

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer WALTER NOBUICHI YANAGI
Address 47-428 Ahuimanu Road, Kaneohe, Hawaii 96744

Project Name(*): 47-428 AHUIMANU
Address: 47-428 Ahuimanu Road, Kaneohe, Hawaii 96744

Registration No. 3504
(Conversion)

Effective date: June 7, 1999
Expiration date: July 7, 2000

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

2. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: WALTER NOBUICHI YANAGI Phone: (808) 239-8253
Name 47-528 Ahuimanu Road (Business)
Business Address Kaneohe, Hawaii 96744

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

Real Estate Broker: None. See page 20 Phone: _____
Name _____ (Business)
Business Address _____

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 523-2358
Name 1001 Bishop Street, Suite 2770 (Business)
Business Address Honolulu, Hawaii 96813

General Contractor: Owner/Builder. See Phone: _____
Name page 20 (Business)
Business Address _____

Condominium Managing Agent: Self-manage by the Phone: _____
Name Association of Apartment Owners (Business)
Business Address _____

Attorney for Developer: Gary Y. Okuda, Esq. Phone: (808) 538-1921
Name Leu & Okuda (Business)
Business Address 900 Fort Street, Suite 1110
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2520131

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. 1283

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. 2520132

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	---	<u>n/a</u>

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

2. **Developer:**

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

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

[] 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: 47-528 Ahuimanu Road Tax Map Key (TMK): (1) 4-7-31-5
Kaneohe, Hawaii 96744

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

Land Area: 7,920 [X] square feet [] acre(s) Zoning: R-5

Fee Owner: Walter N. Yanagi and Kay K. Yanagi

Name
47-528 Ahuimanu Road

Address
Kaneohe, Hawaii 96744

Lessor:

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: 2 Floors Per Building Unit 1:1 & Unit 2:2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	* <input checked="" type="checkbox"/> Ohana	<u>1</u>	<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

*See page 20a regarding Ohana Housing

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: Article 14, section 6 of By-Laws

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: Apt 2:1 Trash Chutes: _____

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>1</u>	<u>1</u>	<u>3/1</u>	<u>912</u>	_____	_____
<u>2</u>	<u>1</u>	<u>2/3</u>	<u>2,304</u>	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment: **Each apartment is a single family dwelling; the boundaries are the outside or exterior faces of all walls, door, windows and the perimeter walls.**

Permitted Alterations to Apartments: **None, except pursuant to an amendment of the declaration.**

7. Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2</u>	<u>2</u>	<u>4</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>4</u>	<u> </u>	<u>4</u>

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:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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):

Apartment No. 1 was built in the late 1950's; it is expected that the structural components, mechanical and electrical installations have at least a 10 year additional useful life. Developer will continue living in Apartment No. 1.

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 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:

[X] described in Exhibit B*.

[] as follows:

***Note: Land areas referenced herein are not legally subdivided lots.**

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:

[X] described in Exhibit C.

[] 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 March 1, 1999 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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
First mortgage lien in a favor of First Hawaiian Bank.	In the event of foreclosure of this mortgage, Buyer's interest may be terminated in which event Buyer will be entitled to a refund of deposit, 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: **None.**

2. Appliances: **None.**

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

All buildings and improvements have been constructed and are completed.

Apartment 1 was constructed in 1950.

Apartment 2 was constructed in 1995.

H. Project Phases:

The developer [] has [] 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 the Developer or the Developer's affiliate.
- self-managed by the Association of Apartment Owners 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, a lien may be placed on your apartment and the apartment may be 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). ***Note: Developer has not conducted a reserve study in accordance with §514A-83.6 HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.**

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 (_____ Common Elements only _____ Common Elements & Apartments)
- Gas (_____ Common Elements only _____ Common Elements & Apartments)
- Water Sewer Television Cable
- Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated undated
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 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. 3504 filed with the Real Estate Commission on February 12, 1996.

