

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Mark Yoshihiro Sugimoto and Sandra Jean Sugimoto
Address: 94-294 Anania Drive, Mililani, Hawaii 96789

Project Name(*): 1281 California
Address: 1281 California Avenue, Wahiawa, Hawaii 96786

Registration No. 3542
(conversion)

Effective date: June 7, 1996
Expiration date: July 7, 1997

Preparation of this Report:

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required and attached to this report [X] 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.

[X] No prior reports have been issued by the developer.

[] Changes made are as follows:

SPECIAL ATTENTION

The Developer discloses the following:

- (a) 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 formal subdivision lines.
- (b) No warranties are given to the purchaser as to the construction, materials or workmanship of the units. The units are being sold in "as is" condition.

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: Mark Y. Sugimoto and Sandra J. Sugimoto Phone: (808) 625-0737
Name 98-1277 Kaahumanu Street (Business)
Business Address Mililani, Hawaii 96789

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

Real Estate Broker: Yvonne M. Miyabe Phone: (808) 483-3500
Name AmPac Properties, Inc., 98-1277 Kaahumanu Street (Business)
Business Address Aiea, Hawaii 96701

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 536-3866
Name 333 Queen Street, Suite 501 (Business)
Business Address Honolulu, Hawaii 96813

General Contractor: n/a Phone: _____
Name _____ (Business)
Business Address _____

Condominium Managing Agent: Self-managed by Association Phone: (808) 625-0737
Name of Apartment Owners (Business)
Business Address _____

Attorney for Developer: CHUN, KERR, DODD, BEAMAN & WONG Phone: (808) 528-8224
Name 745 Fort Street, 9th Floor, Hawaii Building (Business)
Business Address Honolulu, Hawaii 96813-3815
Attn: Kyong-su Im, Esq.
Andrew R. Bunn, Esq.

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2262418

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 1281 California dated April 15, 1996 recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2302067.

- 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. 1106

The Condominium Map 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 1281 California dated April 15, 1996 recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2302067.

- 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. 2262419

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>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 A attached.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 1281 California Avenue Tax Map Key: (1) 7-4-13: 08
Wahiawa, Hawaii 96786 (TMK)

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

Land Area: 12,575 [X] square feet [] acre(s) Zoning: R-5

Fee Owner: Mark Y. Sugimoto and Sandra J. Sugimoto

Name
98-1277 Kaahumanu Street

Address
Millilani, Hawaii 96789

Sublessor:

Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 3 Floors Per Building 1

Exhibit B contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of</u>	<u>Use Permitted</u>		<u>No. of</u>	<u>Use Determined</u>
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>3</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

[X] Pets: See Exhibit C

[X] Number of Occupants: See Exhibit C

[X] Other: See Exhibit C

[] 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)*	covered exterior/entry (sf)
Unit #1	1	3/1	1,190	425
Unit #2	1	2/1	521	85
Unit #3	1	2/1	521	85
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 3

*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:

The boundaries of each apartment are as shown on the Condominium Map. 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.

7. Parking Stalls:

Total Parking Stalls: 6

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	<u>4</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2*</u>	<u>6</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>6</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit 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

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 _____

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):

The present condition of all structural components and mechanical and electrical installation material for the use and enjoyment of the Project are as stated in Exhibit E hereof. No warranty is made as to the expected useful life of the Project.

*The 2 tandem stalls, one each for Dwelling 2 & 3, are behind the stalls for each dwelling in Garage #2.

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	X		
Structures		X*	
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit F.

as follows:

* See Exh. E, pg. 4 on nonconformity and encroachment and Exh. M on effect of destruction on replacement of structures

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 G.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit _____.

as follows:

Unit 1 shall have 34%, Unit 2 shall have 33% and Unit 3 shall have 33% undivided common interest in the common elements of the Project (hereinafter referred to as the "common interest") and the respective percentage share in all common profits and expenses of the common elements of the Project and, except as herein expressly provided for, the respective 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 H describes the encumbrances against the title contained in the title report dated April 4, 1996 and issued by Title Guaranty of Hawaii Incorporated.

