

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer William Gerald Chung, Myrna Zezza & Margaret Yeung Soon Chung
Address 771 Mokapu Road, Kailua, Hawaii 96734

Project Name (*): 44-119A & B Kahinani Way
Address: 44-119A Kahinani Way, Kaneohe, Hawaii 96744

Registration No. 3539

Effective date: April 12, 2001
Expiration date: May 12, 2002

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:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
- SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 - Preliminary Public Report dated: _____
 - Final Public Report dated: _____
 - Supplementary Public Report dated: _____
- And
 - Supersedes all prior public reports.
 - Must be read together with _____
 - This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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

The Developer discloses the following:

This is a CONDOMINIUM PROJECT, not a subdivision. The Land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The boundaries and areas in the Condominium Map designating the limited common element land area are for illustration purposes only and should not be construed to be property lines of legally subdivided lots.

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

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT 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: William G. Chung, Myrna Zezza, and Margaret Yeung Soon Chung Phone: (808) 543-9361
Name* 771 Mokapu Road (Business)
Business Address
Kailua, Hawaii 96734

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker*: C.B.P.P. Ltd. Phone: (808) 596-0456
Name Frederick M. Lunt (Business)
Business Address
1177 Kapiolani Blvd., Honolulu, HI 96814

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name Melissa Mutchler (Business)
Business Address
235 Queen St., Honolulu, HI 96813

General Contractor*: N/A Phone: _____
Name _____ (Business)
Business Address _____

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

Attorney for Developer: Chun, Kerr, Dodd, Beaman & Wong Phone: (808) 528-8200
Name 745 Fort St., 9th Floor (Business)
Hawaii Building
Business Address
Honolulu, HI 96813
Attn: Andrew R. Bunn, Esq.

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. 2304262

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

First Amendment to Declaration of Condominium Property Regime of 44-119A & B Kahinani Way, dated August 7, 2000, filed as Land Court Document No. 2651861

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. 1150

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

First Amendment to the Condominium Map No. 1150 was filed with the Land Court on September 19, 2000 concurrently with the filing of the First Amendment to the Declaration

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. 2304263

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

First Amendment to the Bylaws of the Association of Apartment Owners of 44-119A & B Kahinani Way, dated August 7, 2000, filed as Land Court Document No. 2651862

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>75%</u> |
| Bylaws | 65% | <u>65%</u> |
| House Rules | — | <u>Majority of Board of Directors</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: See Exhibit B attached.

[] 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: 44-119A Kahinani Way Tax Map Key (TMK): (1) 4-4-13:92
Kaneohe, HI 96744

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

Land Area: 33,147 [X] square feet [] acre(s) Zoning: R-7.5 ^{(Residential} District)

Fee Owner: Margaret Yeung Soon Chung, William Gerald Chung
and Myrna Zezza
 Name _____
 771 Mokapu Road _____
 Address _____
 Kailua, Hawaii 96734 _____

Lessor: N/A _____
 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: 1

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Aluminum _____

4. **Uses Permitted by Zoning:**

| | <u>No. of Apts.</u> | <u>Use Permitted By Zoning</u> | |
|---|-------------------------|---|-----------------------------|
| <input checked="" type="checkbox"/> Residential | _____ | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Commercial | _____ | <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"/> Hotel | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Timeshare | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Ohana | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Industrial | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Agricultural | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Recreational | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input checked="" type="checkbox"/> Other: Shed | <u>2</u> | <input checked="" 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:

- [X] Pets: See Exhibit C attached
- [X] Number of Occupants: See Exhibit C attached
- [X] Other: See Exhibit C attached
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Net Other Area (sf) | (Identify) |
|-----------|----------|---------|-----------------------|---------------------|------------|
| Unit A | <u>1</u> | _____ | _____ | <u>80</u> | Tool Shed |
| Unit B | <u>1</u> | _____ | _____ | <u>80</u> | Tool Shed |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

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 shall include all walls, ceilings, floors, slabs, foundations, doors and door frames, window and window frames, supporting beams and fixtures, if any, and all ducts, pumps, pipes, conduits, wires and other utility lines running through such apartment which do not serve or are not utilized by any other apartment. Each apartment shall not be deemed to include any pipes, wires, conduits or other utility lines running over, under or through such apartment which are utilized by or which serve more than one apartment, the same being deemed common elements.

Permitted Alterations to Apartments:

See Exhibit D attached.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

| | | | | |
|-----------------------------|-------------------|----------------|---------------|--------------|
| Total Parking Stalls: | <u>8</u> | | | |
| | <u>Regular</u> | <u>Compact</u> | <u>Tandem</u> | |
| | <u>Covered</u> | <u>Covered</u> | <u>Open</u> | <u>TOTAL</u> |
| Assigned (for each unit) | <u>2</u> <u>2</u> | ----- | ----- | <u>8</u> |
| Guest | ----- | ----- | ----- | ----- |
| Unassigned | ----- | ----- | ----- | ----- |
| Extra for Purchase | ----- | ----- | ----- | ----- |
| Other: _____ | ----- | ----- | ----- | ----- |
| Total Covered & Open: | <u>8</u> | <u>0</u> | <u>0</u> | <u>8</u> |

Each apartment will have the exclusive use of at least 4 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 A-1 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):

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> | _____ | _____ |
| Structures | <u>X</u> | _____ | _____ |
| Lot | <u>X</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 E.

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.

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

described in Exhibit F*.

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:

described in Exhibit _____.

as follows:

Each apartment shall have appurtenant thereto an undivided 50 percent interest in the common elements of the Project (hereinafter referred to as the "common interest") and the same percentage share in all common profits and expenses of the common elements of the Project and, except as herein expressly provided for, the same percentage interest for all other purposes, including, without limitation, voting.

- 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 G describes the encumbrances against the title contained in the title report dated August 31, 2000 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> |
|-------------------------------------|--|
| Mortgage lien of Developer's lender | If the Seller's mortgage is foreclosed, Buyer's contract may be cancelled and the Buyer may lose all rights to acquire the unit. Buyer's deposit, less escrow cancellation fee, will be returned if foreclosure occurs before conveyance. However, in the event the Buyer's deposit is disbursed by Escrow and the lien is foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposit(s). |

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: See Exhibit H attached.