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

[] YELLOW paper stock [X] WHITE paper stock [] PINK paper stock

C. Additional Information Not Covered Above

DISCLOSURE RE: SELECTION OF REAL ESTATE BROKER

This public report shall not bind a purchaser to the sale of any condominium unit until: (1) the Developer first submit to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

If the Developer(s), as the owners, will represent themselves, no abstract need be given to the purchaser, as all necessary disclosures are covered in this report.

OWNER-BUILDER-DISCLOSURE

Apartment No. 2 was constructed by the developer as owner-builder pursuant to sections 444-2(7) and 444-9.1 , Hawaii Revised Statutes ("HRS"). Section 444-2(7), HRS, provides that a contractor's license pursuant to Chapter 444, HRS, shall not be required of the following:

Owners or lessees of property who build or improve residential, farm . . . buildings or structures on property for their own use, or for use by their grandparents, parents, siblings or children and do not offer the structure for sale or lease. . . In all actions brought under this paragraph, proof of the sale or lease, or the offering for sale or lease, of the structure or improvements of the structure within one year after completion is prima facie evidence that the construction or improvement of the structure was undertaken for the purpose of sale or lease. . .

Section 444-9.1, HRS, requires the owner-builder to certify that the building or structure is for the owner-builder's "personal use and not for the use or occupancy by the general public."

Therefore, as to Apartment No. 2 of the project, the offer for sale or lease, or the sale or lease, of the buildings or structures thereon, within one year of its construction completion date (as set forth herein in Section III.G, page 16) may be a violation of Chapter 444, HRS. The developer hereby certifies that the buildings or structures of Apartment 2 are for the developers' "personal use and not for occupancy by the general public" pursuant to Chapter 444, HRS. Developer advises that Apartment No. 2 is the only Unit to which this limitation applies, as it has been over one year since completion of Apartment No. 1

OHANA HOUSING

Apartment No. 2 was built as "accessory" dwelling under the City and County of Honolulu "Revised Ordinances". Since its construction, the Ordinance has been further amended and restrictions in the size of the unit and the occupants of the unit must be "related parties" .

The Ohana Unit that is destroyed by fire of more than 50% or the replacement value may be limited to less than 700 square feet, and any expansion restricted and/or limited to the requirements imposed by the then existing building code.

Purchasers of Ohana Unit are advised to inform themselves of the existence of the City and County Ordinances , particularly with the provisions of Section 21-6-20.1, relating to the rebuilding and expansion of Ohana Unit.

- 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.

Walter Nobuichi Yanagi

Printed Name of Developer

By: Walter N. Yanagi 6/2/99
Duly Authorized Signatory Date

Walter Nobuichi Yanagi

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

EXHIBIT "A"

Description of Common Elements:

B. Common Elements. One freehold estate is hereby designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

(1) The Property above described, to the extend such Property is not included as part of Apartment No. 1 and Apartment No. 2.

(2) Any and all central and appurtenant installations which serve more than one apartment for services such as power, light, gas, hot and cold water, heating, refrigeration and air conditioning.

(3) The fence separating Apartment No. 1 and Apartment No. 2.

(4) Such other facilities as may be herein designated as common elements.

(5) All other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use.

EXHIBIT "B"

Description of Limited Common Elements:

C. Limited Common Elements. Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

(1) Mailbox. The mailbox assigned to an apartment shall be limited to the use of such apartment.

(2) Private yard. The private yard areas as shown on the Condominium Map adjoining Apartment No. 1 and Apartment No. 2 shall be for the exclusive use of the respective apartment to which such private yard areas enjoin.

(3) Other areas. All other common elements of the Project which are rationally related to less than all of the apartment spaces shall be limited to the use of such apartment space or apartment spaces to which the same are related.

(4) Parking stalls. Each apartment shall have the exclusive use of two (2) tandem parking stalls, as shown on the above referenced condominium map.

