

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Ton Tai Corporation
Address 436 Ena Road, Suite 604, Honolulu, Hawaii 96815

Project Name(*): 802 Punahou
Address: 802 Punahou Street, Honolulu, Hawaii 96826

Registration No. 3501 Effective date: March 20, 1996
Expiration date: April 20, 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 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:

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

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

SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports
[] Must be read together with
[] This report reactivates the
public report(s) which expires on

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Ton Tai Corporation Phone: (808) 942-4036
Name (Business)
436 Ena Road, Suite 604
Business Address
Honolulu, Hawaii 96815

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

Lien-Fa Wang, President/Treasurer
Yong Sick Shu, Vice President
Lien-Hsiang Wang, Secretary

Real Estate Broker: Pacific Resource Realty Phone: (808) 973-0830
Name (Business)
1357 Kapiolani Blvd., Suite 1235
Business Address
Honolulu, Hawaii 96814

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General Contractor: Mitsunaga Construction, Inc. Phone: (808) 949-4282
Name (Business)
747 Amana Street, Room 302
Business Address
Honolulu, Hawaii 96814

Condominium Managing Agent: Hawaiiana Management Company, Ltd. Phone: (808) 593-9100
Name (Business)
1270 Ala Moana Blvd.
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Cades Schutte Fleming & Wright Phone: (808) 521-9201
Name (Business)
1000 Bishop Street
Business Address
Honolulu, Hawaii 96813
Attn: Mark A. Hazlett, Esq., and Jeffrey D. Watts, Esq.

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. _____

Book _____ Page _____

Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. _____

Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. _____

Book _____ Page _____

Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed* Adopted Developer does not plan to adopt House Rules
 *The project's house rules are entitled "Rules and Regulations" and are on file with the Real Estate Commission.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority of Board of Directors</u>

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

2. **Developer:**

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

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

The developer may amend the Declaration, Bylaws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the project or any of the apartments, by any institutional lender lending funds on the security of the project or any of the apartments, or by any governmental agency; and (c) to file the "as built" verified statement required by Section 514A-12, HRS.

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: 802 Punahou Street Tax Map Key: (1) 2-3-23-25
Honolulu, Hawaii 96826 (TMK)

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

Land Area: 22,082 [XX] square feet [] acre(s) Zoning: A-2

Fee Owner: Ton Tai Corporation
 Name
436 Ena Road, Suite 604
 Address
Honolulu, Hawaii 96815

Sublessor:
 Name
 Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion
 2. Number of Buildings: 1 Floors Per Building 8
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other Steel, Glass

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>42</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: Maximum of 2 pets per apartment; no more than one dog (see section J of the House Rules)

Number of Occupants: _____

Other: No timesharing, bed and breakfast or rooming house uses (see paragraph 10 of the Declaration and other restrictions in the proposed "Rules and Regulations" on file with the Developer and the Real Estate Commission).

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1 Stairways: 2 Trash Chutes: 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A/AR</u>	<u>10</u>	<u>2/1</u>	<u>668.45</u>	<u>N/A</u>
<u>B/BR</u>	<u>10</u>	<u>1/1</u>	<u>596.02</u>	<u>39.20</u>
<u>C/CR</u>	<u>10</u>	<u>2/1</u>	<u>656.29/655.06</u>	<u>31.99</u>
<u>D/DR</u>	<u>10</u>	<u>1/1</u>	<u>573.52/572.92</u>	<u>39.20</u>
<u>PH</u>	<u>2</u>	<u>1/1</u>	<u>620.22</u>	<u>39.20</u>

Total Apartments: 42

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

SEE EXHIBIT "A"

Permitted Alterations to Apartments:

SEE EXHIBIT "A"

7. Parking Stalls:

Total Parking Stalls: 63

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>Handicap</u>		<u>TOTAL</u>
	<u>covered*</u>	<u>open</u>	<u>covered*</u>	<u>open</u>	<u>covered*</u>	<u>open</u>	<u>covered*</u>	<u>open</u>	
Assigned (for each unit)	<u>19</u>	<u>3</u>	<u>26</u>	<u>2</u>	<u>6</u>			<u>1</u>	<u>57</u>
Guest		<u>1</u>		<u>4</u>				<u>1</u>	<u>6</u>
Unassigned									
Extra for Purchase									
Other:									
Total Covered* & Open	<u>23</u>		<u>32</u>		<u>6</u>			<u>2</u>	

*(Some covered stalls are only partly covered. See Exhibit "B".)

