

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer WATT HOMES - HAWAII DIVISION
Address 737 Bishop Street, Suite 2040, Honolulu, Hawaii 96813

Project Name(*): A'ELOA TERRACE
Address: Lot 8281, Namahoe Street, Kapolei, Hawaii 96797

Registration No. 3379

Effective date: October 8, 1997
Expiration date: November 8, 1998

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.

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

 SECOND
X **SUPPLEMENTARY:** This report updates information contained in the:
(pink) [] Preliminary Public Report dated: _____
[X] Final Public Report dated: July 10, 1996
[X] Supplementary Public Report dated: August 14, 1996

And [] Supersedes all prior public reports.
[X] Must be read together with Final Public Report and Supplementary Public Report
[X] This report reactivates the Final and Supplementary
public report(s) which expired on August 11, 1997 and September 10, 1997

(*) Exactly as named in the Declaration

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 issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

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. 3379 filed with the Real Estate Commission on _____
7/20/95.

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

YELLOW paper stock WHITE paper stock PINK paper stock

EXHIBIT N

Summary of Reservation and Sales Agreement

The specimen A'eloa Terrace Reservation and Sales Agreement (the "Sales Agreement") sets forth the terms, provisions, conditions and covenants between the Seller and Buyer for the sale and purchase of an Apartment in the Project. In case of any conflict between the following summary and the Sales Agreement, the latter will control. The Sales Agreement contains:

1. A description of the Project and the Property.
2. An acknowledgement that the Buyer has received and has had a full opportunity to read and review, and has approved the Preliminary Public Report and/or Final Public Report of the Project issued by the Developer and certain other documents.
3. An agreement that if at the time of execution of the Sales Agreement by the Buyer and the Seller, a Final Public Report for the Project has not been issued by the Real Estate Commission of the State of Hawaii, the Sales Agreement shall not be legally binding upon either Buyer or Seller. In such event, the Sales Agreement shall constitute a "reservation," not a binding contract, and Seller shall have no obligation to sell and Buyer shall have no obligation to purchase the Apartment. In the event that the Sales Agreement is entered into after the issuance of a Final Public Report, the Sales Agreement shall be a fully binding contract upon Buyer and Seller upon Buyer's waiver of rescission rights as provided in the Agreement.
4. An authorization from Buyer to Escrow to disburse deposited funds in accordance with the terms of the Escrow Agreement.
5. An agreement that if any portion of the purchase price is to be financed, Buyer is required to deliver to Seller a "pre-commitment" letter from Buyer's Lender, indicating that Buyer has been prequalified for a mortgage loan in the amount Buyer intends to finance. At least thirty (30) days prior to the Scheduled Closing, Buyer is required to take all actions necessary to close the loan.
6. An agreement that the Seller has the right, subject to approval by the Housing Finance and Development Corporation of the State of Hawaii ("HFDC"), to increase the Total Purchase Price of Apartments only to the extent

C. Home Ownership Counseling. As an express condition for purchasing the Apartment each Buyer agrees to complete the Home Ownership Counseling Program sponsored by HFDC, as described in the Sales Agreement, prior to Closing. If Buyer fails to complete HFDC's Home Ownership Counseling Program, Buyer will be in default of the Sales Agreement, and Seller, in addition to any other remedies available to it, will, at HFDC's direction, cancel the Sales Agreement, in which event all deposits and all interest thereon shall be retained by Seller. Any such cancellation shall be effective immediately upon delivery of written notice to Buyer.

10. An acknowledgement that there are certain conditions which may affect and impair the Buyer's enjoyment, use and value of the Apartment and the Project, and an agreement to indemnify and hold harmless the Seller and certain other parties for certain types of claims.

11. An agreement that the Seller has the right to make changes to the Condominium Map of the Project, plans and specifications for the Project, the Project Documents and all other documents and contracts relating to the Project, without further consents from Buyer or Buyer's Lender under certain circumstances.

12. An acknowledgement that pursuant to the Development Agreement, Seller is obligated to offer one hundred percent (100%) of the Apartments in the Project for sale as Lower Cost Housing Units in accordance with HFDC requirements.

13. An agreement that Buyer may inspect the Apartment before closing at a date set by Seller ("Inspection Date"), and that Buyer will sign a Punch List listing all defects or damage to the Apartment (if there are any). Also, an agreement that if Buyer fails to inspect the Apartment on the Inspection Date, Seller's representative is thereby appointed to inspect the Apartment and prepare a Punch List on behalf of Buyer.

14. A description of the warranties relating to the apartment (See Exhibit L).