CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by: Developer GARY S. FURUTA dba PALM DRIVE VENTURE
Address 725 Kapiolani Blvd., Suite C-103, Honolulu, HI 96813

Project Name(*): PALM DRIVE
Address: 940 12th Avenue, Honolulu, HI 96816

Registration No. 3316

Effective date: July 5, 1996
Expiration date: August 5, 1997

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 nor any other government agency. Neither the Commission or any other government agency has judged or approved the merits or value, if any, of the project or of purchasing of 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 any 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.
[ ] No prior reports have been issued.
[X] 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:

[X] 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.

[X] Changes made are as follows:

1. The address of the Developer/Owner has changed as noted on page 1 of this report.

2. The Palm Drive CPR Map has been revised to show changes to the limited common areas appurtenant to each of the apartments and to the common areas of the Project.

3. The Developer/Owner has entered into construction contracts with Designer Built Systems, Inc. for the construction of the Project.

4. The Developer/Owner has entered into a management contract with Chaney, Brooks & Company as managing agent for the Project.

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EXHIBIT A:	Description of Common Elements
EXHIBIT B:	List of Encumbrances
EXHIBIT C:	Estimate of Maintenance Initial Maintenance Fees and Disbursements
EXHIBIT D:	Summary of Sales Contract
EXHIBIT E:	Summary of Escrow Agreement
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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 or 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: GARY S. FURUTA dba PALM DRIVE VENTURE
Name
737 Bishop Street, Ste. 3100
Business Address
Honolulu, HI 96813
Phone: (808) 524-0295 (Business)

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

Real Estate Broker: The Prudential Locations, Inc.
Name
1339 Hunakai Street
Business Address
Honolulu, HI 96816
Phone: (808) 735-4200 (Business)

Escrow: Island Title Corporation
Name
1132 Bishop Street, Ste. 400
Business Address
Honolulu, HI 96813
Phone: (808) 539-7500 (Business)

General Contractor: Designer Built Systems, Inc.
Name
555 Paiea Street
Business Address
Honolulu, HI 96819
Phone: (808) 831-7511 (Business)

Condominium Managing Agent: Chaney, Brooks & Company
Name
606 Coral Street
Business Address
Honolulu, HI 96813
Phone: (808) 544-1600 (Business)

Attorney for Developer: Glenn M. Adachi
Name
841 Bishop St., #1601
Business Address
Honolulu, HI 96813
Phone: (808) 526-3880 (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

[X] Recorded - Bureau of Conveyances: Document No. 96-063851
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, dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed

[X] Recorded - Bureau of Conveyances Condo Map No. 2398

[ ] 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

[X] Recorded - Bureau of Conveyances: Document No.96-063852
Book_____Page_____

[ ] Filed - Land Court: Document No._____

The Bylaws referred to above have been amended by the following instruments [state name of document, dated 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 [X] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	Bd. of Directors

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

2. Developer:

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

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

1. To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of the unit.

2. To amend the Declaration and Condominium Map to file the "as built" certificate.

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:_____

_____

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: 940 12th Avenue
Honolulu, HI 96816

Tax Map Key: (1) 3-2-19: 27 (TMK)

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

Land Area: 30,000 [X] square feet [ ] acre(s) Zoning: R-5

Fee Owner : Gary S. Furuta
Name
725 Kapiolani Blvd., Suite C-103
Address
Honolulu, HI 96813

Sublessor: _____
Name

_____
Address

_____

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 4 Floors Per Building 3

[ ] Exhibit_____ contains further explanations.

3. Principal Construction Material:

[X] Concrete (Slab) [X] Hollow Tile [X] Wood

[ ] Other_____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[X] Residential	8	[X] Yes [ ] No	[ ] Ohana	____	[ ] Yes [ ] No
[ ] Commercial	____	[ ] Yes [ ] No	[ ] Industrial	____	[ ] Yes [ ] No
[ ] Mix Res/Comm	____	[ ] Yes [ ] No	[ ] Agricultural	____	[ ] Yes [ ] No
[ ] Hotel	____	[ ] Yes [ ] No	[ ] Recreational	____	[ ] Yes [ ] No
[ ] Timeshare	____	[ ] Yes [ ] No	[ ] Other:_____	____	[ ] Yes [ ] No

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

5. Special Use Restrictions:

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

[X] Pets:No livestock or poultry except for animals customarily kept as pets.

[ ] Number of Occupants:

[X] Other:No timesharing or rental for transient or hotel purposes.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: --- Stairways: 8 Trash Chutes: ---

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	4	3/2½	1,719	79
B	4	4/2½	1,811	0

Total Apartments: 8

***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 the those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

1. All the walls and partitions which are not load-bearing within the perimeter walls, doors and door frames, windows and window frames.