Each apartment will have the exclusive use of at least 1 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 "B" 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 (private park)

Laundry Area Tennis Court Trash Chute

Other: Barbeque area; garden area

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 "C".

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[] There are no limited common elements in this project.

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

[XX] described in Exhibit "C".

[] 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:

[XX] described in Exhibit "B".

[] as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "D" describes the encumbrances against the title contained in the title report dated January 24, 1996, and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

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

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

<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	The buyer's interest under a sales contract will be subject to the interest of the mortgagee under the mortgage. This means, among other things, that if the developer defaults under the mortgage, the lender may take over the project or cancel the sales contract and refund deposits remaining in escrow. Before an interest in an apartment is conveyed to a buyer, the apartment must be free from existing blanket mortgages.

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:**

The developer intends to require the general contractor to provide a one-year warranty, commencing upon the "Date of Completion" (as defined in section 507-43 of the Hawaii Revised Statutes, as amended), that (a) the materials and equipment furnished for construction of the project will be of good quality and new, unless the construction contract requires or permits that the materials and equipment be otherwise; and (b) the construction and services required by the construction contract (including all labor, materials and equipment to be provided by the general contractor) will be free from defects, except for defects inherent in the quality of the construction and services required or permitted by the construction contract. Without incurring any legal liability, the developer will agree to cooperate with the buyer to try to have the general contractor perform all of the general contractor's warranties. (See section E.14 of the Sales Contract.)

2. **Appliances:**

Appliance warranty information is not yet available because appliances have not yet been purchased. However, the developer intends to transfer to the buyer any manufacturer's or dealer's warranties that are transferable and cover appliances sold with the apartments.

G. Status of Construction and Estimated Completion Date:

Construction has commenced and is anticipated to be completed in late 1996 or early 1997.

H. Project Phases:

The developer [] has [XX] 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 "E" 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 Telephone; Refuse Collection; Elevator

*(Common elements only)

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 "F" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated November 14, 1995

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 ("Rules and Regulations").
 - 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 Declaration of Restrictive Covenants (Private Park)
-

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 part of Registration No. 3501 filed with the Real Estate Commission on February 1, 1996.

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:

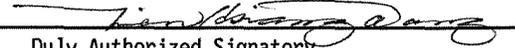
1. **Private Park:** The project's land is subject to a Declaration of Restrictive Covenants (Private Park) dated October 2, 1995, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-163064 (the "Park Declaration"). The Park Declaration provides, among other things, that the area identified in the Park Declaration as the Private Park area shall be improved, maintained and used exclusively for private park, playground and recreational purposes by the occupants, owners or lessees of apartments in the project. The Private Park area is also part of the common elements of the project. The Park Declaration provides that the Association of Apartment Owners of the project shall perpetually maintain the Private Park area. The developer has filed with the Real Estate Commission a copy of the Park Declaration as part of this registration, and prospective purchasers are encouraged to review the Park Declaration for more information.

2. **Grant of Easement:** The developer intends to grant to the owner of property adjacent to the project a nonexclusive easement for vehicular turnaround purposes over a 120 square foot portion of the project's common element driveway, and a nonexclusive easement for storage purposes over a 36 square foot portion of the common elements. The developer and the grantee of the easements will execute and record a document identifying the affected portions of the common elements and setting forth the terms of the easements and the respective rights and obligations of the parties and their successors in interest (including the project's condominium association) and assigns.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

TON TAI CORPORATION

Name of Developer

By: 
Duly Authorized Signatory

1-26-96

Date

LIEN-HSIANG WANG, SECRETARY

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

**BOUNDARIES OF APARTMENTS
AND
PERMITTED ALTERATIONS TO APARTMENTS**

A. Boundaries of Apartments.

Paragraph 3.4 of the Declaration provides that each Apartment shall be deemed to include: (i) all the walls and partitions which are not load-bearing within its perimeter walls, (ii) the interior decorated or finished surfaces of all walls, floors and ceilings, including floor coverings, (iii) any doors and door frames, windows or panels along the perimeters, window frames, (iv) all fixtures originally installed therein, and (v) the decorated or finished surface of the floor, walls and ceiling of the lanai (if any) appurtenant to the Apartment, and the railing of such lanai.

The respective Apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, and the party walls, (b) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Apartment, or (c) any pipes, shafts, wires, conduits or other utility or services lines running through such Apartment which are utilized for or serve more than one Apartment, the same being deemed common elements as hereinafter provided.

