

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer William Ramos Madriaga and Ruth Fernandez Madriaga
Address 45-668 Halemuku Way, Kaneohe, HI 96744

Project Name(*): 45-691 KENEKE
Address: 45-691 Keneke Street, Kaneohe, HI 96744

Registration No. 3580
(Partial Conversion)

Effective date: August 26, 1996
Expiration date: September 26, 1997

Preparation of this Report:

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

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

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

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

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

Type of Report:

 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) [X] 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 Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: William Ramos Madriaga and Ruth Fernandez Madriaga Phone: (808) 235-8397
Name (Business)
45-668 Halemuku Way
Business Address
Kaneohe, HI 96744

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

Four horizontal lines for listing names of officers or general partners.

Real Estate Broker: Century 21, Lewis Real Estate Phone: (808) 233-7000
Name (Business)
46-005 Kawa Street #101
Business Address
Kaneohe, Hawaii 96744

Escrow: Old Republic Escrow Corporation Phone: (808) 483-0130
Name (Business)
98-211 Pali Momi St., Suite 537
Business Address
Aiea, HI 96701

General Contractor: Solomon and Sons Phone: (808) 488-2048
Name (Business)
4475 Lua'ole Street
Business Address
Honolulu, HI 96818

Condominium Managing Agent: Self-Managed by AOA0 Phone: (Business)
Name
Business Address

Attorney for Developer: Rush Moore Craven Sutton Morry & Beh Phone: (808) 521-0400
Name (Business)
745 Fort St., 2000 Hawaii Tower
Business Address
Honolulu, HI 96813

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 96-094623
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2425
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 96-094624
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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>N/A</u>

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

2. Developer:

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

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

See Exhibit "A"

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: 45-691 Keneke Street Tax Map Key: (1) 4-5-72:72
Kaneohe, HI 96744 (TMK)

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

Land Area: 8,750 [X] square feet [] acre(s) Zoning: R-5

Fee Owner: William Ramos Madriaga and Ruth Fernandez Madriaga

Name
45-668 Halemuku Way
Address
Kaneohe, HI 96744

Sublessor: _____
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building Unit A: 1; Unit B: 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass _____

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>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

- Pets: Permitted with restrictions, among other things, size and number
- Number of Occupants: _____
- Other: See Declaration and By-Laws generally
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit B: 1 Trash Chutes: 0

<u>Apt.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>3/1.5</u>	<u>1,025</u>	<u>83</u>
<u>B</u>	<u>1</u>	<u>3/2.5</u>	<u>1,388</u>	<u>80</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total 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:
Exhibit "C"

Permitted Alterations to Apartments:
Exhibit "D"

7. Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>TOTAL</u>
Assigned (for each unit)	Each unit will have two assigned (one open, one covered) stalls.						
Guest	_____	_____	_____	_____	_____	_____	<u>0</u>
Unassigned	_____	_____	_____	_____	_____	_____	<u>0</u>
Extra for Purchase	_____	_____	_____	_____	_____	_____	<u>0</u>
Other:	_____	_____	_____	_____	_____	_____	<u>0</u>
Total Covered & Open	<u>4</u>		<u>0</u>		<u>0</u>		

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

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):

See Disclosure Abstract, attached as Exhibit K.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> x </u>	<u> </u>	<u> </u>
Structures	<u> x </u>	<u> </u>	<u> </u>
Lot	<u> x </u>	<u> </u>	<u> </u>

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

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

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

D. Common Elements, Limited Common Elements, Common Interest:

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

described in Exhibit 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:

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 fifty percent (50%) interest in all common elements of the Project.

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 June 12, 1996 and issued by Old Republic Title & Escrow 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	Buyer's contract will be cancelled and Buyer's deposit will be returned, less escrow cancellation fee. Buyer may lose all rights to acquire the apartment.