2. Appliances: See Exhibit H attached.

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

Tool sheds, Unit A and B were completed on April 26, 1997.

H. **Project Phases:**

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing): N/A

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 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 I* 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 N/A
- Specimen Sales Contract
Exhibit J contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated February 16, 1996
Exhibit _____ 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 Amended Declaration of Restrictive Covenants dated July 6, 1993,
filed as Land Court Document No. 2051331

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. 3539 filed with the Real Estate Commission on April 22, 1996.

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

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C. Additional Information Not Covered Above

SUMMARY OF PARK DEDICATION ORDINANCE REQUIREMENT

The land underlying the Project ("Lot 190-C) is subject to that certain unrecorded Declaration of Restrictive Covenants made July 1, 1988 by Harold B. Mechler and Julene H. Mechler pursuant to Park Dedication Ordinance No. 4621 and Section 22-7.5, Revised Ordinances of Honolulu ("the Park Dedication Ordinance"). The Park Dedication Ordinance states that only one residential dwelling unit will be permitted upon Lot 190-C until a park dedication application is submitted to the Department of Land Utilization of the City and County of Honolulu and a park dedication fee is paid to the City, pursuant to the formula for calculation of such fee set forth in Section 22-7.6, Revised Ordinances of Honolulu. The fee is based upon the present fair market value of the property. The application shall be submitted and fee paid at the time a building permit is sought for a second residential dwelling on Lot 190-C. This requirement means that the second owner to seek a building permit for reconstruction of that owner's condominium apartment from a shed to a residential dwelling will have to submit a park dedication ordinance application and pay the park dedication fee. Further questions with respect to the Park Dedication Ordinance should be directed to the Department of Land Utilization of the City and County of Honolulu.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

William Gerald Chung, Myrna Zezza, and Margaret Yeung Soon Chung

Printed Name of Developer

William Chung
By: *Myrna Zezza*

04-04-01

Duly Authorized Signatory*

Date

Margaret Yeung Soon Chung

William Gerald Chung, Myrna Zezza, and Margaret Yeung Soon Chung, Developer

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & County of Honolulu

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.***

BUILDINGS AND OTHER IMPROVEMENTS

The Project shall initially consist of two (2) separate one-story buildings, each of which shall contain one (1) apartment and each of which shall be an aluminum tool shed containing one (1) room and no lanai, garage or basement, containing approximately 80 square feet. The apartments are identified by the numbers "Unit A" and "Unit B", and their layouts, locations, apartment numbers and dimensions are shown on the Condominium Map. Residential area of Unit A is 23,160 square feet and of Unit B is 9,987 square feet.

PARKING APPURTENANT TO EACH APARTMENT

There is presently ample open space adjacent to each apartment to provide for parking of one or more vehicles. Upon alteration of the existing apartment structure, each owner be required to construct a two car parking garage and a space for two uncovered parking stalls adjacent to or within the newly altered reconstructed apartment, as is more particularly set forth in the Amended Declaration of Restrictive Covenants (Affecting Lot 190-C), dated July 6, 1993, attached to the Declaration of Condominium Property Regime as Exhibit D.

DECLARANT'S RESERVED RIGHTS

1. Paragraph 17(d) of the Declaration provides:

"Declarant shall have the right at any time prior to the issuance of a certificate of occupancy for each apartment, with the consent of the purchasers of such apartment, if any, but without the consent of any other person or persons, to alter an apartment if the common elements (but not limited common elements) are not thereby affected."

2. Paragraph 19 of the Project, states the part:

"at any time prior to the issuance of the Final Public Report by the Real Estate Commission of the State of Hawaii, Declarant may amend this Declaration and the Bylaws in any manner and provided, further, that no amendment of the Declaration, the Bylaws, the House Rules, or Condominium Map shall, without Declarant's prior written consent, limit, affect or impair the reserved rights of Declarant under this Declaration. Notwithstanding the foregoing and notwithstanding the sale and conveyance of any of the apartments, this Declaration (including the Bylaws and, when applicable, the Condominium Map) may be amended by Declarant (a) by filing the verified statement of a registered architect or professional engineer (with plans, if applicable) required by Section 514A-12 of the Act, certifying that the final plans theretofore recorded, or being recorded simultaneously with such statement, fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built; or (b) to effect any change or amendment required by an administrative agency of any county, state, or federal government or by any territory, possession, or foreign country or other foreign jurisdiction or a mortgagee of the fee or leasehold interests in the Land as a condition to governmental approvals, marketing the Project or making a loan to finance the construction and/or the sales of the Project."

SPECIAL USE RESTRICTIONS

1. Pets. Article V, Section 5, subparagraph (j) of the Bylaws states as follows:

"No agricultural or commercial or illegal crops, livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project, except that dogs and cats in reasonable number may be kept by the occupants of the apartments with the prior written approval by the Board but shall not be kept, continuously and/or regularly bred or used therein for any commercial purpose nor allowed on any common and limited common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the Project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or the managing agent."

2. Number of Occupants. Article I, Section 4 of the House Rules states as follows:

"Occupancy is limited to not more than two persons per bedroom contained in each apartment, except that this occupancy may be exceeded by members of the immediate family of the Apartment Owner of occupant."

