

CONDOMINIUM PUBLIC REPORT

SHIN CHUEN CHAN, Trustee under that certain unrecorded Shin Chuen Chan Revocable Trust Agreement dated May 2, 1994, and LISA SHIU SHIM CHAN, Trustee under that certain unrecorded Lisa Shiu Shim Chan Revocable* Trust Agreement dated May 2, 1994

Project Name(*): 1539 PONOPONO PLACE
Address: 1539 Ponopono Place, Kailua, Hawaii 96734

Registration No. 3245 (Partial Conversion) Effective date: February 23, 1995
Expiration date: March 23, 1996

Preparation of this Report:

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

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

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

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

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

Type of Report:

 PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

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

 SUPPLEMENTARY: This report updates information contained in the:
(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:

SPECIAL ATTENTION

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

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

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: SHIN CHUEN CHAN, Trustee as aforesaid
LISA SHIU SHIM CHAN, Trustee as aforesaid Phone: 262-2119
Name (Business)
1539 Ponopono Place
Business Address
Kailua, Hawaii 96734

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

N/A

Real Estate
Broker: Developer as Owner Phone: 262-2119
Name (Business)
1539 Ponopono Place
Business Address
Kailua, Hawaii 96734

Escrow: Long & Melone, Ltd. Phone: 532-6150
Name (Business)
333 Queen Street, Suite 500
Business Address
Honolulu, Hawaii 96813

General
Contractor: UNIT B: Beta Sigma Builder
(Orlino P. Ancheta) Phone: 261-3902
Name (Business)
42-107 Aleka Place
Business Address
Kailua, Hawaii 96734

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

Attorney for
Developer: Kathleen M. Douglas, Esq.
Nancy N. Grekin, Esq.
GERSON GREKIN WYNHOFF & THIELEN Phone: 524-4800
Name (Business)
Pacific Tower, Suite 780
Business Address
1001 Bishop Street, Honolulu, Hawaii 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. 94-187664
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. 2149
 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. 94-187665
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>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</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:

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: 1539 Ponopono Place Tax Map Key: (1) 4-2-97:37
Kailua, Hawaii 96734 (TMK)

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

Land Area: 10,035 [x] square feet [] acre(s) Zoning: R-5

7. Parking Stalls:

Total Parking Stalls: 4

	<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)	<u>4</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Covered & Open 4

*Each unit has an attached 2-car garage.
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 _____ 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):

N/A

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> x </u>	<u> </u>	<u> </u>
Structures	<u> x </u>	<u> </u>	<u> </u>
Lot	<u> x </u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit _____.

as follows:

The land in fee simple, yards, grounds, landscaping, fences and refuse areas and facilities, all sidewalks, pathways and roads within the condominium; all ducts, electrical equipment, transformers, wiring and other central and appurtenant installations for power, light, water, sewer, cable television, telephone, and all pipes, plumbing, wires, conduits or other utility or service lines which are utilized by or serve more than one unit, including any such lines which run through any unit.

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 B.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium 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 _____.

as follows:

Unit A has a one-half (1/2) common interest.

Unit B has a one-half (1/2) common interest.

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 C describes the encumbrances against the title contained in the title report dated November 16, 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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest may be terminated, but Buyer would be entitled to a refund of deposit.

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:**

None

G. Status of Construction and Estimated Completion Date:

Unit A is being converted to condominium status. It was constructed in 1993.
Unit B is under construction and is expected to be completed by July, 1995.

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
- 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 D 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
- Sewer
- Electricity
- Television Cable
- Gas
- Other _____
- Water

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 E contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated November 3, 1994

Exhibit F 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. 3245 filed with the Real Estate Commission on 12/2/94.

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

- yellow paper stock white paper stock pink paper stock

C. Additional Information Not Covered Above

No Warranties

Unit A was constructed in 1993 and is approximately 1 year old. Unit B is under construction. The Developer makes no warranties, express or implied, regarding the condition of the units.

EXHIBIT A

SPECIAL USE RESTRICTIONS

1. Subject to the rights reserved to the Developer in other parts of the Declaration or in the By-laws, each of the units is intended for and shall be restricted to the following uses, which, together with the restrictions stated in the By-laws, are intended and shall be deemed to be cumulative.

a. A unit shall be occupied and used only for residential purposes and no unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. A unit may be rented but not in any manner by which the occupants of the unit are provided customary hotel or like services, such as room service for food and beverage, maid service, laundry and linen service, or bellboy service. Every lease or rental agreement with respect to a unit must be made and shall be subject to the provisions of this Declaration and the By-laws.

b. Neither the units in the Project, nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership", or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a unit or units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise.

2. Subject to the rights reserved to the Developer in the Declaration or By-laws, each Owner may use the common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.