2. The inner decorated or finished surfaces of all walls, floors and ceilings.

Permitted Alterations to Apartments:

Alterations or additions within an apartment require the written approval of the Board and apartment owners directly affected.

7. Parking Stalls:

Total Parking Stalls: 32

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each units)	2	2					32
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	32		0		0		

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.

[ ] Exhibit _____ 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): N/A

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 A.

[ ] 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:

[ ] described in Exhibit_____.

[X] as follows:

1. Each apartment will have exclusive use of one mailbox.

2. Each apartment will have exclusive use of the limited common area adjacent to the apartment.

3. Each apartment will have exclusive use of the guest parking stalls as shown on the Condominium Map.

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 No.	Common Interest Percentage
1	12.5%
2	12.5%
3	12.5%
4	12.5%
5	12.5%
6	12.5%
7	12.5%
8	12.5%

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 B describes the encumbrances against the title contained in the title report dated April 18, 1996 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 at this time.

[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.

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 the mortgagee, but in such event, Buyer will be entitled to a refund of all deposits less an 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: One-year contractor's warranty from the date of the notice of completion.

2. Appliances: Warranty provided by the appliance manufacturer.

G. **Status of Construction and Estimated Completion Date:**

Construction is estimated to commence in April 1996 and be completed around October 1996.

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:

[X] 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 C 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 [ ] Water

[ ] Sewer [ ] Television Cable [ ] Other_____

*See Page 20, Item 5.

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

[X] Notice to Owner Occupants

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

[X] Escrow Agreement dated January 10, 1995
Exhibit E 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 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. 3316 filed with the Real Estate Commission on April 4, 1995.

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C. Additional Information Not Covered Above

1. **Temporary Sewage Holding Tank Facility**: Four of the eight units will connect to the City sewer system via individual sewage holding tanks under conditions contained in a letter from the Department of Wastewater Management dated January 12, 1995 (which is on file for this Project with the Real Estate Commission).

2. **Cluster Development**: The Palm Drive project is being developed under a Cluster Development Application (Application No. 94/CL-2) approved by the Department of Land Utilization, City and County of Honolulu on May 23, 1994. The Report, Conclusions, and Decision and Order contain certain conditions the Developer must comply with in the construction of the project. A copy of the Cluster Development Application is on file at the Real Estate Commission with Developer's application for public report.

3. **Restrictive Covenants**: As one of the conditions to the cluster development application approval by the Department of Land Utilization, City and County of Honolulu (DLU), the Developer will record in the Bureau of Conveyances, certain post-construction restrictive covenants that will be binding on all the apartment owners in the project through the Association of Apartment Owners. In summary, the restrictive covenants require the Association to do the following:

    1. Perpetually maintain all common elements in the project, including but not limited to landscaping, drainage patterns on the property and common areas of the project.

    2. Any future additions and alterations to the individual dwellings and to the common areas subsequent to the completion of construction of the project, shall require the review and approval by the Association and the Director, DLU. Future additions and alterations shall be subject to the following conditions:

        a. All fencing for future additions or alterations by individual owners shall conform to pre-approved fence designs.

        b. Applicant shall provide a Design Alteration Package (DAP) accommodating additional building area permitted (approximately 1,392 square feet) that distributes this area equitably between all the units. DLU will review and approve the DAP prior to issuing any building permits. Deviations to the DAP will not be allowed without valid justification and approval by DLU.

        c. A minimum horizontal distance of 15 feet shall be maintained between all structures. A minimum horizontal distance of 20 feet shall be maintained between two-story structures. The height of any structure shall not exceed 25 feet.

4. **License Disclosure**: Pursuant to §§16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer/Owner **Gary S. Furuta (RB-12214)** dba Hawaii Investments is a current and active Hawaii-licensed real estate broker. Pursuant to §16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

5. **Water Sub-Meter and Billing for Unit 1**: The water usage for Unit 1 will be measured by a sub-meter connected to the water line to Unit 1. The Unit 1 water line is connected to the water line which will provide water to irrigate the common areas. A water meter will measure the combined water usage for the common areas and Unit 1, and a periodic billing for water and sewer will be received by the Association from the Board of Water Supply for such usage. The managing agent for the project will on a periodic basis calculate and bill the owner(s) of Unit 1 for their portion of the water and sewer bill.