3. Other.

- A. Paragraph 9 of the Declaration states as follows:

"Purposes.

a. With the exception of the initial use as tool sheds, the apartments shall at all times be occupied and used only for residential purposes by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The apartments shall not be rented for transient or hotel purposes, which are defined as: (i) rental for any period less than thirty (30) days or (ii) any rental in which the occupants of an apartment are provided customary hotel services such as room service for food and beverages, maid service, laundry and linen or bellboy service. The apartments in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-share purpose or under any time-sharing plan, arrangement or program, including, without limitation, any so-called "vacation license," "travel club membership" or "time interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, without limitation, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. The respective apartment owners shall otherwise have the absolute right to rent or lease such apartments subject to all provisions of the Act, this Declaration and the Bylaws.

b. The owner of an apartment shall not use the same for any purpose which will injure the reputation of the Project. Except as provided in this Declaration, such owner shall not do or suffer anything to be done or be kept in, on, or around said apartment or elsewhere which will jeopardize the natural park-like and wooded environment, safety or soundness of the Property, or interfere with or unreasonably disturb the rights of other owners, or increase the premiums for fire insurance or any other form of insurance paid by the Association or any other

apartment owner, or which will materially alter, hinder, interfere with or create flooding or a flooding hazard on the Project, material erosion of the natural environment or which will reduce the value of any apartment, common element, or limited common element appurtenant to the apartment of any other owner, or impair any easement or hereditament or alter the appearance of the exterior of such owner's apartment or limited common element without conforming to the provisions of the Act, this Declaration and Exhibit C attached hereto and made a part hereof (hereinafter referred to as the "Architectural Requirements").

c. The owner of an apartment shall not, except as specifically permitted herein, without the prior written consent of the Board, make any alterations of or any additions to the exterior of the apartment (including awnings, jalousies or screens) or to any other portion or portions of the limited common elements appurtenant thereto or the common elements unless otherwise specifically permitted herein, in the Bylaws or in the Architectural Requirements, and by applicable zoning and building rules, regulations and laws.

d. The owner of an apartment shall not lease less than such owner's entire apartment and any appurtenant limited common element. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Act, this Declaration, the Bylaws and the House Rules promulgated thereunder and that the failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing and a copy of each lease shall be filed with the Association."

B. Paragraph 21 of the Declaration states as follows:

"Section 5. Use of Project.

(a) The apartments of the Project shall be used only for such purposes as stated in the Declaration.

(b) All common elements and all limited common elements of the Project shall be used only for their respective purposes as designed and in accordance with all applicable laws, rules, and regulations.

(c) No apartment owner or occupant shall plant or cultivate or landscape the common elements or place, store or maintain in the hallway, walkways, grounds or other common elements of similar nature any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.

(d) Every apartment owner and occupant shall at all times keep such owner's apartment and such owner's limited common element(s) in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the apartment and the limited common element(s) and to the use of the Project.

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of such owner's apartment, such owner's limited common element(s), or the Project nor alter or remove any furniture, furnishings or equipment of the common elements.

(f) All apartment owners and occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers in such manner as may disturb other apartment owners and occupants.

(g) No garments, rugs or other objects shall be hung from the windows or facades of any apartment or otherwise be displayed in public view.

(h) No rugs or other objects shall be dusted or shaken from the windows or doors of any apartment or cleaned by beating or sweeping on any walkways, entries or other exterior part of the Project.

(i) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements and limited common element(s) of the Project outside of the disposal facilities provided for such purpose.

(j) No agricultural or commercial or illegal crops, livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project, except that dogs and cats in reasonable number may be kept by the occupants of the apartments with the prior written approval by the Board but shall not be kept, continuously and/or regularly bred or used therein for any commercial purpose nor allowed on any common and limited common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the Project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or the managing agent.

(k) No apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of any apartment or protruding through the walls, windows or roof thereof.

(l) No apartment owner or occupant shall erect, place or maintain any television or other antennas or solar energy systems or any other types of objects or equipment on any apartment visible from any point outside of his apartment.

(m) Nothing shall be allowed, done or kept in any apartments, limited common element(s) or common elements of the Project which would overload or impair the floors, walls, or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(n) Anything to the contrary notwithstanding, an apartment owner may engage in real estate sales activities in such owner's apartment for the purpose of selling such owner's apartment.

(o) No signs whatsoever, including, without limitation, commercial, political or similar signs, visible from neighboring property or other apartments shall be erected or maintained upon or within any apartment except:

- (i) Such signs as may be required by legal proceedings;
- (ii) Apartment identification signs of a combined total face area of one square foot or less for each apartment; and
- (iii) Not more than one "For Sale" or "For Rent" sign having a maximum face area of three square feet, such sign to refer only to the premises on which it is situated.

(p) No boat or trailer or truck of more than one-ton capacity shall be kept, placed or maintained upon or within the Project."

PERMITTED ALTERATIONS TO APARTMENTS

Paragraph 17 of the Declaration states as follows:

"a. Except as otherwise expressly set forth and reserved in this Declaration, restoration or replacement of the Project or of any building or other facility thereof which is a common element or construction of any additional building or structural alterations or additions to any structure which is a common element different in any substantial and material respect from the Condominium Map, shall be undertaken by the Association or any apartment owner(s) only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of not less than seventy-five percent (75%) of the apartment owners, and promptly upon completion of such restoration, replacement or construction the Association shall duly record or file of record such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. Any additions to or alterations of any apartment made within such apartment shall be permitted without the consent of the Board or any other apartment owner, except that if such additions or alterations would jeopardize the soundness or safety of the Project, reduce the value thereof, or impair any easement or hereditament, then the prior consent of seventy-five percent (75%) of all apartment owners, together with the consent of all other apartment owners directly affected thereby, shall be first obtained.

b. Notwithstanding anything to the contrary contained herein, an apartment owner shall have the right, at any time and from time to time, at such apartment owner's sole cost and expense, and without the consent or joinder of any other apartment owner, any mortgagees or other lienholders, but with the prior written consent of the Board, to alter such apartment owner's apartment by removing any existing improvements and constructing additional improvements within the Residential Area which is appurtenant to such apartment owner's apartment. Such alterations may include, without limitation, the removal of the improvements described in paragraph 3 hereof and the construction of new improvements within the perimeter of the Residential Area which is appurtenant to the apartment being altered. The effect of such alterations may be to enlarge or diminish the size of an apartment since each apartment, as altered, shall include all walls, ceiling, floors, slabs, foundations, doors, and door frames, window and window frames, supporting beams and fixtures, if any, and all ducts, pumps, pipes, conduits, wires and other utility lines running through such apartment which do not serve or are not utilized by any other apartment and excluding all easements shown on the Condominium Map. Each apartment, as altered, shall not be deemed to include any pipes, wires, conduits or other utility lines running over, under or through such apartment which are utilized by or which serve more than one apartment, the same being deemed common elements as herein provided.