3. Restriction on Lone Star Hawaii, Inc. contained in Declaration of Conditions dated August 17, 1981 to the effect that Lone Star Hawaii would offer for sale, on a preferential basis, at least 10% of the total single family residences to be developed by it in the subdivision where the Project is located. This restriction runs with the land

4. Requirements imposed on Lone Star Hawaii Properties, Inc. as contained in Unilateral Agreement and Declaration for Conditional Zoning dated June 16, 1983 to the effect that Lone Star Hawaii Properties will (1) provide a program whereby no less than

10% of the lots in the subdivision where the Project is located are sold for low and moderate income housing, (2) access plans for access onto Keolu Drive from Kalaniana'ole Highway are submitted to the State Department of Transportation, and (3) construction plans, including provision for a 0.3 mg reservoir are submitted to the Board of Water Supply for its review and approval. These requirements run with the land.

5. Requirements imposed on Lone Star Hawaii Properties, Inc. as contained in Amended Unilateral Agreement and Declaration for Conditional Zoning dated July 5, 1983 including the requirements set forth in paragraph 4 above, and in addition, the requirement that Lone Star Hawaii Properties, Inc. sell at least 10% of the units within the entire Kaopa IV project for low and moderate income housing. These requirements run with the land.

6. Restrictions contained in Declaration of Protective Covenants dated May 5, 1986, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19481, Page 53, including the following:

a. The property shall always be used for single-family dwellings.

b. Dwellings must have at least 1,250 square feet, screened utility areas and a two car garage with door.

c. No visible TV antennas permitted.

d. All plans and specifications for dwellings must be prepared by a registered architect or licensed engineer, and no temporary structures, except during construction shall be maintained.

e. No offensive activities and no signs (except "For Sale" signs), animals (except household pets), livestock, poultry or bees may be kept.

f. No commercial vehicles may be kept in the subdivision, and no vehicles repaired in a visible location.

g. No chain link or wire fences shall be built.

h. The covenants remain in effect until January 2, 2011.

i. No structure, planting or other material shall be placed or constructed in utility easement areas.

j. Violations of these restrictions may be enforced by the original subdivision developer (Lone Star Hawaii Properties, Inc.) and all owners of lots in the subdivision.

7. Affidavits dated March 2, 1992 recorded in the Bureau of Conveyances of the State of Hawaii as Documents No. 92-031348 and 92-031349 made by Developer as a declaration as to Unit B (described in the applicable affidavit as 1539A Pono pono Place) and in connection with issuance of a building permit for Unit A (described in the applicable Affidavit as 1539 Pono pono Place), including the following restrictions:

a. That the entire structure shall be maintained as a single family dwelling containing only 1 kitchen;

b. that an interior connection shall be provided as shown on the approved plans; and

c. that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal.

END OF EXHIBIT A

EXHIBIT B

LIMITED COMMON ELEMENTS

APPURTENANT TO UNIT A: That certain land area of approximately 3,297 square feet upon which Unit A is situated, as delineated with dash lines on the Condominium Map.

APPURTENANT TO UNIT B: That certain land area of approximately 4,460 square feet upon which no structures are situated, as delineated with dash lines on the Condominium Map.

NOTE: Said land areas do not represent subdivided lots, but are limited common element land areas only.

END OF EXHIBIT B

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

1. For information regarding real property taxes due and owing, reference is made to The Director of Finance, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Easement "DD-1" (4,423 square feet), as shown on File Plan 1953, for drainage purposes, located within the southeasterly corner of Lot A.
4. Reservation in favor of Lot 2 of File Plan 1953, to the owners of Lots 65 to 72, inclusive, and Lots 75 and 76 of File Plan 1866, the right to use Easement "DD-1" for drainage flowage purposes, etc., as reserved in Deed dated May 10, 1989, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23189, Page 449.
5. Declaration of Covenants, Conditions and Restrictions dated August 17, 1981, recorded in said Bureau in Liber 15767, Page 336.
6. Unilateral Agreement and Declaration for Conditional Zoning dated June 16, 1983, recorded in said Bureau in Liber 17125, Page 113, as amended by instrument dated July 5, 1983, recorded in said Bureau in Liber 17166, Page 480.
7. Declaration of Protective Provisions dated May 5, 1986, recorded in said Bureau in Liber 19481, Page 52.
8. Covenants set forth in Affidavit made by Lisa S.S. Chan dated December 27, 1989, recorded in said Bureau in Liber 24052, Page 242, to wit:
 - (1) that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal;
 - (2) that this covenant and agreement shall be binding upon ourselves, or any tenant or lessee or any subsequent owners of the building for as long as the building is in use or unless otherwise released by authority of the Director and Building Superintendent, City and County of Honolulu.
9. Covenants set forth in Affidavit made by Shin Chuen Chan and Lisa Shiu Shim Chan dated March 2, 1992, recorded in said Bureau as Document No. 92-031348, to-wit:

(1) that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal;

(2) that this covenant and agreement shall be binding upon ourselves, or any tenant or lessee or any subsequent owners of the building for as long as the building is in use or unless otherwise released by authority of the Director and Building Superintendent, City and County of Honolulu.

