAM RICHARD HARVEY, to me known to be the person described in and who executed the foregoing instrument, and who acknowledged that he executed the same as his free act and deed.

Notary Public, State of Hawaii
My Commission expires: 3-30-97

EXHIBIT "F"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 Months = Yearly Total
Unit 1	$72.42 x 12 = $869.04
Unit 2	$72.42 x 12 = $869.04

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

Estimate of Maintenance Fee Disbursements:

	Monthly x 12 months = Yearly Total
Utilities and Services	
Air Conditioning	
Electricity	
[ ] common elements only	
[ ] common elements and apartments	
Elevator	
Gas	
Refuse Collection	
Telephone	
Water and Sewer.	$30.00 x 12 = $360.00
Maintenance, Repairs and Supplies.	$10.00 x 12 = $120.00
Building	
Grounds	
Management	
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance.	$84.84 x 12 = $1,018.04
Reserves (*).	$20.00 x 12 = $240.00
Taxes and Government Assessments	
Audit Fees	
Other	
TOTAL.	$144.84 X 12 =$1,738.08

I, WILLIAM RICHARD HARVEY, the developer, for the condominium project KALANI SANDS II, hereby certify that the above estimates or initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

William Richard Harvey
WILLIAM RICHARD HARVEY

Date: 10-17-94

(*) Mandatory reserves in effect January 1, 1993.

EXHIBIT G

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the furnishings and appliances.

2. Purchase Price and Terms: The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

   a. an initial deposit;

   b. the balance of the purchase price is to be paid to escrow by purchaser on the Closing Date.

3. Financing of Purchase: If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs: In addition to the purchase price, the Purchaser is required to pay at closing all escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, the cost of any required title insurance, and appraisal fees and any obligations of purchaser to his mortgage lender. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract, which is expected to occur within ninety (90) days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract: The Seller may cancel the Sales Contract with the Purchaser if

(a) Purchaser fails to qualify for a permanent loan (paragraph 16);

(b) Purchaser defaults under the Sales Contract (paragraph 5.2); or

(c) Purchaser dies prior to Closing Date (paragraph 5.1).

If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan: The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales contract. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Purchaser to Cancel the Sales Contract:

The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to $250. If Purchaser does not act within the thirty (30) day period, or if the Apartment is conveyed to the Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3).

b. The Purchaser may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 7.1).

c. Purchaser fails to qualify for permanent financing (paragraph 16).

EXHIBIT H

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Security Title Corporation.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

a. Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

b. Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

c. With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

d. A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than $25 or a fee commensurate with the work done by Escrow prior to cancellation.

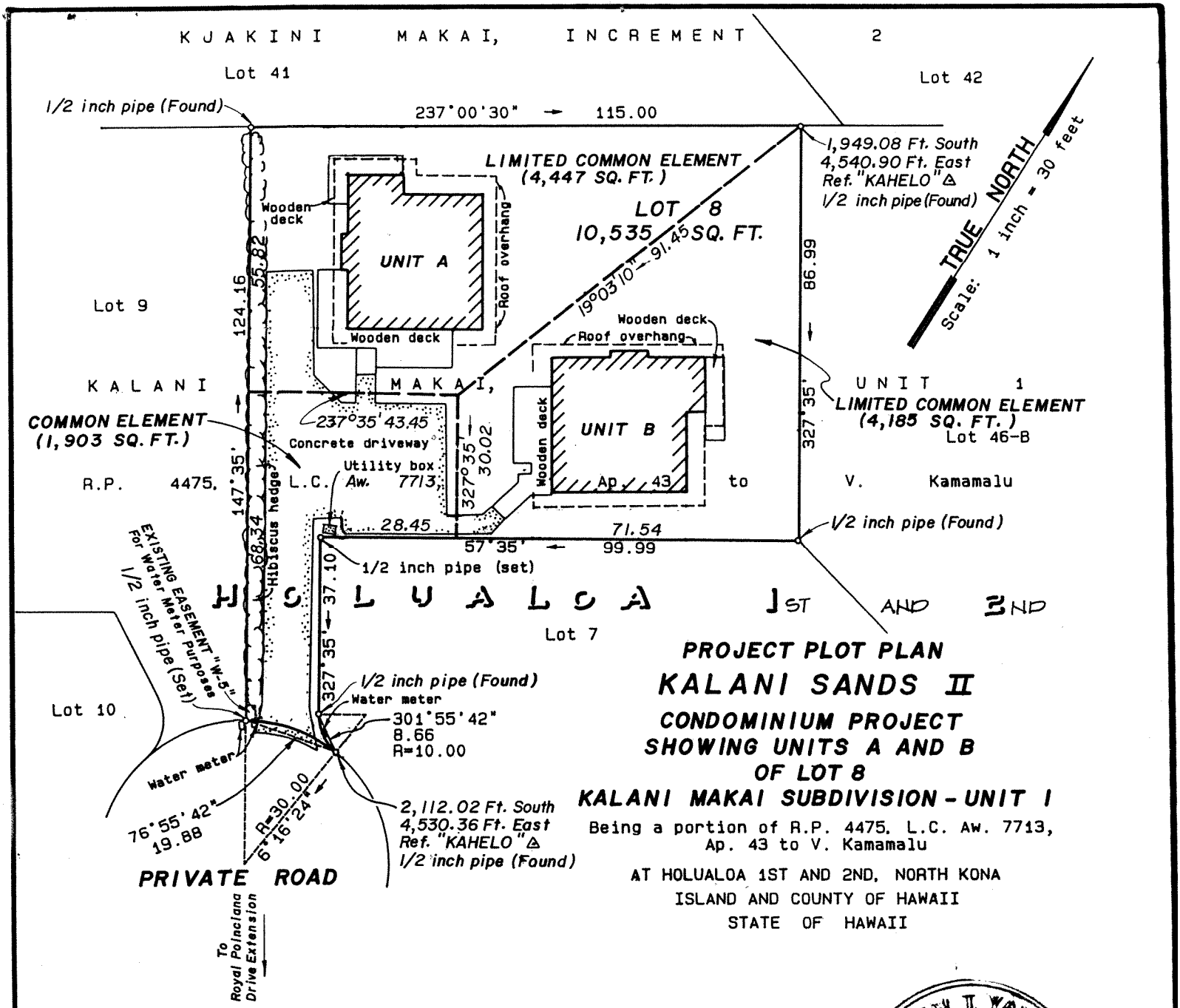
3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds pursuant to paragraph 5 of the Escrow Agreement until all of the following has occurred:

a. The Real Estate Commission has issued a final public report (the "Final Report") on the Project;

b. Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Section 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

c. Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation, Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.



PROJECT PLOT PLAN
KALANI SANDS II
CONDOMINIUM PROJECT
SHOWING UNITS A AND B OF LOT 8
KALANI MAKAI SUBDIVISION - UNIT I

Being a portion of R.P. 4475, L.C. Aw. 7713, Ap. 43 to V. Kamamalu

AT HOLUALOA 1ST AND 2ND, NORTH KONA
ISLAND AND COUNTY OF HAWAII
STATE OF HAWAII

NOTES:

1. *Features, shown hereon, represent conditions existing on October 25, 1993.*

SPECIAL ATTENTION

The heavy dashed lines which appear on the Project Plot Plan are for illustrative purposes only and DO NOT represent legally subdivided lots. Other dashed lines which may be shown hereon represent easements, radial lines and/or topographic features and are designated with their respective purposes.

CHRYSTAL T. YAMASAKI
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4331
HAWAII, U.S.A.

This map was prepared by me or under my direct supervision.

CHRYSTAL THOMAS YAMASAKI
Registered Professional Land Surveyor
State of Hawaii Certificate Number LS-4331

30 15 0 30 60
SCALE IN FEET

TAX MAP KEY: 7-6-24: 08 (3RD DIVISION)
DISK NO.: 476 FIELD BOOK NO.: 971
PROJECT NO.: 14008.1
DATE: *March 14, 1994*

EXHIBIT F

WES THOMAS & ASSOCIATES, INC.
-- Land Surveyors --
75-5722 Kalawa Street
Kailua-Kona, Hawaii 96740-1818
Tel (808) 329-2353 FAX (808) 329-5334

Prepared For:
William R. Harvey (Owner)
c/o Rad Wells
P.O. Box 2166
Kamuela, Hawaii 96743

SUMMARY OF DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR HOLUALOA SUBDIVISION IV INCREMENTS 1 AND 2

The property on which the "Kalani Sands II" condominium project ("Project") is situated is one of forty-five lots constituting Increment 1 of the subdivision of Holualoa Subdivision IV, pursuant to Kalani Makai Subdivision Map, Unit 1.

The Project is therefore subject to that certain "Declaration of Covenants, Conditions and Restrictions for Holualoa Subdivision IV Increments 1 and 2" dated June 23, 1983, recorded in the Bureau of Conveyances as Doc. No. 83-68132 and in Liber 17133 at Page 55 on June 24, 1983.

The following are some of the restrictions imposed by the DCCR:

1. No building or high planting in setback areas.

2. No television antennae or similar apparatus shall be visible from surrounding lots.

3. No outside storage, clothes lines or open garages are permitted.

4. No temporary structures are permitted, except during construction.

5. No commercial use of the property is permitted.

6. These covenants shall remain in effect until 2033 and then be subject to renewal in ten year increments. Amendments require the consent of 80% of lot owners.

7. Lots in Increment 1 may only be used for private residential use. Ohana development is permitted.

8. Residences must contain at least 1,000 square feet of living area, have no more than two stories and be no more than 24 feet above ground level.

9. Construction plans are subject to review by a design committee.

Of particular note, Paragraph 4.b provides that:

> (a)t all times during the period the restrictive covenants are in force and effect . . . no lot shall be re-subdivided into any lot smaller than 10,000 square feet for sale or lease . . .

NOTE: Although condominium is a form of ownership and <u>not</u> a physical subdivision of the land, the development of the Project and attempts to sell the apartments may be interpreted as a violation of this sub-paragraph. Prospective purchasers are urged to check with their attorneys if they are concerned with the implications of this possible conflict.

Copies of the Declaration of Covenants, Conditions and Restrictions are available upon request of the Developer. PROSPECTIVE PURCHASERS ARE CAUTIONED TO REVIEW THE FULL TEXT OF THE DOCUMENT AND RESOLVE ANY CONCERNS THEY MAY HAVE ABOUT ITS CONTENTS TO THEIR SATISFACTION PRIOR TO ENTERING INTO A BINDING CONTRACT FOR THE PURCHASE OF AN APARTMENT.

EXHIBIT "J"