The following terms and conditions shall control any such alteration:

(1) The plans and specifications shall be prepared by a licensed architect and shall conform to all applicable federal, state and county statutes, ordinances, rules and regulations and codes, and the Architectural Requirements, subject to the following conditions:

(a) In applying for a building permit from the City and County of Honolulu for any such alterations, each Residential Area shall be treated as if it was a separate subdivided lot. This will affect the requirements for, among other things, setbacks, signage, lot coverage and maximum floor area.

(b) Upon completion of any alteration, the owner of such altered apartment shall provide to the Board (or the Managing Agent at the Board's request) a true and correct copy of the plans for such apartment, as so altered, certified "as built" by a licensed architect. These plans shall be made available to other owners to aid in other applications for

building permits and such other requirements of law as may be necessary to be fulfilled.

(c) The approval by the Board and the Architectural Committee, as set forth in the Architectural Requirements, shall be required to perform the alterations allowed under this subparagraph to ensure each apartment owner's compliance with the provisions hereof and the Architectural Requirements. Such approvals shall be given upon compliance with all of the terms and conditions relating to said alterations.

(d) All requirements contained in the Amended Declaration of Restrictive Covenants (affecting Lot 190-C) dated July 6, 1993 by and among Julene Halvary Mechler, First Hawaiian Bank, David Harold Mechler, Stephen Frederick Mechler and Diane Mechler Hills, filed as Land Court Document No. 2051331, attached hereto as Exhibit D and made a part hereof.

(2) Such apartment owner shall, at such apartment owner's sole cost and expense, without the consent or joinder of any owner of any apartment or lienholder thereof, but with the prior written consent of the Board, execute and file an amendment or amendments to the Declaration and Condominium Map:

(a) to describe the layout, location, apartment number and dimensions of the altered apartment, as built, as shown on said plans and specifications;

(b) when applicable, to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable, including but not limited to easements and rights-of-way for utilities, cesspools, sanitary and storm sewers, television cables, refuse disposal, driveways and parking areas and roadways, provided that such easements and rights-of-way do not materially impair the use of any apartment or its appurtenant interest in the common elements.

(3) Every apartment owner and all mortgagees and holders of liens affecting any of the apartments in the Project shall, if necessary or desirable to the exercise of the reserved rights of each apartment owner herein, join in, consent to or execute all instruments and documents necessary or desirable to effect the alteration of apartments provided for in this subparagraph 17.b, and, by execution of a contract for the purchase or sale of an apartment or by acceptance of any deed, lien or security interest therein, such apartment owner, mortgagee and holder of lien shall be deemed to have consented to the reservation contained in this subparagraph 17.b and irrevocably appointed each such apartment owner and the Association as its lawful and fully authorized attorneys-in-fact, with power to act singly, with full right and power to join in, consent to or execute all such instruments and documents for and on behalf of the apartment owner, mortgagee and lienholder to effect the alteration of apartments as provided for in Section 514A-13(b) of the Act.

(4) Each apartment owner, prior to commencing any alteration of his apartment, shall secure a performance and payment bond naming as obligees the owners of all existing apartments as their interests may appear through the Association, in a penal sum of not less than 100% of the cost of the construction of the alterations with a corporate surety authorized to do business in Hawaii, guaranteeing the full and faithful performance of the construction free and clear of all mechanics' and materialmen's liens for such construction and the full payment of all subcontractors, laborers and materialmen. Each apartment owner, its employees, agents, contractors and subcontractors shall have the right to enter upon the Project and the common elements thereof and to do all things reasonably necessary, desirable or useful for altering the apartments.

(5) Each such amendment to the Declaration shall be recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, and the effective date

of the amendment shall be the date on which the said amendment shall be recorded as aforesaid.

(6) Each and every conveyance, lease and mortgage or other lien given for or on any apartment created by this Declaration and all common interests and other appurtenances thereto shall be subject to the provisions of this subparagraph 17.b even though not expressly mentioned in the conveyance or other instrument. This subparagraph 17.b shall not be amended except upon the vote or with the prior written consent of apartment owners of not less than seventy-five percent (75%) of the interests in the common elements.

c. Notwithstanding anything to the contrary contained herein, the owners of all apartments shall have the right at any time and from time to time, at their respective sole cost and expense, without the consent or joinder of any other apartment owners, but with the consent of the Board, the Architectural Committee and any mortgagee of an apartment in which such work is being performed, to install, maintain, remove, and rearrange partitions and other improvements from time to time within such apartments, and to paint, paper, panel, plaster, tile, finish, and do or cause to be done such other work on the ceilings, floors and walls within any such apartment and to finish, alter or substitute any plumbing, electrical or other fixtures attached to said ceilings, floors and walls as shall be appropriate for the utilization of such apartment by such owner or the tenants or lessees thereof (provided, that such plumbing and electrical alterations and/or substitutions shall not adversely affect the plumbing and electrical systems of the Project as determined by the Board in the exercise of its sole discretion). Any of the foregoing provisions to the contrary notwithstanding, any such alteration shall be performed under the supervision of a licensed architect and be strictly in accordance with the requirements of applicable law, and prior to commencing any alteration of a common element, an owner (i) shall secure a performance and payment bond naming as obligees, said owner and collectively the owners of all other apartments, the Association and any affected mortgagees, as their interests may appear, in a penal sum of not less than 100% of the cost of any construction, guaranteeing the payment of funds in an amount necessary to ensure the completion thereof free and clear of all mechanics' and materialmen's liens, and that any such construction will be carried out in strict compliance with all applicable laws, and (ii) provide comprehensive general liability insurance insuring said owner and collectively all the owners of all other apartments, the Association and any affected mortgagees, as their interests may appear, against loss or damage from excavation, pile driving, loss of subterranean support and other hazards normally insured against in the construction industry; provided, further, that the approval of any other apartment owner, mortgagee or other lienholder shall not be required to perform the alterations permitted herein, but the approval of the Board shall be required to perform the alterations permitted herein, which such approval shall be given provided that such owner complies with all of the terms and conditions relating to such alterations set forth herein. Provided, that no work shall be done which would jeopardize the soundness or safety of the Project, reduce the value thereof, detract from the external appearance of the apartments, or impair any easement, without in every such case the prior written consent of the mortgagees of such apartments, the Board and all other apartment owners directly affected thereby (as determined by the Board).