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	Buyer's interest will be terminated and Buyer's deposit will be refunded less escrow cancellation fee.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements: See Exhibit I attached.

2. Appliances: See Exhibit I attached.

G. Status of Construction and Estimated Completion Date:

Units 1, 2 and 3 were constructed prior to 1941.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or the Developer's affiliate.
- self-managed by the Association of Apartment Owners other _____

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit J contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None Electricity Gas Water
- Sewer Television Cable Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit K contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated March 5, 1996
Exhibit L contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
- AND
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
 - C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3542 filed with the Real Estate Commission on 4/26/96.

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

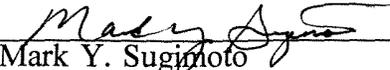
yellow paper stock white paper stock pink paper stock

C. Additional Information Not Covered Above

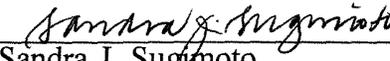
None.

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

DATED: April 26, 1996.



Mark Y. Sugimoto



Sandra J. Sugimoto

"Developers"

Distribution:

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

DECLARANT'S RESERVED RIGHTS

1. Paragraph 17(c) 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 Declaration, states in part:

"[A]t 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."

2. Paragraph 20 of the Declaration, provides:

"Declarant reserves the right to retain or acquire the ownership of any number of apartments in the Project. Declarant shall be entitled to make such use of the apartments retained or acquired as Declarant, in its sole discretion, sees fit; provided that Declarant complies with all rules and regulations established for the governance of the Project."

PROJECT DESCRIPTION

The Project will consist of three buildings, a one-story residential dwelling containing three bedrooms and one bathroom and two one-story residential dwellings each containing two bedrooms and one bathroom, located on 12,575 square feet of land. Each building shall be a separate residential apartment designated as Units #1, #2, and #3 on the Condominium Map filed with the Assistant Registrar of the Land Court of the State of Hawaii as Map No. 1106. Their layouts, locations, apartment numbers and dimensions are shown on the Condominium Map.

Each Unit will have roughly the following areas:

Unit #1	1,615 sq. ft.
Living	1,190 sq. ft.
Entry	60 sq. ft.
Covered Exterior	365 sq. ft.

Unit #2	606 sq. ft.
Living	521 sq. ft.
Entry	30 sq. ft.
Covered Exterior	55 sq. ft.

Unit #3	606 sq. ft.
Living	521 sq. ft.
Entry	30 sq. ft.
Covered Exterior	55 sq. ft.

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 members of the immediate family of the Apartment Owner or occupant and their invited guests. Any violation of occupancy limits imposed by any law or regulation shall be a violation of these House Rules."

3. Other.

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

"Purposes.

"a. 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, Bylaws and the House Rules promulgated thereunder.

"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 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."

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.

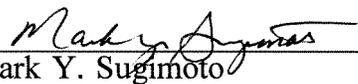
"c. Declarant shall have the right at any time prior to the issuance of a certificate of occupancy for each apartment, with the consent of the purchasers of such apartment, if any, but without the consent of any other person or persons, to alter an apartment if the common elements (but not limited common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

"d. In the event that any change or alteration made in accordance with subparagraph 17.c 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."

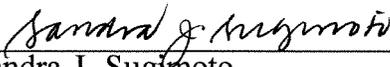
Developer's Statement
Regarding the Present Condition of the Project

We, Mark Y. Sugimoto and Sandra J. Sugimoto, developers of the fee simple condominium project located at 1281 California Avenue, Wahiawa, Hawaii, known as "1281 California," located on that certain parcel of land identified by Tax Map Key Number (1) 7-4-12:08, do hereby state that the attached report prepared by Gregory A. Quinn, an architect licenced in the State of Hawaii (Registration No. AR7731), is a true and accurate description of the present condition of all structural components and mechanical and electrical installations which are material to the use and enjoyment of the project. We further state that no representations are made herein as to the expected useful life of such structural components and mechanical and electrical installations.