D. 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.

GARY S. FURUTA dba PALM DRIVE VENTURE
Name of Developer

By: _____ 4-30-96
Duly Authorized Signatory Date

Gary S. Furuta
print name & title of person signing above

Distribution:

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

EXHIBIT A

1. The land in fee simple as described in Exhibit "A" of the Declaration of Condominium Property Regime.

2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, roofs, entries, walkways, entrances and exits of said buildings.

3. All common areas such as the roadway and walkways which are designated Common Areas A through H and J and K as shown on the Condominium Map.

4. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution.

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

EXHIBIT B

LIST OF ENCUMBRANCES

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

2. Grant in favor of the City and County of Honolulu, a municipal corporation, dated February 13, 1967, recorded in said Bureau of Conveyances in Book 5584, Page 56, to construct, reconstruct, install, maintain, operate, repair and remove an underground sewer pipe line or pipe lines, etc., as part of a sewer system, through, under and across the following described "easement area":

PARCEL 102 - of KAIMUKI WEST SEWERS, SECTION 3, IMPROVEMENT DISTRICT NO. 196: All that certain parcel of land, being a portion of Lot 5, Block 28 of the Kaimuki Tract, being also a portion of Land Patent 8188, on a portion of Land Commission Award 10,613, Part 3 to A. Paki, situate near the Northwest side of 12th Avenue about 180 feet Westerly from the West corner of Pahoa and 12th Avenues, at Waialae-Iki, City and County of Honolulu, State of Hawaii, being more particularly described as follows:

Beginning at the east corner of this parcel of land, being also the West corner of Lot 1 and the South corner of Lot 2, Block 28 of the Kaimuki Tract, near the Northwest side of 12th Avenue, about 180 feet Westerly from the West corner of Pahoa and 12th Avenues, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAIMUKI" being 446.88 feet North and 617.22 feet West, as shown on Division of Land Survey and Acquisition Parcel Map File No. 15-9-1-21, thence running by azimuths measured clockwise from true South:

1.	28°	31′	30"	8.00	feet along remainder of Lot 5, Block 28 of the Kaimuki Tract;
2.	118°	31′	30"	8.00	feet along same;
3.	208°	31′	30"	8.00	feet along same;
4.	298°	31′	30"	8.00	feet along Lot B of subdivision of Lot 2, Block 28 of the Kaimuki Tract, to the point of beginning and containing an area of 64 square feet, more or less.

PARCEL 103 - of KAIMUKI WEST SEWERS, SECTION 3, IMPROVEMENT DISTRICT NO. 196: All that certain parcel of land, being a portion of Lot 7, Block 28 of the Kaimuki Tract, being also a portion of Land Patent 8188, on a portion of Land Commission Award 10,613, Part 3 to A. Paki, situate near the Northwest side of 12th Avenue between 11th and 12th Avenues, at Waialae-Iki, City and County of Honolulu, State of Hawaii, being more particularly described as follows:

Beginning at the West corner of this parcel of land, being also the common corner of Lots 7, 8, 9 and 10, Block 28 of the Kaimuki Tract, near the Northwest side of 12th Avenue, between Pahoa and Kaimuki Avenues, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAIMUKI" being 362.84 feet North and 776.21 feet West, as shown on Division of Land Survey and Acquisition Parcel Map File No. 15-9-1-21, thence running by azimuths measured clockwise from true South:

1.	208°	31′	30"	8.00	feet along Lot 8, Block 28 of the Kaimuki Tract;
2.	298°	31′	30"	8.00	feet along remainder of Lot 7, Block 28 of the Kaimuki Tract;
3.	28°	31′	30"	8.00	feet along same;
4.	118°	31′	30"	8.00	feet along Lot 9, Block 28 of the Kaimuki Tract, to the point of beginning and containing an area of 64 square feet, more or less.

3. Mortgage dated December 12, 1994 in favor of City Bank, a Hawaii corporation, recorded in said Bureau of Conveyances as Document No. 94-207742.

4. Financing Statement in favor of City Bank, recorded in said Bureau of Conveyances as Document No. 94-207743.

5. Condominium Map No. 2398 filed said Bureau of Conveyances.

6. Covenants, conditions, restrictions, reservations, agreements obligations, provisions, easements and by laws set forth in the Declaration of Condominium Property Regime dated April 30, 1996, recorded in said Bureau of Conveyances as Document No. 96-063851.

7. By-Laws of the Association of Apartment Owners of Palm

Drive dated April 30, 1996, recorded in said Bureau of Conveyances as Document No. 96-063852.

8. Real property taxes due and payable. For more information contact City and County of Honolulu, Department of Finance, Real Property Tax Assessment as of the date of the title report, both installments were unpaid.