d. Declarant shall have the right at any time prior to the issuance of a certificate of occupancy for each apartment, with the consent of the purchasers of such apartment, if any, but without the consent of any other person or persons, to alter an apartment if the common elements (but not limited common elements) are not thereby affected.

e. In the event that any change or alteration made in accordance with subparagraph 17.d requires any amendment to this Declaration or the Condominium Map, such amendment may be executed by Declarant, without requiring the consent or joinder of any other person or persons, and recorded as aforesaid."

COMMON ELEMENTS

Paragraph 4 of the Declaration states as follows:

"Common Elements. One freehold estate is hereby designated in all common elements of the Project, which include all portions of the Project other than the apartments (except as herein specifically included), and all other common elements mentioned in the Act which are actually included in the Project, including specifically without limitation:

- a. The Land in fee simple.
- b. The private roadway located within the Project as outlined on the Condominium Map, walkways, entry gates, interphone system, mailboxes and refuse facilities, if any, not located on limited common areas.
- c. All sewer lines, electrical equipment, wiring, suction pump and booster pump equipment and station, utility yards and equipment, pipes and other central and appurtenant transmission facilities and installations on, over, under and across the Project and easements benefitting the Land which serve more than one apartment for services such as but not limited to electricity, water, gas, sewer, telephone, radio, television and cable television signal distribution.
- d. Any and all other apparatus and installations of common use and all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.
- e. The limited common elements described below."

LIMITED COMMON ELEMENTS

Paragraph 5 of the Declaration states as follows:

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

a. The separate land areas ("Residential Areas") designated as Unit A and Unit B as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of the apartment having the same letter.

b. All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments."

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference is made to the Director of Finance, Real Property Tax Assessment Division for information.
2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT :

DATED : June 19, 1984
FILED : Land Court Document No. 1288902
PARTIES : HAROLD BERNHARDT MECHLER, Trustee, and JULENE HALVARY MECHLER, Trustee, each as to an undivided ½ interest, BOARD OF WATER SUPPLY
RE : WATER SERVICE

3. DESIGNATION OF EASEMENT "133" (area 1,774 square feet)

PURPOSE : utility
SHOWN : on Map 157, as set forth by Land Court Order No. 104056, filed October 1, 1991

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

INSTRUMENT : DECLARATION

DATED : December 30, 1992
FILED : Land Court Document No. 1985547

Said Declaration was amended by instrument dated July 6, 1993, filed as Land Court Document No. 2051331.

5. ROADWAY DECLARATION dated July 2, 1993, filed as Land Court Document No. 20513333.

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

INSTRUMENT : Deed

DATED : July 23, 1993
FILED : Land Court Document No. 2051334

7. 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 44-119B KAHINANI WAY
CONDOMINIUM PROJECT

DATED: : March 29, 1996
FILED : Land Court Document No. 2304262
MAP : 1150 and any amendments thereto

AS AMENDED : FIRST AMENDMENT TO DECLARATION OF
CONDOMINIUM PROPERTY REGIME OF 44-119A &
B KAHINANI WAY, dated August 7, 2000, filed as Land
Court Document No. 2651861

8. 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 : March 29, 1996
FILED : Land Court Document No. 2304263

AS AMENDED : FIRST AMENDMENT TO THE BYLAWS OF THE
ASSOCIATION OF APARTMENT OWNERS OF 44-
119A & B KAHINANI WAY, dated August 7, 2000, filed
as Land Court Document No. 2651862

9. INSTRUMENT : MORTGAGE
- MORTGAGOR : MARGARET YEUNG SOON CHUNG, unmarried,
WILLIAM GERALD CHUNG husband of Myrna Zezza,
and MYRNA ZEZZA wife of William Gerald Chung
- MORTGAGEE : CENTRAL PACIFIC BANK, a Hawaii corporation
- DATED: : February 24, 1999
FILED : Land Court Document No. 2524408
AMOUNT : \$320,000.00

CONSTRUCTION WARRANTIES

Paragraph 17 of the Sales Contract and Deposit Receipt states as follows:

Warranties of Seller. The execution, delivery and recordation of Buyer's Apartment Deed shall constitute the assignment by Seller to Buyer of any and all applicable warranties, if any, given Seller by the general contractor for the Project and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties, if any, covering the appliances in the Apartment. BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION WITH RESPECT TO THE APARTMENT, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN. An inspection program will be instituted and, if so, Buyer agrees to inspect Buyer's Apartment on a date and at a time to be specified by Seller and upon completion of such inspection, to sign an inspection sheet to be furnished by Seller which shall list all defects or damages to the Apartment, if any. Buyer agrees to accept possession of the Apartment despite the existence of such defects or damages to the Apartment regardless of extent, including without limitation any defects in appliances and fixtures, which may be listed in said inspection sheet, but which do not render the Apartment unusable. Seller will cooperate with and assist Buyer in having legitimate listed defects or damages corrected or repaired within a reasonable time thereafter by the general contractor or other warrantor. This guarantee shall survive the final closing. Buyer agrees to indemnify Seller for any damages or losses, including interest and attorney's fees, resulting from any refusal to make such inspection, to sign such inspection sheet or to accept possession of the Apartment upon request by Seller (unless the Apartment is uninhabitable) and if Buyer shall make any such refusal Buyer shall be deemed to be in default under this Agreement and Seller at its option shall be entitled to cancel this Agreement and keep all payments made hereunder as liquidated damages. Buyer hereby waives all rights of inspection and rights to Seller's cooperation and assistance with the general contractor or other warrantors if Buyer fails to inspect Buyer's Apartment on the date and time specified by Seller, and Buyer acknowledges that such waiver shall not in any way affect Buyer's obligations hereunder, including without limitation, the making of payments and performance of Buyer's pre-closing and final closing obligations."