B. Permitted Alterations to the Apartments.

Subject to the provisions of the Declaration and Chapter 514A of the Hawaii Revised Statutes (the "Act"), and except as otherwise provided in the Bylaws, no Owner of an Apartment shall, without the prior written approval of the Board of Directors of the Association (the "Board"), make any structural alterations in or additions to his Apartment or make any alterations in (including painting, awnings, jalousies and screens) or additions to the exterior of his Apartment or to the common elements.

An Owner may make non-structural alterations and additions solely within his Apartment, or solely within a limited common element appurtenant to and for the exclusive use of his Apartment, at the Owner's sole cost and expense, provided that such alterations or additions do not affect any other Apartment or other common elements or change the exterior or appearance of the Project, and provided, further, that any building permit required for such alterations or additions is first duly obtained and filed with the Board and the proposed alteration or addition will not adversely affect the Project's insurance rating or premiums.

No Apartment Owner shall, without the prior written approval of the Board, install any wiring for electrical or

EXHIBIT "A"

telephone installations, television antenna, machines or air-conditioning units, or other equipment, fixtures, appliances or appurtenances whatsoever on the exterior of the Building or protruding through the walls, windows or roofs thereof.

No Apartment Owner shall, without the prior written approval of the Board, make any structural modifications, changes, additions or alterations to his lanai or add any awnings, sunscreens, louvers, exhaust vents, wind baffles, or drain.

Owners may not, without the prior written approval of the Board, apply any substance, material or process to the exterior or interior surfaces of the Apartment's windows which may alter the exterior color, appearance or reflectivity of the windows.

No window air conditioning units shall be installed in any Apartment. At the Apartment Owner's sole cost and expense, a split system air conditioner may be installed in a designated location within the Owner's Apartment, subject to the prior written approval of the Board.

The Owner of any two or more adjacent Apartments separated by a common element wall may alter or remove all or portions of such wall, if the structural integrity of the Building is not thereby affected and if the finish of the remaining common element(s) is restored to a condition substantially comparable to that of the common element prior to such alterations. Such alteration shall require only the written approval of the Board, including the Board's approval of the Owner's plans for such alteration, together with the approval of the holders of first mortgages on all Apartments affected by such alteration, and the approval of the appropriate agencies of the State of Hawaii and/or the City and County of Honolulu if such agencies so require. Such alteration may be undertaken without an amendment to the Bylaws or to the Declaration or the filing of a complete set of floor plans of the Project as so altered. If, in the reasonable judgment of the Board, the alterations or additions are substantial in nature, the Board may require that the Owner of the Apartments affected provide evidence satisfactory to the Board of sufficient financing to complete such alterations or additions or, in lieu thereof, require that the Owner obtain a performance and lien payment bond, naming as obligees the Board, the Association and all Apartment Owners and their mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction. Prior to the termination of the common ownership of any such adjacent Apartments, the Owner of such Apartments shall be obligated to restore the intervening wall between the Apartments to substantially the same condition in which the wall existed prior to its alteration or removal.

Article VIII of the Bylaws contains additional information regarding alterations to the Apartments, the common elements and the limited common elements.