PALM DRIVE
(8 Units)

Estimated Annual Common Expense

	Monthly x 12	Annually
UTILITIES AND SERVICES		
Electricity (Common Elements Only)	21	252
Refuse Collection	N/A	N/A
Water and Sewer	50	600
MAINTENANCE, REPAIR & SUPPLIES		
Buildings	75	900
Grounds	175	2,100
MANAGEMENT		
Management Fee	400	4,800
Office Expense	25	300
INSURANCE	900	10,800
RESERVES	117	1.404
TAXES AND GOVERNMENT ASSESSMENTS	4	48
AUDIT AND TAX PREPARATION	25	300
OTHER	75	900
TOTAL	1,867	22,404

We, Chaney, Brooks & Company as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and the monthly cash operating costs were prepared in accordance with generally accepted accounting principals. The information contained herein is based on the data available to us at this time.

Linda T. Alexander
Vice President

Date: 1-29-96

PALM DRIVE
(8 Units)

Type	Number	% Common Interest	Maintenance Fee
1	8	12.5	$233.38

PALM DRIVE
(8 Units)

BUDGET ASSUMPTIONS

Electricity - Includes common area ground lighting and parking areas.

Water.- Average gallons determined from actual figures for similar property. Water is for common area and park.

Maintenance/buildings - Contract services for exterior repairs, and supplies such as light bulbs. Based on minimal maintenance for new buildings.

Maintenance/grounds - Includes maintenance of the common areas and park

Management Fee - Based on number of units in project. Includes coupon billing, quarterly meetings and quarterly inspections.

Office Expense - Includes quarterly mailouts to all owners, coupons, condominium registration fee and miscellaneous expenses.

Insurance - Includes Fire and General Liability of $8,653, Umbrella Liability of $1,000 Directors and Officers at $850 and Fidelity Bond at $300

Reserves - Includes painting, roof, paving. Reserve schedule will re-evaluated and adjusted accordingly by the Board of Directors based on a Reserve Study.

Audit and Tax Preparation - Based on current prices for similar properties plus inflation factor.

EXHIBIT D

Summary of Fee Simple Condominium Residential Unit Sales Contract/Reservation Agreement

The Fee Simple Condominium Residential Unit Sales Contract/Reservation Agreement ("Agreement") contains the price, description and apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project.

1. The Agreement provides a breakdown of the schedule of payments buyer will make.

2. The Agreement is a reservation and the terms may be adjusted or changed prior to the issuance of a final public report. Until the buyer has received a copy of the final public report and waived his/her right to cancel the Agreement is only a reservation.

3. If a final public report is issued, the Seller will construct the units within two years from the date of issuance of the final public report or within two years from the date of the Agreement, whichever is later.

4. A copy of the final public report will be delivered to buyer together with copies of a receipt of public report and notice of right to cancel.

5. If buyer will borrow money to purchase the unit, buyer must apply for mortgage financing within ten days from the execution of this Agreement. The buyer must provide a copy of the loan commitment to the Seller. Buyer must obtain an unqualified, unconditional written commitment within 45 days after applying for the loan. If buyer does not obtain a written commitment within 45 days from the date of application, Seller may cancel this Agreement. Upon cancellation Escrow is authorized to refund to buyer, without interest, all sums paid less cancellation fee and costs incurred by Seller and lender loan processing fees.

If buyer's loan application is denied or rejected then Seller or buyer has option to cancel this Agreement. Escrow is authorized to refund to buyer, without interest, all sums paid less cancellation fee and costs incurred by Seller and lender loan processing fees.

6. If buyer is paying cash, buyer must submit to Seller a financial statement certified by as true and accurate by buyer. Seller has 15 days to review and either accept the financial

statement or terminate the Agreement. If buyer is paying cash the Agreement has a schedule of the additional payments.

7. Buyer's deposits will be held in trust by escrow until the Agreement is binding, closed or cancelled. No interest will accrue on buyer's payments held in escrow. No disbursements will be until the Agreement is binding and the buyer has waived or deemed to have waived his/her right of rescission.

8. Buyer has a right to rescind the Agreement if there is any material change in the Project. The Agreement contains a provision for the buyer to waive his/her right of rescission. In the event of rescission the Agreement provides the buyer will be entitled to a refund.

9. The Agreement provides the conditions for default by the buyer or Seller and the remedies each of the parties may pursue.

10. The Agreement provides that the Seller and buyer may preclose the transaction by having all documents signed and deposited with escrow prior to the closing date.