EXHIBIT I

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> |
|------------------|---|
| Unit A | 120 x 12 = 1,440 |
| Unit B | 120 x 12 = 1,440 |

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

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Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[] common elements only

[] common elements and apartments

Elevator

Gas

[] common elements only

[] common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

100 x 12 = 1,200

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

10 x 12 = 120

Reserves(*)

10 x 12 = 120

Taxes and Government Assessments

Audit Fees

Other

TOTAL

120 x 12 = 1,440

William Gerald Chung, Myrna Zezza

We, & Margaret Yeung Soon Chung, as agent for/and/or employed by _____, the
condominium managing agent/developer for the 44-119B Kahinani Way

condominium project, hereby certify that the above estimates of initial maintenance fee assessments and
maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

William Gerald Chung
Signature

04-04-01

04-03-01

Date

Margaret Yeung Soon Chung

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has 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.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

SPECIMEN SALES CONTRACT

A specimen Sales Contract and Deposit Receipt (the "Sales Contract") has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Contract, among other things, covers in more detail the following items:

1. Within fourteen (14) days after execution of this Agreement by Buyer, Buyer shall give Seller such evidence ("Cash Evidence") from Buyer's bankers or accountants, or others, as Seller may require, of Buyer's ability to pay the Total Purchase Price (less any amounts to be paid out of the mortgage proceeds pursuant to a loan approval or loan commitment acceptable by Seller) at the times specified in Section C above. In the event that Seller (i) shall not receive such Cash Evidence within fourteen (14) days after execution of this Agreement by Buyer or (ii) shall reject Buyer's Cash Evidence as unacceptable by written notice to Buyer within fifteen (15) days of the Seller's receipt of such Cash Evidence, then in either case this Agreement may, at Seller's sole discretion, be terminated and cancelled and upon such termination and cancellation, Seller shall direct Escrow to refund to Buyer all sums paid hereunder by Buyer, less any costs incurred by Seller, Escrow Agent or any lending institution processing this Agreement or loan application, and Seller shall thereafter have the unrestricted right to sell the Property to any other buyer. Buyer represents that the financial data to be submitted in connection with this Agreement to Seller or any prospective mortgagee shall be true and accurate. Buyer agrees to notify Seller immediately of any material change which occurs in Buyer's financial condition prior to the Closing Date. Buyer's failure to notify Seller of any such changes shall constitute a representation by Buyer that Buyer's financial circumstances have not materially changed. Seller shall have the right to cancel this Agreement and hold Buyer in default under this Agreement if any material discrepancies are discovered between the financial information furnished and the Buyer's actual financial condition.

2. Buyer agrees that Seller is relying on the above mentioned financial statement, Cash Evidence and other information submitted by Buyer in entering into this Agreement. In partial consideration of such reliance, Buyer covenants (1) that Buyer's financial circumstances as disclosed to Seller in said financial statement shall not detrimentally and materially change prior to final closing, which change shall include, without limitation, any removal or transfer of any Hawaii Asset(s) from the State of Hawaii prior to final closing if the Hawaii Assets remaining after such removal or transfer are reasonably valued in Seller's opinion at less than the Total Purchase Price as set forth above minus the amount of any payments already made by Buyer and (2) to notify Seller immediately of any detrimental material change which occurs in Buyer's financial condition prior to final closing; provided, however, that notwithstanding anything herein to the contrary, if Buyer's financial circumstances detrimentally and materially change prior to final closing (if Buyer requires financing) or pre-closing (if Buyer does not require financing) as defined below, and if Buyer notifies Seller immediately of such detrimental and material change, then Seller shall have thirty (30) days after receipt of such notification to either accept such change or rescind and terminate this Agreement at its sole discretion, and upon such termination, Seller shall cause Escrow Agent to refund to Buyer the amounts already paid, without interest, less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred in reviewing such financial statement. Buyer's failure to notify Seller to the contrary shall constitute a representation by Buyer that his financial data has not materially changed before closing. Seller shall have the right to cancel this Agreement and hold Buyer in default under this Agreement if any material discrepancies are discovered between the financial information furnished and the Buyer's actual financial status.

3. Any breach of the covenants and warranties contained herein shall constitute a default hereunder by Buyer entitling (but not limiting) Seller to retain all sums paid hereunder as liquidated damages as provided therein.

4. Buyer agrees that payments may be disbursed by Escrow Agent prior to the date of completion of the apartments to pay the cost of renovating the apartments and other expenses of the Project and otherwise, all as provided in the Escrow Agreement, a copy of which is on file in the Real Estate Commission, which Buyer hereby ratifies and approves and which is incorporated herein.

5. Buyer represents that Buyer is financially capable of making all required payments at the required time set forth herein. If financing is required by Buyer, Buyer shall within fourteen (14) days from the date of execution of this Agreement by Buyer, apply for mortgage financing from a mortgage lender, promptly sign and deliver all documents and diligently take all steps necessary to qualify and obtain the required financing. Seller shall have the right, in Seller's sole discretion, to disapprove of any loan approval or mortgage commitment submitted to Seller under this Agreement within thirty (30) days of the receipt of same by Seller. In the event that Seller shall not have given written notice of disapproval to Buyer within said thirty (30) day period, it shall be deemed approved. Seller shall have no obligation to arrange for Buyer's mortgage financing. An original executed copy of any notification of loan approval or mortgage commitment obtained by Buyer shall be delivered to Seller immediately upon receipt by Buyer. Buyer agrees to be solely responsible for any fees charged by Buyer's mortgage lender in processing and cancelling Buyer's loan application. In order to facilitate Seller's awareness of Buyer's progress in obtaining a mortgage loan, Buyer hereby authorizes Buyer's prospective mortgage lender to transmit at Seller's request any and all information necessary for this purpose, including, but not limited to copies of all correspondence between Buyer's prospective lender and Buyer.