F. Construction Warranties:

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

1. Building and Other Improvements:

The Developer will give to each buyer a full and complete warranty of title to the particular apartment in the Apartment Deed. Other than that, the Developer will make no warranties, expressed or implied, about any apartment, the project or anything installed or contained in them. This includes, but is not limited to, warranties of merchantability, habitability, workmanlike construction, fitness for a particular use or purpose or for sufficiency of design. The Developer will assign to the buyers any and all warranties given to the Developer by the contractor constructing the improvements and any manufacturer's and dealer's warranties covering any furnishings, fixtures or appliances. The Developer is not adopting any such warranties or acting as a co-warrantor, but simply attempting to pass through to the buyers the benefit of any such warranties.

2. Appliances:

See Section F.1 above.

G. Status of Construction and Estimated Completion Date:

Unit A was constructed in 1962. Notices of Completion for Unit B were published on March 6, 1996 and March 13, 1996.

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 H 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 I contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 29, 1995
Exhibit J contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules. (None)
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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. 3580 filed with the Real Estate Commission on July 17, 1996

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C. Additional Information Not Covered Above

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer/Owner Ruth Fernandez Madriaga, RS39673 is a current and active Hawaii-licensed real estate salesperson. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

VA/FHA APPROVAL. Notwithstanding any other provision in the Declaration to the contrary, the Developer reserves the right, but shall not be obligated to, obtain the approval of the Project from the Veterans' Administration ("VA") in order that loans secured by mortgages on apartments in the Project can be guaranteed through the VA Home Loan Guarantee Program and other federal housing assistance programs, including those administered by the Federal Housing Administration ("FHA"). In exercise of this reserved right, the Developer may, in its sole discretion, amend the Declaration to satisfy any VA or FHA requirements which the Developer deems necessary or convenient without being required to obtain the approval, consent or joinder of any person or group of persons, including without limitation, the Association of Apartment Owners, any apartment owner or any mortgagee, lien holder or any other person who may have an interest in the Project or any apartment, and may on behalf of the Association of Apartment Owners, execute and record as an amendment to the Declaration a Regulatory Agreement in form and substance meeting FHA requirements.

GRANTING OF EASEMENTS. The Developer reserves the right for itself and its agents to grant to any public utility or governmental authority easements for electricity, gas, sewer, drainage, water and other utilities over, under, along, across and through the Project, under the usual terms and conditions required by the grantee of such easement rights; to grant to any other person or entity any easements for ingress, egress or roadway purposes over, under along, across and through the Project (provided, however, that such easement rights shall be granted and exercised in such a manner as not to unreasonably damage the improvements of the Project or unreasonably interfere with the use of the land or the improvements of the Project by the apartment owners); to quitclaim any easements in favor of the Project which are not required for the Project; and to amend the Declaration, the By-Laws and the Condominium Map consistent with the granting or quitclaiming of such easement rights. Each apartment owner agrees that such apartment owner and any person claiming an interest in the Project by, through or under such apartment owner, shall, upon request, join in and execute any and all documents designating, granting and quitclaiming any such easement rights. Notwithstanding anything stated to the contrary, the above-mentioned rights reserved in the Declaration shall terminate seven (7) years after the date of recordation in the Bureau of Conveyances of the first conveyance of an apartment in the Project.

The Developer, its agents, employees, contractors, licensees, successors and assigns, reserves an easement over and upon the Project to conduct extensive sales activities on the Project until the date of closing of the sale of the last unsold apartment in the Project. This easement includes the right to create and cause noise and other nuisances arising in connection with or incidental to the sale of any apartment. In the event that the Developer's mortgage lender or any successor to or assignee of the Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns, shall have the right to conduct extensive sales activities on the Project until all of the apartments so acquired have been sold and closed, notwithstanding the foregoing. Developer or such other party exercising the right to conduct sales activities pursuant to Section 5.5 of the Declaration shall promptly, after such activities cease, restore the area or areas of the Project utilized for the sales activities at such party's expense.