DATED this 26th day of April, 1996.



Mark Y. Sugimoto



Sandra J. Sugimoto

calif96-028jc.arb

Gregory A. Quinn

ARCHITECT

REPORT
ON THE
EXISTING CONDITION OF
THREE DWELLINGS IN THE
PROPOSED
CONDOMINIUM PROPERTY REGIME
"1281 CALIFORNIA"
TMK: 7-4-13:08

PREPARED BY:
Gregory A. Quinn, Architect
January 26, 1996

45-546 Huawaina Place
Kaneohe, Hawaii 96744

PH. 236-3408
Pag. 289-4372

Zoning Description

The property is currently zoned R-5, which requires a minimum of 5,000 square feet per single family detached dwelling. The parcel is 12,575 square feet and the structures were built prior to 1941, when the zoning was established in this area. Therefore, the structures are legal existing non-conforming structures. The south side of the 2-Car Garage No. 1 encroaches 1'-0" into the side yard setback area.

Dwelling No. 1

Structural information

The dwelling was constructed using single wall, post and pier construction. The walls are 1x6 T&G boards with a 2x6 Girt just under the window sills at the bedrooms. The wall boards exhibit a moderately weathered condition and some peeling paint. A sparse amount of termite damage was evident. The floor structure is composed of T&G floor sheathing over 2x6 floor joists at 16" on center and these are resting on 4x6 floor girders at 6'-0" on center. The posts are 4x4 posts with 2x4 bracing and are spaced approximately 6'-0" on center. The posts are resting on concrete or stone blocks with termite pans. The entry stair structure is of stone and concrete in good condition. Roof framing is 2x4 rafters with 2x4 ceiling joists.

The dwelling was built prior to the adoption standards for high wind resistant light frame construction and therefore do not have adequate hold-downs, and foundation shear elements. However, the recently added patio cover did exhibit the necessary metal connectors to develop adequate wind resistance according to the standards of the Uniform Building Code's Appendix Chapter 2518 (Light Frame Construction in High Wind Areas).

The windows throughout the structure are wood frame, double hung, divided light windows with insect screens and are in working condition.

The Kitchen has been upgraded with a new range/oven with exhaust hood and new counters and cabinets.

The house was recently fitted with new carpeting in the bedrooms and Ceramic tile in the baths and kitchen. The sheet vinyl in the entry is in good condition.

Mechanical information

The plumbing fixtures all appear to be in good working order. The water supply pipes are copper and the waste piping is a combination of ABS for drains, and galvanized iron for vents and cast iron for below grade waste. The dwelling is currently connected to the city sewage system.

Bedroom No. 1 & 2 and the Living room are serviced by wall mounted room air conditioners. There is a ceiling fan in the Kitchen and the Living Room.

Electrical Information

The building is metered from an overhead line off Hauola Avenue with a 200 Amp main service. The panel is currently filled with 460 Amps total breakers servicing the various appliances and circuits in the house. Some of the original two-wire circuits have been replaced with more up to date "Romex" wiring. All the electrical switches and outlets are in working condition. Some junction boxes were without covers at the time of the inspection and installation of the covers was promised by the owner.

Smoke detectors are provided outside the kitchen in the living room and in the hall, they should be also installed in the bedrooms.

Dwelling No. 2

Structural information

The dwelling was constructed using single wall, post and pier construction. The walls are 1x6 T&G boards with a 3-2x2 Girts starting just under the window sills at the bedrooms. The wall boards exhibit a moderately weathered condition and some peeling paint. A sparse amount of termite damage was evident (i.e. ceiling in Bedroom 2). The floor structure is composed of T&G floor sheathing over 2x6 floor joists at 16" on center and these are resting on 4x6 floor girders at 6'-0" on center. The posts are 4x4 posts with 2x4 bracing and are spaced approximately 6'-0" on center. The posts are resting on concrete or stone blocks with termite pans. The entry stair structure is of stone and concrete in good condition. Roof framing is 2x4 rafters with 2x4 ceiling joists.