10. Covenants set forth in Affidavit made by Shin Chuen Chan and Lisa Shiu Shim Chan dated March 2, 1992, recorded in said Bureau as Document No. 92-031349, to-wit:

(1) that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal;

(2) that this covenant and agreement shall be binding upon ourselves, or any tenant or lessee or any subsequent owners of the building for as long as the building is in use or unless otherwise released by authority of the Director and Building Superintendent, City and County of Honolulu.

11. Mortgage, Security Agreement and Financing Statement made in favor of FIRST HAWAIIAN CREDITCORP, INC., a Hawaii corporation, by SHIN CHUEN CHAN and LISA SHIU SHIM CHAN, husband and wife, dated June 3, 1994, recorded in said Bureau as Document No. 94-096062.

12. Amendment of Mortgage and Additional Charge Mortgage Agreement made in favor of FIRST HAWAIIAN CREDITCORP, INC., a Hawaii corporation, by SHIN CHUEN CHAN, Trustee under that certain unrecorded Shin Chuen Chan Revocable Trust Agreement dated May 2, 1994, and LISA SHIU SHIM CHAN, Trustee under that certain unrecorded Lisa Shiu Shim Chan Revocable Trust Agreement dated May 2, 1994, dated November 25, 1994, recorded in said Bureau as Document No. 94-195780.

TAX MAP KEY: (1) 4-2-97:37

END OF EXHIBIT C

EXHIBIT D

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
A	\$239.60	\$2,875.20
B	\$239.60	\$2,875.20

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

Maintenance, Repairs and Supplies

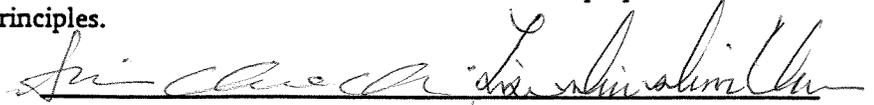
- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance	\$ 195.84	\$2,350.00
Reserves(*)		
Taxes and Government Assessments	\$ 283.34	\$3,400.00
Audit Fees		
Other		
TOTAL	\$ 479.18	\$5,750.00

Trustee, and I, LISA SHIU SHIM CHAN, Trustee,
I, SHIN CHUEN CHAN, / ~~as agent and employed by~~ _____, ~~the condominium managing agent~~
~~or the developer, for the condominium project~~ 1539 PONOPONO PLACE, hereby certify that the
above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in
accordance with generally accepted accounting principles.



(*) Mandatory reserves in effect January 1, 1993

Date: 11/3/94

END OF EXHIBIT D

EXHIBIT E

SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

The Seller intends to use the Hawaii Association of Realtors' form of Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of units in the Project. The sales contract contains the purchase price, description and location of the unit and other terms and conditions under which a Buyer will agree to by a unit.

Among other things, the sales contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.

3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Provides the following remedies, in the event of default under the sales contract:

by Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

END OF EXHIBIT E

EXHIBIT F

SUMMARY OF PROVISIONS OF ESCROW AGREEMENT

1. The Escrow Agreement dated November 3, 1994, identified Long & Melone Escrow, Ltd. as the escrow agent and was executed by SHIN CHUEN CHAN, LISA SHIU SHIM CHAN and GORDON KWOCK TAI CHAN as Developer.

2. All payments and deposits made under the Escrow Agreement are to be made to and held by the escrow agent.

3. No disbursements made by a purchaser are to be made by the escrow agent unless the Real Estate Commission of the State of Hawaii has issued a Final Public Report for the Project, a copy of the Final Public Report has been provided to the purchaser, and the purchaser has acknowledged receipt of the Final Public Report or been deemed to have acknowledged receipt of the Final Public Report.

4. A purchaser shall be entitled to a refund of his or her deposit in escrow if the purchaser so requests in writing, and if

a. the Developer has requested the escrow agent to return the deposit; or

b. the Developer has exercised a right to cancel in the sales contract; or

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

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

5. If a purchaser should default, his or her deposits will be treated as liquidated damages. Purchaser's deposits cannot be used to pay construction costs until completion and closing.

6. The escrow agent may deduct from any refund made to a purchaser a cancellation fee of not less than \$26.00 and not more than the escrow fee set forth in the Escrow Agreement, together with the cost of any credit reports, long-distance phone charges and other similar incidental expenses reasonably incurred on behalf of purchaser, the exact amount to be commensurate with the amount of work completed at the time of cancellation. Except for the cancellation fee, the amount of any such charges to be so deducted shall be given to escrow by Seller in writing within a reasonable time after the same have been incurred.

END OF EXHIBIT F