EXHIBIT "C"

Description of Common Interest:

1. Common interest. Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project (herein called the "common interest"), and the same proportionate share in all common profits and expenses of the project and for all other purposes including voting, according to the plan of such apartment as follows:

Apartment No. 1	50%
Apartment No. 2	50%

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. The right of DILLINGHAM BROS., LIMITED, at any time to change the location of said easements, roadways, or rights of way, other than the Kamehameha Highway, provided, DILLINGHAM BROS., LIMITED, furnishes the owners of said pieces of lands affected by such change with equally suitable easements, roadways, or rights of way, to those already existing and hereby provided of the same width at least as the existing roadways, easements or rights of way, and if any dispute shall arise between DILLINGHAM BROS., LIMITED and the owners of the land affected by such change as to the suitability of the new easements, roadways, or rights of ways, such dispute shall be submitted to and settled by a Judge of the Land Court of the State of Hawaii.

Nothing herein contained shall be construed as determining the rights to water and/or easements for irrigation ditches in favor of DILLINGHAM BROS., LIMITED, and/or any of the parties interested in the lands covered by Land Court Certificate of Title No. 47,043.

4. LIS PENDENS in favor of the CITY AND COUNTY OF HONOLULU, re: easements for water rights appurtenant to Lot A-6, dated November 25, 1946, filed as Land Court Document No. 8875.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons:

INSTRUMENT : DEED

DATED : November 24, 1950
FILED : Land Court Document No. 123912

6. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and GTE
HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : June 5, 1975
FILED : Land Court Document No. 726567
GRANTING : a perpetual right and easement to construct,
reconstruct, operate and maintain in
efficient use and condition pole and wire
lines, etc., for the transmission and
distribution of electricity

7. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : WALTER NOBUICHI YANAGI and KAY KAZUKO YANAGI,
husband and wife

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : July 23, 1993
FILED : Land Court Document No. 2051720
AMOUNT : \$160,000.00

8 The terms and provisions, including the failure to comply
with any covenants, conditions and reservations, contained
in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"47-428 AHUIMANU" CONDOMINIUM PROJECT

DATED : November 20, 1998
FILED : Land Court Document No. 2520131
MAP : 1283 and any amendments thereto

9. The terms and provisions, including the failure to comply
with any covenants, conditions and reservations, contained
in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : November 20, 1998
FILED : Land Court Document No. 2520132

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
1	\$130.00 x 12 = \$1,560.00
2	\$130.00 x 12 = \$1,560.00

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

EXHIBIT "F"

SUMMARY OF THE SALES CONTRACT

1. General.

The Sales Contract will be in the form of the latest edition of the Hawaii Association Realtors Deposit, Receipt, Offer and Acceptance ("DROA") and Special Provisions (collectively the "Contract"). The Special Provisions will alter or modify the DROA to the extent applicable under Chapter 514A, Condominium Property Regimes Act, Hawaii Revised Statutes ("H.R.S."), as amended. As such, unless and until the pre-conditions of H.R.S. Chapter 514A are met, the Contract shall be deemed merely a reservation agreement between the seller ("Developer") and the purchaser. Hence, in the event of any conflict between the DROA and the Special Provisions, the Special Provisions will control.

2. Common Interest.

The Contract will specify the apartment which is being conveyed as well as the undivided percentage interest in the common elements which is appurtenant to such apartment.

3. Purchase Price and Financing.

The Contract states the price and method of payment for the apartment. Purchaser may elect to pay the purchase price in cash or obtain and secure financing under a conventional uninsured mortgage. If purchaser decides to obtain financing, then within ten (10) days of Developer's acceptance of Contract, purchaser may apply to any institutional lender and to diligently take all other necessary steps to obtain a loan to finance the purchase of the Apartment. Purchaser is required to obtain a written loan commitment from the lender within forty-five (45) days following the date the purchaser's loan application is submitted to the lender. The amount and conditions of such loan must be customary in the community for such type of loan.