The dwelling was built prior to the adoption standards for high wind resistant light frame construction and therefore do not have adequate hold-downs, and foundation shear elements.

The windows throughout the structure are wood frame, sliding, divided light windows with insect screens and are in working condition.

The house has carpeting in the living room and bedrooms slightly soiled and worn. The sheet vinyl in the bath and kitchen in good condition.

Mechanical information

The plumbing fixtures all appeared to be in good working order. The water supply pipes are galvanized iron and the waste piping is a combination of galvanized iron for vents and drains, and cast iron for below grade waste. The dwelling is currently hooked up to the city sewage system.

Electrical Information

The building is metered from an overhead line off a utility pole located in the existing driveway off California Avenue which will become the common area servicing units 2 & 3. It has a 200 Amp main service. The panel is currently filled with 270 Amps total breakers servicing the various appliances and circuits in the house. Some of the original two-wire circuits have been replaced with more up to date "Romex" wiring. All the electrical switches and outlets are in working condition, with the exception of the light switch in the bathroom which needs repair.

Smoke detectors are provided outside the kitchen in the living room and in the hall, they should be also installed in the bedrooms.

Dwelling No. 3

Structural information

The dwelling was constructed using single wall, post and pier construction. The walls are 1x6 T&G boards with a 3-2x2 Girts starting just under the window sills at the

bedrooms. The wall boards exhibit a moderately weathered condition and some peeling paint. A sparse amount of termite damage was evident. The floor structure is composed of T&G floor sheathing over 2x6 floor joists at 16" on center and these are resting on 4x6 floor girders at 6'-0" on center. The posts are 4x4 posts with 2x4 bracing and are spaced approximately 6'-0" on center. The posts are resting on concrete or stone blocks with termite pans. The entry stair structure is of stone and concrete in good condition. Roof framing is 2x4 rafters with 2x4 ceiling joists.

The dwelling was built prior to the adoption standards for high wind resistant light frame construction and therefore do not have adequate hold-downs, and foundation shear elements.

The windows throughout the structure are wood frame, sliding, divided light windows with insect screens and are in working condition with the exception of the window in the northwest corner which is sticking.

The house has carpeting in the living room and bedrooms slightly soiled and worn. The sheet vinyl in the bath and kitchen in good condition.

Mechanical information

The plumbing fixtures all appeared to be in good working order. The water supply pipes are galvanized iron and the waste piping is a combination of galvanized iron for vents and drains, and cast iron for below grade waste. The dwelling is currently hooked up to the city sewage system.

Electrical Information

The building is metered from an overhead line off a utility pole located in the existing driveway off California Avenue which will become the common area servicing units 2 & 3. It has a 100 Amp main service. There are two panels; one panel is currently filled with 260 Amps total breakers, and the other panel is currently filled with 45 Amps total breakers, providing 305 total Amps servicing the various appliances and circuits in the house. The panel and main boxes were without covers at the time of the inspection and installation of the covers was promised by the owner. Some of the original two-wire circuits have been replaced with more up to date "Romex" wiring. All the electrical switches and outlets are in working condition.

Smoke detectors are provided outside the kitchen in the living room and in the hall, they should be also installed in the bedrooms.

COMMON ELEMENTS

Paragraph 4 of the Declaration, as amended, 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. All roadways, walkways, entry gates, 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, as amended, 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 adjacent to each dwelling apartment enclosed within the lines designated as the Boundary Line Between Units on the Condominium Map shall be appurtenant to and for the exclusive use of the respective apartment (hereinafter the "Residential Area").
- b. The private driveway shown cross hatched on the Condominium Map and the two car garage designated as Garage #2 on the Condominium Map shall be limited common elements appurtenant to and exclusively for the use of Unit #2 and Unit #3.
- c. 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 including, without limitation, all wires, lines, cables, ducts, pipes, conduits, equipment, machinery, walls, fences, landscaping and other improvements serving less than all apartments in the project."