(a) If any of the following occurs:

(i) Buyer's application or eligibility for a mortgage loan in the amount set forth for Payment E is rejected by a mortgage lender or mortgage lenders, or Buyer's loan approval or mortgage commitment is not approved within thirty (30) days after application, or within forty-five (45) days after application in the event that Buyer shall be an "Owner-Occupant" acquiring an Apartment pursuant to Hawaii Revised Statutes Section 514A-101 et seq.;

(ii) Buyer fails to supply any proposed mortgage lender with full financial information (including copies of tax returns) or fails to supply Seller with the required Cash Evidence within five (5) days of request thereof to Buyer by said proposed mortgage lender or Seller;

(iii) Buyer, after having had a loan approval or mortgage commitment disapproved by Seller, is thereafter unable to have such approval or commitment modified or revised to the satisfaction of Seller; or

(iv) Seller, in its sole discretion, after reviewing the written Cash Evidence submitted to it by Buyer, determines that Seller is not satisfied as to Buyer's ability to make payments described in Section C above,

then in any of the foregoing events Seller, in its sole discretion, may elect to cancel this Agreement upon written notice to Buyer and, upon such cancellation, Seller shall direct Escrow to refund to Buyer all sums paid hereunder by Buyer, less any costs incurred by Seller, Escrow Agent or any lending institution processing this Agreement or loan application.

(c) If Buyer shall fail for any reason whatsoever to remove any contingency from its loan approval by the required Closing Date, or fail (for any reason whatsoever, including, without limitation, any purposeful or inadvertent change in Buyer's credit standing) to keep the loan approval in force and thereby fail to close as required herein, such failure shall constitute a default hereunder and Seller shall be entitled, in Seller's sole and absolute discretion, to elect to cancel this Agreement and refund to Buyer all sums paid hereunder without interest (less any costs incurred by Seller, Escrow Agent or any lending institution processing this Agreement or loan application) or to cancel this Agreement and retain all amounts paid by Buyer hereunder together with interest thereon and pursue any and all other remedies available to Seller at law or in equity. Buyer understands and agrees that the purchase of the Apartment contemplated hereby is not contingent upon Buyer qualifying for a loan. Buyer shall have no right to cancel this Agreement and this Agreement shall not be deemed cancelled if Buyer does not qualify for a loan; provided, however, that this paragraph shall not affect in any way Seller's right to cancel this Agreement as provided in this paragraph. Buyer agrees to indemnify Seller for any damages or losses, including interest and attorneys' fees, resulting from Buyer's refusal or inability to close the sale of the Apartment which is the subject of this Agreement.

6. Seller shall pay for the cost of drafting the Apartment Deed, any amendments thereto and the cost of the acknowledgments of Seller in respect thereof and, the State of Hawaii conveyance tax. (Note: in connection with the conveyance tax, Seller and Buyer do hereby appoint Escrow Agent as their agent for the purpose of filing the affidavit in respect thereto.) Buyer shall pay for all of the escrow fees, the cost of obtaining financing or a financing commitment for any portion of the purchase price and all expenses incident thereto, the expense of credit reports, any attorneys' fees and costs incurred by Seller in connection with any failure by Buyer to timely preclose and close as set forth herein and otherwise perform all obligations of Buyer as set forth herein, preparation of all of Buyer's mortgage documents (which costs shall be paid directly to Buyer's mortgagee and shall in no event be reimbursed by Seller), acknowledgments of Buyer on all instruments, recording fees, and any costs incurred for Buyer's title insurance.

7. In addition to payment of the closing costs, Buyer acknowledges that Buyer has been informed that Buyer may be required to prepay maintenance fees for a period of up to two (2) months, prepay real property taxes for the remainder of the tax year prorated as of the date of issuance of final closing, prepay Association dues and pay a non-refundable, non-transferable start-up fee in an amount equal to two months' maintenance fees, which shall be a one-time assessment at sale, not as a common expense, shall be in addition to the normal monthly maintenance fees, and shall be held, accounted for and expended as funds of the Association for the benefit of all of the apartment owners by Seller and the managing agent, if any. Buyer further agrees that all maintenance, other taxes, assessments, and other expenses shall also be prorated between Seller and Buyer as of the proration date for real property taxes which shall be the date of final closing. (Note: This amount, together with other amounts required, are in addition to and are not part of the Total Purchase Price and shall be paid at pre-closing).

8. Buyer's interest in this Agreement shall be subordinate to any mortgages placed upon the whole of the Project by Seller. If such the Sellers mortgage is foreclosed, Buyer waives any claims it may have against Seller for breach of this Agreement.

ALL BUYERS SHOULD READ THE SALES CONTRACT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE SALES CONTRACT IN ANY WAY, THE PROVISION OF THE SALES CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

SUMMARY OF ESCROW AGREEMENT

A copy of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc., has been submitted to the Real Estate Commission. The Escrow Agreement, among other things covers in more detail the following items:

1. As and when Seller enters into a sales agreement for the sale of an apartment in the Project, Seller shall deliver an executed copy of each such agreement and a copy of Purchaser's receipt of the Preliminary and/or Final Public Report and/or Supplementary Report for the Project to Escrow. Each such agreement shall include Purchaser's address and require the direct payment to Escrow of all funds due thereunder. Seller shall also pay over to Escrow all monies received by Seller from Purchaser which are related to the Project.

2. Escrow shall receive and hold in escrow and disburse as set forth herein for a mutually acceptable fee (a) all funds received by it under the sales agreements, (b) all funds received by it hereunder from Seller, and (c) all funds received by it from any other source with respect to the Project.