**APARTMENT NUMBERS, PARKING STALLS,
NET LIVING AREAS, LANAI AREAS,
COMMON INTERESTS**

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approx. Net Living Area*</u>	<u>Approx. Lanai Area*</u>	<u>Parking Stall No. & Type**</u>	<u>Common Interest</u>
301	BR	596.02	39.20	8 C/PC	2.32175%
302	C	656.29	31.99	9 S/PC	2.51554%
303	CR	655.06	31.99	10 S/PC	2.51554%
304	DR	572.92	39.20	13 C/PC	2.23765%
305	D	573.52	39.20	12 C/PC	2.23765%
306	AR	668.45	-----	6 S/PC	2.44242%
307	A	668.45	-----	5 S/PC	2.44242%
308	B	596.02	39.20	7 C/PC	2.32175%
401	BR	596.02	39.20	34 C/C	2.32175%
402	C	656.29	31.99	20 S/PC	2.51554%
403	CR	655.06	31.99	21 S/PC	2.51554%
404	DR	572.92	39.20	29 C/O	2.23765%
405	D	573.52	39.20	30 C/O	2.23765%
406	AR	668.45	-----	14 S/PC	2.44242%
407	A	668.45	-----	11 S/PC	2.44242%
408	B	596.02	39.20	33 C/C	2.32175%
501	BR	596.02	39.20	36 C/C	2.32175%
502	C	656.29	31.99	40 S/C	2.51554%
503	CR	655.06	31.99	27 C/PC	2.51554%
504	DR	572.92	39.20	38 C/C	2.23765%
505	D	573.52	39.20	37 C/C	2.23765%
506	AR	668.45	-----	28 S/C	2.44242%
507	A	668.45	-----	32 S/C	2.44242%
508	B	596.02	39.20	35 C/C	2.32175%
601	BR	596.02	39.20	43 C/PC	2.32175%
602	C	656.29	31.99	44 S/PC	2.51554%
603	CR	655.06	31.99	45 S/PC	2.51554%
604	DR	572.92	39.20	41 C/PC	2.23765%
605	D	573.52	39.20	42 C/PC	2.23765%
606	AR	668.45	-----	48 S/PC	2.44242%
607	A	668.45	-----	31 S/PC	2.44242%
608	B	596.02	39.20	39 C/C	2.32175%
701	BR	596.02	39.20	60 S/O	2.32175%
702	C	656.29	31.99	24 S/PC	2.51554%
703	CR	655.06	31.99	25 S/PC	2.51554%
704	DR	572.92	39.20	49 S/O	2.23765%
705	D	573.52	39.20	59 S/PC	2.23765%

EXHIBIT "B"

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approx. Net Living Area*</u>	<u>Approx. Lanai Area*</u>	<u>Parking Stall No. & Type**</u>	<u>Common Interest</u>
706	AR	668.45	-----	26 S/PC	2.44242%
707	A	668.45	-----	61 S/T/C	2.44242%
				62 C/T/C	
708	B	596.02	39.20	50 S/O	2.32175%
PH-1	PH	620.22	39.20	1 S/T/C	2.41320%
				2 S/T/C	
PH-2	PH	620.22	39.20	3 S/T/C	2.41320%
				4 S/T/C	
				46 C/PC	
				47 C/PC	
				51 C/PC	
				52 C/PC	
				53 C/PC	
				54 C/PC	
				55 C/PC	
				56 C/PC	
				57 C/PC	
				58 C/PC	
				63 C/C	
				23 H/O	

*The net living areas and lanai areas are given in square feet and are approximate only.

**The letters following parking stall numbers indicate the parking stall type as follows:

S/C = standard, covered
S/PC = standard, partly covered
S/O = standard, open
S/T/C = standard, tandem, covered
C/C = compact, covered
C/PC = compact, partly covered
C/O = compact, open
C/T/C = compact, tandem, covered
H/O = handicap, open

Parking stalls 15 (C/O), 16 (C/O), 17 (C/O), 18 (C/O), 19 (S/O) and 22 (H/O) are common elements not assigned to any Apartment, and are reserved for guest parking.

Apartment Owners may transfer assigned parking stalls pursuant to the Declaration, provided that each Apartment shall always have at least one (1) parking stall as an appurtenant limited common element. Under certain circumstances described

in paragraph 9 of the Declaration, the Owner of an Apartment to which a handicap parking stall is assigned may be required to transfer such stall to another Apartment in exchange for a non-handicap stall.

The common interests listed above were computed by dividing each Apartment's combined net living area and lanai area by the aggregate net living area and lanai area for all Apartments in the Project. Some minor adjustments were made to ensure that the aggregate common interests of all Apartments equals 100%.

EXHIBIT "B"

PAGE 3

**COMMON ELEMENTS
AND
LIMITED COMMON ELEMENTS**

A. Common Elements.

Paragraph 4 of the Declaration provides that the common elements include:

1. The Land, in fee simple;
2. The limited common elements described in paragraph 5 of the Declaration;
3. All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, pumps, ducts, pipes, wires, conduits, or other utility or service lines which are located outside the Apartments and which are utilized for or serve more than one Apartment, and generally all equipment, apparatus, installations and personal property existing for common use in the Building or located on the Land;
4. All pipes, wires, ducts, conduits or other utility or service lines running through an Apartment which are utilized by or serve more than one Apartment;
5. All driveways and other common ways, all parking spaces and areas, all recreational facilities (including the private park area described in the Park Declaration), all landscaping, yard areas, fences, gates, retaining walls, mailboxes and mailbox areas, trash areas, and accessory equipment areas located on the Land or in the Building;
6. All other improvements on the Land which are not part of any Apartment.