ENCUMBRANCES AGAINST TITLE

1. The perpetual easements and rights of way in favor of the Wahiawa Water Company, Limited, to build, lay, maintain, renew and repair ditches, flumes, tunnels, and other works for the conveyance of water over, across and under the land covered by Land Court Application No. 1062, at such points or places as said Wahiawa Water Company, Limited, may from time to time determine, together with a right of ingress and egress to and from the same.

2. MORTGAGE

LOAN NO. : 9390596
MORTGAGOR : MARK YOSHIHIRO SUGIMOTO and SANDRA JEAN SUGIMOTO, husband and wife
MORTGAGEE : MORTGAGE LENDERS INC., which is organized and existing under the laws of Hawaii
DATED : May 19, 1994
FILED : Land Court Document No. 2149415
AMOUNT : \$225,000.00

ABOVE MORTGAGE ASSIGNED

TO : COUNTRYWIDE FUNDING CORPORATION, a New York corporation
DATED : May 20, 1994
FILED : Land Court Document No. 2149416

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
THE "1281 CALIFORNIA" CONDOMINIUM PROJECT

DATED : September 13, 1995
FILED : Land Court Document No. 2262418

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS
OF 1281 CALIFORNIA

DATED : September 13, 1995
FILED : Land Court Document No. 2262419

5. Real Property taxes as may be due and owing. Check with the county tax assessor.

CONSTRUCTION WARRANTIES

Paragraph 21 of the Sales Contract and Deposit Receipt states as follows:

"Covenants and Warranties of Seller and Buyer. Seller and Buyer covenant and agree to the following:

"a. Seller shall provide to Buyer at closing all existing warranty documents in Seller's possession covering the improvements and personal property being sold to Buyer; instruction booklets in Seller's possession covering the appliances being sold and all originals and copies in Seller's possession of blueprints, specification, and architectural or engineering drawings related to the Property. Buyer understands: (i) any warranties delivered by Seller to Buyer represent obligations of other persons, not Seller; (ii) the warranties and other documents are provided for informational purposes only; (iii) such warranties may not reflect improvements as built; and (iv) Seller does not promise that any such warranties are transferable to Buyer, and that Buyer must contact the providers of such warranties to determine whether the warranties are transferable to Buyer.

"b. 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.

"c. The Condominium Map for the Project which has been or will be recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and the Real Estate Commission is intended only to show the layout, location, apartment numbers and dimensions of the apartments, approximate elevations of the Project and parking plans and any other detail which is specifically required to be shown under Section 514A-12 of the Act. Buyer acknowledges that the Condominium Map, consisting of the floor plans and elevations, is not intended to be and does not constitute any representation or warranty by Seller to construct or install any other improvements, amenities or facilities as may be depicted thereon. In no event shall the building plans and specifications or any artist's renderings or models constitute a representation or warranty by Seller."

ESTIMATED OPERATING EXPENSES
For Period April 1, 1996 to March 31, 1997
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance and Water/Sewer/Electricity ^{1/} :	\$0.00
Fire/Liability Insurance ^{2/} :	\$0.00
Miscellaneous ^{3/} :	\$0.00

Estimated Monthly Expenses \$0.00

Estimated Monthly Maintenance Fee for Each Apartment

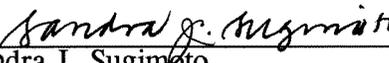
Estimated Monthly Expenses:	<u>\$0.00</u>
TOTAL MONTHLY MAINTENANCE FEE FOR EACH APARTMENT:	\$0.00

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principals.

DATED: April 26, 1996.