If purchaser is obtaining financing to purchase the apartment, each Contract is conditioned upon purchaser obtaining the financing in accordance with the terms and conditions of the Contract. Developer may elect to terminate the Contract if (i) the time period set forth in the financing condition is not met, or (ii) purchaser predeceases the acquisition of his/her title to the subject apartment, or (iii) purchaser defaults under the payment schedule of the DROA or any of the other obligations in the Contract.

4. Interest on Deposits.

All interest accruing on purchaser's deposits shall accrue to the benefit of Developer.

5. Conveyance of Marketable Title.

Developer agrees to convey to purchaser good and marketable title to the apartment on the closing date. However, except for warranties of title, purchaser takes title to the apartment "AS IS WITH ALL FAULTS" upon the execution, delivery and recordation of the Apartment Deed to the apartment. Developer does not make any warranties or representations of any kind, express or implied, with respect to condition of the apartment and any personal property (including, without limitation to, furniture and fixtures therein).

6. Purchaser's Cancellation and Rescission Rights.

Purchaser has the right to cancel the purchase of the apartment without any penalty or obligation to Developer within thirty (30) days following the actual delivery date of the Final Public Report (or Supplementary Reports, if any) as delivered by Developer. If purchaser cancels the purchase of the apartment within said thirty (30) days, Developer shall return purchaser's downpayment or deposit, less any escrow cancellations fees.

Except for any additions, deletions, modifications and reservations including, without limitation, the merger, addition or phasing of the Project pursuant to the terms of the Declaration, purchaser may rescind the purchase of the apartment even though the Contract is binding upon purchaser if there is a material change in the Project which directly, substantially and adversely affects the use or value of (i) purchaser's apartment or appurtenant limited common elements, or (ii) those amenities available for purchaser's use.

7. Approval of Project Documents.

Purchaser's execution of the Contract is deemed to be the approval of the Project's Apartment Deed, Declaration of Condominium Property Regime, Bylaws, Escrow Agreement, Disclosure Abstract, the Final and any Supplementary Public Reports, and Public Announcement (Pre-sale Notice). Purchaser must agree to join the Association.

8. Modification of Project Documents.

Developer does not reserve the right to modify the Declaration of Condominium Property Regime, Bylaws, and Apartment Deed.

9. Management.

The Project will be self managed by its Board of Directors and the Association of Apartment Owners under the Bylaws of the Association, shall have complete control, authority and responsibility for management, operation and maintenance of the Project at the Association's expense.

End of Exhibit "F"

EXHIBIT "G"

SUMMARY OF THE ESCROW AGREEMENT

1. General.

The Escrow Agreement is between Long & Melone Escrow, Ltd. ("Escrow Agent") and Developer. The Escrow Agreement complies with Chapter 514A, Condominium Property Regimes Act, HRS. All monies paid by purchaser will be deposited and held in trust by Escrow Agent pursuant to H.R.S. Section 514A-64 and no disbursements of purchaser funds will be made until the contract becomes "binding" and the requirements under HRS Sections 514A-40 and 514A-63 are met.

2. Treatment of Purchaser's Funds.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund or return of his or her funds, without interest and less escrow cancellation fees, if purchaser shall, in writing, request for such return or refund and if any of the following events occur:

(a) Developer notifies Escrow Agent to return to purchaser his or her funds deposited and held by Escrow Agent; or

(b) Developer notifies Escrow Agent of Developer's exercise of its option to rescind the Sales Contract pursuant to any right of rescission provided for therein or otherwise available to Developer; or

(c) If purchaser's funds were obtained and request for the return of the by purchaser was made prior to the delivery of the Final Public Report to said purchaser; or

(d) If the Final Public Report (or Supplementary Public Reports thereto) differs materially from the Preliminary Public Report, unless Purchaser has receipted for the Final Public Report; or

(e) If the Final Public Report is not issued within one year from issuance date of the Preliminary Public Report.

Upon return of such funds to purchaser, Escrow Agent shall return to Developer purchaser's Sales Contract and any conveyancing document or instruments delivered to Escrow Agent; and thereupon, purchaser shall no longer be obligated under the Sales Contract.

End of Exhibit "G"