11. Buyer will pay all costs of preparing, recording and filing the deed and any notes and mortgages, any sales or transfer taxes, notary fees, special mortgage and recording fee, title insurance, appraisal fees and one-half of the escrow fee.

12. Seller estimates that the closing date will be the date upon which the first occupancy permit covering the unit will be issued or some later date.

13. Buyer will not be allowed to take possession of the unit until recordation of the deed and full compliance by buyer with the terms of the Agreement.

14. If buyer delays closing, buyer shall be responsible pay for all prorated charges plus Seller's interest on Seller's mortgage loan attributable to the unit which is estimated at $98.00 per day.

15. Buyer will be required to prepay insurance premiums, maitainance fees, real property taxes and start-up fee.

16. Seller will give buyer an express limited warranty that buyer's unit will be free from "faulty workmanship and materials and major construction defects".

17. The Agreement provides for inspection of the unit by the buyer and for Seller to correct punchlist items noted by buyer.

18. Buyer agrees that Seller may employ a managing agent for the management, opration and maintenance of the Project.

19. Seller estimates the completion date of the Project will be December 31, 1995.

20. Buyer's interest under this Agreement is subordinate to any interim loan to finance the acquistion, construction and development of the Project.

21. Seller has the right to modify the condomium documents provided the modification does not:

a. increase buyer's common interest percentage;
b. increase the cost of unit to the buyer;
c. require a substantial physical change to the unit;
d. substantially impair or modify the obligations of the Seller; or
e. render unenforcable buyer's loan commitment.

22. Buyer acknowledges that there may be construction and sales activities after the buyer has occupied the unit.

23. The Agreement provides that the Seller and buyer will submit any disputes to binding arbitration.

The Agreement contains various other provisions which the buyer should become acquainted.

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

The escrow agreement establishes an arrangement under which the deposits a buyer makes under a Fee Simple Condominium Residential Unit Sales Contract/Reservation Agreement ("sales contract") will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

(a) Signed copies of the sales contract will be provided to Escrow.

(b) Escrow will collect payments due pursuant to the sales contract.

(c) Seller will notify Escrow who in turn will notify buyers when payments are due.

(d) Escrow will accept buyer's payments pursuant to the sales contract and will hold the funds or make payments according to the escrow agreement.

(e) The escrow agreement states under what conditions escrow will disburse buyers funds. Escrow will disburse upon receipt of the following:

1. the conveyance document,
2. all necessary releases of encumbrances,
3. the full amount of the purchase price,
4. any mortgage or other instrument securing payment,
5. purchaser's share of the closing costs

(f) Under the escrow agreement buyer shall be entitled to a refund, if buyer makes a written request for a refund and Escrow has received a written request from Seller to return buyer's funds. In addition, by law, (under Sections 514A-62 and -63, Hawaii Revised Statutes) buyer has a right to rescind a sales contract.

(g) The escrow agreement states what will happen to a buyer's funds upon default under the sales contract. Seller is required to certify to Escrow in writing that buyer defaults and that Seller is terminating the contract. Escrow will notify buyer by certified mail that Seller has cancelled contract. Escrow will treat the buyer's funds as belonging to the Seller subject to the provisions relating to dispute and conflicting demands.

(h) Escrow will coordinate and supervise the signing of all necessary documents.

(i) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

EXHIBIT F

DISCLOSURE ABSTRACT

1. a. PROJECT: PALM DRIVE
940 12th Avenue
Honolulu, HI 96816

b. DEVELOPER: GARY S. FURUTA dba PALM DRIVE VENTURE
737 Bishop St., Ste. 3100
Honolulu, HI 96813

c. MANAGING AGENT: Chaney, Brooks & Company
606 Coral Street
Honolulu, HI 96813

2. Estimated Maintenance Fee Assessments and Disbursements

Maintenance Fees: The routine maintenance and repair of each apartment unit, including all utility charges, is the sole responsibility of each owner. The breakdown of annual maintenance fees and monthly estimate for each apartment has been based on generally accepted accounting principles and is attached as Exhibit C. The monthly maintenance fee for each apartment is estimated to be $233.38 per month (or $2,800.56 per year).

3. Description of All Warranties Covering the Apartments and Common Elements.

The Contractor should be giving one year warranty from the date of completion on the materials and workmanship of the the dwellings.

4. Use of Apartments. The PALM DRIVE condominium project will consist of eight (8) apartments which will be used for residential purposes by the owners, their tenants, servants, guests and invitees and for no other purpose.

GARY S. FURUTA dba PALM DRIVE VENTURE
Date: 4-30-96