Mark Y. Sugimoto



Sandra J. Sugimoto

"Developers"

-
- 1/ All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.
 - 2/ Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.
 - 3/ As built, there are no common elements requiring the assessment of replacement reserves. No structural elements of the Project are common to all apartments in the Project.

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. Notwithstanding any other provision of this Agreement to the contrary, this Agreement will not become a binding sales contract upon Seller and Buyer unless and until: (i) Buyer has received for or is deemed to have received for the Final Public Report, for which the Real Estate Commission has issued an effective date, and notice of Buyer's right to cancel; (ii) Buyer has waived or is deemed to have waived Buyer's right to cancel this Agreement as more particularly provided in Section 514A-62 of the Act and, if applicable, and upon the request of Seller, (iii) Buyer shall have executed, as provided herein, a written agreement which confirms or reaffirms that Buyer has accepted and is bound by this Agreement (such agreement of confirmation or reaffirmation being called a "Confirmation Agreement"). If Buyer does not exercise Buyer's right to cancel this Agreement and Buyer does not return the receipt and notice within thirty (30) days from the date of delivery of the Final Public Report to Buyer, or if the Apartment is conveyed to Buyer prior to expiration of such thirty (30) day period, then Buyer shall be deemed to have received for the Final Public Report and to have waived Buyer's right to cancel. If Buyer executes a receipt for a Final Public Report and notice of right to cancel and affirmatively waives Buyer's right to cancel, then, at Seller's option, the execution of a Confirmation Agreement by Buyer shall not be required and this Agreement will become binding on the date of Buyer's affirmative waiver of the right to cancel. In any case where Buyer has failed to execute an affirmative waiver of the right to cancel within thirty (30) days of the delivery of the Final Public Report to Buyer, Seller may require Buyer to sign a Confirmation Agreement. In the event Seller requires Buyer to sign a Confirmation Agreement, and without limiting the right of Seller to present a Confirmation Agreement at or after delivery of the Final Public Report to Buyer, Seller shall mail or deliver a Confirmation Agreement to Buyer and Buyer shall have five (5) business days after delivery of the Confirmation Agreement, unless Seller elects to extend such time period in its sole discretion, to execute and return the Confirmation Agreement to Seller. In the event Buyer shall fail to execute a Confirmation Agreement upon such presentation (or if Seller is unable to locate Buyer for delivery of the Final Public Report or Confirmation Agreement), Seller shall have the right to cancel this Agreement.

2. Seller shall deliver to Buyer the Declaration, Bylaws, House Rules, Escrow Agreement, Apartment Deed and the Final and/or any Supplementary Public Reports, if any, an effective date or dates for which have been issued by the Real Estate Commission, and the Condominium Map for the Project, as the same may have been amended. Buyer shall execute a receipt for the Project Documents at the time of delivery. Buyer shall have thirty (30) calendar days from receipt of the Project Documents to review the Project Documents. If the Project Documents are not acceptable to Buyer, Buyer shall, within said thirty (30) day period, provide Seller with written notice cancelling this Agreement.

3. In the event this Agreement is terminated pursuant to provisions provided in the Contract, Seller shall cause the Escrow Agent to refund all payments previously made by Buyer, without interest, and neither party shall have any other or further liability hereunder or with respect to the Project; provided that, if this Agreement is terminated as aforesaid, then the Escrow Agent shall deduct from the refund to Buyer the escrow cancellation fee (which shall not exceed \$300) and Buyer shall be separately responsible for the costs of any lending institution in processing this Agreement or the loan application.

4. Buyer confirms to Seller that the Owner-Occupant Affidavit completed by Buyer prior to Buyer's execution of this Agreement has been relied upon by Seller in determining whether Buyer has met the requirements of the Real Estate Commission regarding Owner-Occupant purchases and confirming that the information contained therein is true and correct in all respects and can be relied upon by Seller for the purpose of such qualification of Buyer. Buyer agrees to promptly notify Seller of any change which occurs to any of the information provided to Seller in Owner-Occupant Affidavit prior to Final Closing.