B. Limited Common Elements.

Paragraph 5 of the Declaration describes the limited common elements as follows:

1. Each Apartment shall have appurtenant thereto, as a limited common element, the parking stall(s) assigned to the Apartment as shown on Exhibit "C" attached to the Declaration. Parking stalls may be transferred from Apartment to Apartment as provided in the Declaration, provided, however, that each Apartment shall at all times have appurtenant thereto at least one (1) parking stall.
2. Any other common element of the Project which is rationally related to only one Apartment shall be deemed a limited common element appurtenant to and for the exclusive use of such Apartment.

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

That certain Status Title Report dated January 24, 1996, issued by Title Guaranty of Hawaii, Inc., discloses the following encumbrances against title to the land of the Project, as described in the Declaration:

1. AS TO PARCEL SECOND ONLY:

- (A) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
- (B) Right-of-way for 4" sewer from the end of Course 4 to Punahou Street Extension in favor of the owners of Lots 1 and 2.
- (C) Grant in favor of Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company Incorporated, dated March 2, 1960, recorded in the Bureau in Book 3794, Page 250, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines, etc., for the transmission of electricity.
- (D) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement, dated November 20, 1995, recorded in the Bureau as Document No. 95-153301, by and between Motoi Kosan U.S.A., Inc., and Hawaiian Electric Company, Inc., to relocate the existing pole and anchor and to provide electrical service to the property.

2. AS TO PARCEL THIRD ONLY:

- (A) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
- (B) Reservation of Easement "S-1" for sanitary sewer purposes, over and across said parcel, unto TMK: 2-3-031:95, as reserved in Quitclaim Deed dated September 6, 1995, recorded in the Bureau as Document No. 95-114894.

3. AS TO PARCEL FOURTH ONLY:

- (A) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
- (B) Grant in favor of Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company Incorporated,

EXHIBIT "D"

dated March 2, 1960, recorded in the Bureau in Book 3794, Page 250, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines, etc., for the transmission of electricity.

- (C) Reservation of Easement "W-1" for waterline purposes, over and across said parcel, unto TMKS: 2-3-23:29 and 2-3-31:95, as reserved in Quitclaim Deed dated September 6, 1995, recorded in the Bureau as Document No. 95-114894.

4. Mortgage, Security Agreement and Financing Statement dated July 10, 1995, recorded in the Land Court as Document No. 2248149, and also recorded in the Bureau as Document No. 95-089475, in favor of Japan Leasing Corporation, a Japan corporation, as amended by instrument dated September 6, 1995, recorded in the Land Court as Document No. 2258698, and also recorded in the Bureau as Document No. 95-114895.

5. The covenants, conditions and obligations contained in that certain Declaration of Restrictive Covenants (Private Park) dated October 2, 1995, recorded in the Bureau as Document No. 95-163064 and in the Land Court as Document No. 2278697.

6. Real property taxes as may be due and owing. Refer to the City and County of Honolulu Director of Finances for further information.

EXHIBIT "E"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
FOR
802 PUNAHOU

Estimate of Initial Maintenance Fees:

<u>Apt. Type</u>	<u>No. of Apts.</u>	<u>Monthly Fee</u>	<u>x No. of Apts.</u>	<u>x 12 Months</u>	<u>= Yearly Total</u>
A	5	\$187	\$935		\$11,220
AR	5	\$187	\$935		\$11,220
B	5	\$178	\$890		\$10,680
BR	5	\$178	\$890		\$10,680
C	5	\$193	\$965		\$11,580
CR	5	\$193	\$965		\$11,580
D	5	\$172	\$860		\$10,320
DR	5	\$172	\$860		\$10,320
PH	<u>2</u>	\$185	<u>\$370</u>		<u>\$ 4,440</u>
TOTALS	42		\$7,670		\$92,040

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 Fee x 12 months = Yearly Total

Utilities and Services

Electricity - common elements only	\$ 425	\$ 5,100
Elevator	450	5,400
Refuse Collection	600	7,200
Telephone	100	1,200
Water and Sewer	1,175	14,100

Maintenance, Repairs and Supplies

Building	1,150	18,120
Grounds	50	600

Management

Management Fee	775	9,300
Office Expenses	130	1,560

Insurance

1,000	12,000
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Reserves

1,249	14,988
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Taxes and Government Assessments

5	60
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Audit Fees

80	960
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Other

<u>121</u>	<u>1,452</u>
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TOTAL

\$ 7,670	\$ 92,040
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I, Emory Bush, as agent and employed by Hawaiiana Management Company, Ltd., the condominium managing agent or the developer, for the condominium project AOAO 802 Punahou, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Emory W. Bush
President, Hawaiiana Management Company, Ltd.