3. All valid funds received by Escrow from or on account of Purchasers shall be deposited at least once each week by Escrow in reasonably convenient and practical sums in a special account or accounts with a federally insured financial institution or institutions in Honolulu, Hawaii, designated by Seller, in order that such monies may earn interest thereon pending disbursement thereof in accordance with the terms herein, and Escrow shall notify Seller in writing of such deposit twice monthly. All interest earned thereon shall inure to the benefit of and be credited to Seller.

4. Subject to the provisions of paragraphs 5 and 6 below, and upon the written request of Seller, Escrow shall from time to time for a mutually acceptable fee make disbursements from the escrow fund for the purposes and within the respective limits hereunder indicated (but not necessarily in the order set forth):

a. To pay for construction and renovation costs of the buildings and other improvements and fixtures in such amounts and at such times and in proportion to the valuation of the work completed by the contractor, as certified by a registered architect or professional engineer, upon bills approved or certified for payment by Seller's mortgagee, if any.

b. To pay for architectural, engineering, finance, and legal fees and other incidental expenses of the Project upon submission of bills for disbursements to the extent approved by Seller's mortgagee, if any.

c. The balance of all escrow funds shall be paid to Seller, on order, at the closing of each apartment; provided, however, that if any notice of a mechanic's or materialmen's lien has been filed against any of the property included within the Project, or suit thereon is filed, Escrow shall retain a sum equivalent to one and one-half (1-1/2) times the amount of every such claim for disposition thereof to satisfy and release every such claim, and upon every such release the balance shall be disposed of in accordance with Seller's instructions.

5. Escrow shall make no disbursements of Purchaser's funds unless and until all of the following has occurred:

a. If applicable, Seller has certified in writing to Escrow that Purchaser's sales agreement "has become effective" and Seller's attorney certifies that "the requirements of

Sections 514A-40 and 514A-63, Hawaii Revised Statutes, as amended, have been met", as said phrases are used in Section 514A-65, H.R.S.; and

b. A Final Public Report on the Project has been issued by the Real Estate Commission, Escrow has received a copy of Purchaser's executed receipt and notice for such Final Public Report or has received satisfactory evidence that Purchaser has waived his right to cancel under Section 514A-62, H.R.S.; and

c. If applicable, either (i) Seller's attorney has delivered to Escrow a written opinion which states that the provisions of the federal Truth-in-Lending Act are not applicable to Purchaser's contracts or funds held under this Escrow Agreement and acknowledges that Escrow will or may rely upon such opinion or (ii) Seller has delivered to Escrow a written statement that Seller has not received any rescission notice from any such Purchaser and that Seller has provided to Purchaser all material disclosures required under the Truth-in-Lending Act, including Notice of Opportunity to Rescind, and an executed copy of the Purchaser's statement acknowledging the receipt of the required disclosures at least ten (10) business days previously.

6. A Purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said Purchaser, without interest, less a cancellation fee of the greater of (a) \$25.00 or (b) an amount commensurate with the amount of work provided by Escrow but not to exceed the full escrow fee, subject to any applicable maximum limit set forth in Chapter 514A, H.R.S., if Purchaser shall have requested in writing refund of his funds and any one of the following shall have occurred:

a. Seller has requested Escrow in writing to return to Purchaser the funds of such Purchaser then held hereunder by Escrow; or

b. Purchaser has cancelled his sales agreement under Sections 514A-62 or 514A-63, H.R.S.

7. If at any time Seller shall certify in writing to Escrow that a Purchaser whose funds are being held hereunder by Escrow has defaulted under the terms of his sales agreement and that Seller has terminated said agreement pursuant to the terms thereof, Escrow shall notify the Purchaser of his default and shall thereafter treat all funds of the Purchaser paid on account of his sales agreement, less any cancellation fee imposed by Escrow, as funds of Seller which were transmitted to Escrow as the escrowed funds of Seller and not of the Purchaser.

8. Escrow shall, for a mutually acceptable fee, from time to time release from escrow and disburse Seller's funds in the same manner as provided above for Purchaser's funds, except that the conditions precedent to allowable disbursement of Purchaser's funds shall not apply and need not be met for disbursement hereunder.

9. Escrow shall arrange for and supervise the signing of all documents related to the Project to be signed by Purchaser and Seller and shall record the same, as directed by the Seller.

10. No later than the date the Purchaser's last installment payment under the sales agreement is due, Seller shall execute and deliver to Escrow, for each Purchaser, its apartment deed, apartment lease or condominium conveyance document for the apartment purchased under such sales agreement. Upon final closing, Escrow shall deliver each such apartment deed, apartment lease or condominium conveyance document to each such Purchaser, together with an owner's/mortgagee's title insurance policy, if required, the cost of which policy shall be borne by Purchaser.

11. In consideration of Escrow acting as escrow holder hereunder, it is agreed that Escrow is relieved from all liability for acting in accordance with the terms hereof, notwithstanding a notice to the contrary by Seller or any Purchaser or third person. Escrow shall not be responsible for the validity or sufficiency of any sales agreements and other documents received by it and shall be entitled for all purposes to assume that said sales agreements and other documents have been signed by the persons whose signatures purport to be thereon and that any written certifications or instructions from Seller are true and accurate. If any dispute or difference arises between Seller and any third person or if any conflicting demand shall be made upon Escrow, Escrow shall not be required to determine the same or take any action, but Escrow may await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require, or Escrow may file a suit in interpleader in the appropriate Circuit Court, State of Hawaii, for the purpose of having the respective rights of the parties adjudicated and may deposit with the court any or all monies held hereunder. Upon institution of such interpleader suit or other action, depositing such money with the court and giving notice thereof to the parties thereto by personal service, or in accordance with the order of the court, Escrow shall be fully released and discharged from all further obligations hereunder with respect to the monies so deposited. Seller and each such Purchaser involved in any such interpleader action jointly and severally agree to pay escrow on demand any and all costs and reasonable attorneys' fees incurred by Escrow in connection with such interpleader or other action and to hold and save Escrow harmless from any obligations hereunder, provided that the prevailing party shall be indemnified upon demand by the other for such costs and fees.

ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.