5. Buyer agrees to deliver to Seller certain certified financial statements, a completed loan application to one or more lending institutions, evidence of Buyer's ability to pay the purchase price, and any other information required by Seller.

6. 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.

7. In addition to such other remedies which may be available to Seller by law or pursuant to Contract, Seller may impose a late charge as specified in the Contract.

8. The estimated project completion date and the final closing and closing dates are as described in the Contract.

9. Buyer may be required to prepay maintenance fees, real property taxes, and a non-refundable Project start-up fee as more particularly described in the Contract.

10. Buyer's right to inspect the project documents, inspect the Apartment and have delivery of possession are more particularly described in the Contract.

11. Buyer is aware that the State-approved Termite Inspection Report (TIR) addresses only visible evidence of active termite infestation and visible damage in accessible area. It does not address infestation or damage occurring in inaccessible areas of the improvements described in this DROA. Seller agrees to disclose, in Seller's disclosures, any prior and/or current infestation and damage of which Seller is aware.

Seller shall select a licensed pest control company, to conduct an inspection and issue a TIR on the improvements which are part of the Property. Seller and Buyer's rights and obligations are more particularly described in the Contract.

12. Delivery of possession of the Apartment to Buyer shall be deemed to have occurred upon Final Closing, at which time Seller shall make the Apartment keys available to Buyer, and Buyer agrees that keys for the Apartment will not be issued to Buyer and Buyer shall not be entitled to occupy, rent or lease the Apartment until after the recordation of Buyer's Apartment Deed such recordation has occurred. Buyer agrees not to move furniture or belongings into Buyer's Apartment during weekends, and in order to promote the orderly occupation of the building. Buyer agrees to schedule a move-in date with Seller at such time Seller, in its sole discretion, may deem reasonable, provided, however, that Seller must schedule Buyer's move-in within ten (10) week days of the Final Closing. Buyer expressly understands and agrees that Buyer shall in no event take possession of the Apartment prior to the Final Closing and full compliance by Buyer with the terms and conditions of this Agreement. Violation of this provision shall be deemed a material breach of contract and, in addition to any other remedy of Seller for Buyer's breach of this Agreement, Buyer agrees that Seller shall have the right to remove Buyer from the Apartment by any lawful means.

13. Time is of the essence in this Agreement, and if Buyer defaults in any payment when required, or if Buyer fails to perform or disputes any other obligation required of Buyer, Seller may pursue any other remedy at law or as specified in the Contract.

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 Developer shall enter into a sales contract for the sales of a condominium unit in the Project, Developer shall require that all payments due thereunder be promptly made to Escrow and Developer shall deliver an executed copy of such contract to Escrow, together with the full name and address of the purchaser. In the event Developer shall receive any funds on account of any such sale, Developer shall pay over such funds to Escrow, together with the delivery of the copy of said sales contract, and Escrow shall properly receipt therefor.

2. Escrow shall receive, deposit and hold in an escrow account, and disburse as herein set forth: (a) all funds received by it pursuant to the aforesaid sales contracts; (b) all funds received by it from Developer; and (c) all funds received by Escrow from any other source with respect to the Project. All funds received by Escrow shall be deposited in escrow accounts established for that purpose with federally insured commercial banks or savings and loan institutions authorized to do business in the State of Hawaii; all interest accruing on said funds shall be credited to the account of Developer. All such funds are to be held by Escrow subject to the terms and conditions hereof and shall be subject to being withdrawn or negotiated only upon the written approval and signature of Escrow.

3. Upon receipt by Escrow of notice in writing from Developer that payments are due under any sales contract, Escrow shall give notice in writing to each such purchaser and shall call for the required payments to be made to Escrow.