Date: January 29, 1996

SALES CONTRACT AND ESCROW AGREEMENT SUMMARY

The Sales Contract provides for the sale of a condominium apartment (the "Residence") by the Developer to a Buyer. The Escrow Agreement provides how the funds paid by the Buyer under the Sales Contract to Escrow are to be held and released. Both the Sales Contract and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Some of the important provisions of the Sales Contract are described elsewhere in this Public Report and are not included in this summary.

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Sales Contract and Escrow Agreement provide who gets to keep interest that may be earned on the funds with Escrow. If the Sales Contract is signed before the Real Estate Commission has issued an effective date for a Final Public Report for the Project and before certain other things have happened (as described in the Sales Contract), the Sales Contract shall not be binding on the Buyer or the Seller, and either of them may cancel it at any time before it becomes binding. After the Sales Contract becomes binding, it may be cancelled by the Developer, among other reasons, if the Buyer is obtaining financing and fails to obtain a lender commitment within certain time limitations or if the Buyer is a cash buyer and fails to furnish satisfactory evidence of ability to pay within other time periods. In certain cases, the Buyer may be responsible for cancellation fees.

The Escrow Agreement provides for the closing or settlement of the sale. Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and the Buyer as set forth in the Sales Contract.

If the Buyer defaults under the Sales Contract after an effective date is issued for a Final Public Report for the Project and the Final Public Report is "accepted" by the Buyer, the Buyer may lose all of the deposits with Escrow and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract, the Buyer shall be entitled to specific performance of the Sales Contract, or shall have the right to cancel and terminate the Sales Contract. Under the Sales Contract, the Developer promises to complete construction of the Residence within two (2) years from the

EXHIBIT "F"

effective date of the Sales Contract, provided that the two (2) year period may be extended under certain circumstances specified in Section E.15 of the Sales Contract.

If the Buyer cancels and terminates the Sales Contract because of the Developer's default, the Developer shall repay to the Buyer all sums the Buyer has paid to the Developer or to Escrow under the Sales Contract, and the Buyer may sue the Developer for damages or pursue other legal or equitable remedies. If the Buyer has signed an "owner-occupant" affidavit, the Sales Contract explains that the Buyer will be in default under the Sales Contract if the Buyer does not reaffirm at a specified time the Buyer's intention to be an owner-occupant of the Residence. If that happens, the Sales Contract permits the Developer to cancel the Sales Contract and to pursue all the remedies available to the Developer under the Sales Contract, including keeping all the money the Buyer has paid under the Sales Contract.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws, and Rules and Regulations. The Sales Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of the Buyer under the Sales Contract.

The Sales Contract limits the Buyer's right to assign the Sales Contract and provides for a consent fee for any transfer. The Sales Contract provides for "pre-closing." "Pre-closing" means that Escrow may set a time for the Buyer to sign all of the documents Escrow asks the Buyer to sign, including the Apartment Deed and other closing documents, and the Buyer will pay the Buyer's share of the closing costs, as estimated by Escrow, even though the Buyer's Residence may not be ready for occupancy. Closing costs include Escrow's fee, conveyance tax, recording fees, real property taxes and other prorations (including hazard and liability insurance), notary fees, up to four (4) months' maintenance start-up fees, title report and title insurance fees, legal fees for preparing the Buyer's Apartment Deed, and fees charged by a lender if the Buyer is financing the purchase of his Residence with a loan. Escrow then handles the closing, the transfer of title in accordance with the Escrow Agreement. The Residence must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one apartment.

By signing the Sales Contract, the Buyer acknowledges that sales and construction activity at the Project by the Developer may continue after closing of the Buyer's purchase.

The Escrow Agreement provides certain protections to Escrow in the event of a dispute between the Buyer and the Developer. These rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

THIS SUMMARY IS NOT COMPLETE AND WILL NOT CONTROL IN THE EVENT OF ANY CONFLICT WITH A PROVISION IN THE SALES CONTRACT OR THE ESCROW AGREEMENT. PROSPECTIVE BUYERS ARE CAUTIONED AND ENCOURAGED TO READ CAREFULLY THE SALES CONTRACT AND ESCROW AGREEMENT.

EXHIBIT "F"

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