4. The compensation of Escrow by Developer for performance hereunder shall be Three Hundred Dollars (\$300.00) for each condominium unit for which a sales contract is received, on the condition that all sales of units in the Project are closed on or before two years from the date hereof, payable on the closing of each such sale; PROVIDED, HOWEVER, that if Escrow shall for any reason without fault on its part be required to change, subsequent to the commencement of preclosings for the Project, any closing statement or document previously approved as to form and figures by the Developer, Developer agrees to pay an additional charge for each such statement or document which is changed. Upon cancellation of any sales wherein the Escrow cancellation fee is for any reason not paid by Purchaser, Developer agrees to pay said cancellation fee.

5. This Agreement may be terminated by either Developer or Escrow upon the giving of fifteen (15) days written notice by the party desiring termination to the other; PROVIDED, HOWEVER, that in the event of any such termination, all transactions in process at the effective date of such termination shall be completed by Escrow pursuant to the terms and conditions of this Agreement, and Escrow shall be entitled to receive all earned fees together with the above-specified cancellation fee for each unit then unclosed as of the effective date of termination.

6. All notices required to be given hereunder shall be sent by registered or certified mail to the Developer or to Escrow at their address herein stated, or to such address as may hereafter be designated from time to time by either of Developer, Escrow, or other interest to whom notice is required to be given.

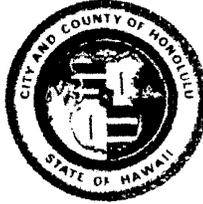
7. This Agreement shall be subject to the following provisions:
 - a. This Escrow Agreement is, in all of its provisions, to be deemed and interpreted as supplementary and subject to the provisions of Chapter 514A, Hawaii Revised Statutes, as now or hereafter amended, and if any conflict should arise between the provisions of this Agreement and the provisions of said Chapter 514A, the provisions of the latter shall control.
 - b. This Agreement shall be binding upon, shall apply to, and shall inure to the benefit of Developer, Escrow, and their respective heirs, administrators, executors, personal representatives, successors and assigns.
 - c. The section captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.
 - d. The use of any gender herein shall be deemed to include either or both of the genders, and the use of the singular shall be deemed to include the plural wherever the context so requires.
 - e. Nothing herein contained shall be deemed to have been abrogated or waived by reason of the failure to enforce the same, irrespective of the number of violations or breaches thereof which may have occurred.

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.

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU HAWAII 96813

JEREMY HARRIS
MAYOR



RANDALL K. FUJIKI
DIRECTOR AND BUILDING SUPERINTENDENT

ISIDRO M. BAQUILAR
DEPUTY DIRECTOR AND BUILDING SUPERINTENDENT

Ex96-17

February 28, 1996

Mr. Andrew R. Bunn
Chun, Kerr, Dodd, Beaman & Wong
Attorneys at Law
Hawaii Building, 9th Floor
745 Fort Street
Honolulu, Hawaii 96813-3815

Dear Mr. Bunn:

Subject: Condominium Conversion Project
1281 California Avenue
Tax Map Key: 7-4-13: 08

This is in response to your letter dated January 16, 1996, requesting verification that the dwellings located at the above-mentioned address met all applicable code requirements at the time of construction.

Investigation revealed that the three one-story single-family detached dwellings with four off-street parking spaces met all applicable code requirements when they were built prior to 1941.

The three dwellings and the four off-street parking spaces are considered nonconforming.

Since the three dwellings are considered nonconforming, if any dwelling is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with the provisions of Section 3.120d of the Land Use Ordinance unless an existing use permit is obtained from the Department of Land Utilization prior to its destruction.

For your information, the Building Department cannot determine whether this project contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Mr. Andrew R. Bunn
February 28, 1996
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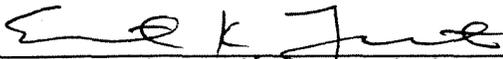
No variances or special permits were granted to allow deviations from any applicable codes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at telephone number 527-6341.

Very truly yours,


FOR RANDALL K. FUJIKI
Director and Building Superintendent

Subscribed and sworn to
before me this 1st day of
March, 1996.


Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: June 21, 1999