END OF EXHIBIT "A"

EXHIBIT "B"

DESCRIPTION OF APARTMENTS

There shall be two (2) attached residential apartments (the "apartments") in the Project. Unit "A" has one-story, without a basement and Unit "B" has two-stories, without a basement. The apartments are constructed principally of wood, concrete and glass, as shown on the Condominium Map and more particularly described below.

(a) Unit "A" contains three (3) bedrooms, one and one-half bathrooms, a living room, a dining room, a kitchen, a storage area and a laundry room, with a net living area of approximately 1,401 square feet.

(b) Unit "B" contains three (3) bedrooms, two and one-half bathrooms, a living room, a kitchen/dining room, and a laundry room with a net living area of approximately 1,388 square feet.

(c) The floor areas of the apartments are measured from the interior surface of the perimeter walls of the respective apartments.

(d) The apartments have immediate access to the grounds of the Project.

(e) None of the apartments are "accessible" and "adaptable" (as those terms are defined in 24 C.F.R. § 100 et seq.) for persons with disabilities.

(f) The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions, both load-bearing and non-load-bearing, which are located within its perimeter or party walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

END OF EXHIBIT "B"

EXHIBIT "C"

BOUNDARIES OF APARTMENTS

Two (2) separate condominium apartments are designated in the spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of the two (2) apartments of the Project. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements of the project. Each apartment shall be deemed to include all the walls and partitions, both load-bearing and non-load-bearing, which are located within its perimeter or party walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

END OF EXHIBIT "C"

EXHIBIT "D"

PERMITTED ALTERATIONS TO APARTMENTS

1. Except as otherwise provided by the Fair Housing Act, 42 U.S.C. §3601, et seq., as amended by the Fair Housing Amendments Act of 1988, and Chapter 515, Hawaii Revised Statutes, and the rules and regulations promulgated thereunder, as the same may be amended from time to time in the future, restoration or replacement of the Project or any building or other structure thereof or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map, shall be undertaken by the Association of Apartment Owners or any apartment owners only pursuant to an amendment of the Declaration of Condominium Property Regime (the "Declaration"), duly executed by or pursuant to a vote of at least seventy-five percent (75%) of the apartment owners and in accordance with complete plans and specifications therefor first approved in writing by the Board of Directors, and promptly upon completion of such restoration, replacement, construction, alteration or addition the Association of Apartment Owners 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. Notwithstanding the foregoing, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall require only the written approval thereof, including the apartment owner's plans therefor, by the institutional holders of mortgages covering such apartment (if the mortgagees require such approval), the Board of Directors, and all other apartment owners thereby directly affected (as determined by the Board of Directors), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered.

2. Non-material additions to the common elements, including, without limitation, the installation of solar energy devices as defined by Section 468B-1, Hawaii Revised Statutes, as amended, shall require approval only by the Board of Directors and by sixty-five percent (65%) of the apartment owners, together with the consent of all other apartment owners thereby directly affected (as determined by the Board of Directors). For so long as a statutory definition of "non-material structural additions to the common elements" shall be prescribed by Section 514A-89, Hawaii Revised Statutes, as amended, as it may be amended from time to time or by any substitute or successor statute, said statutory definition shall be applied in interpreting the foregoing sentence.

3. Except as provided by law, the common interest and easements appurtenant to each apartment shall have a permanent character, shall not be altered without the consent of all owners of apartments affected thereby as expressed in a duly recorded amendment to the Declaration, which amendment shall contain the consent thereto by the institutional holders of mortgages on such apartments, as shown in the Association of Apartment Owners' record of ownership or who have given the Board of Directors notice of their interest through the Secretary of the Association of Apartment Owners or the Managing Agent. The common interest shall not be separated from the apartment to which it appertains and shall be deemed to be conveyed or encumbered with such apartment even though not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof or the apartments except as provided by the Condominium Property Act; and, without limiting the provisions of Section 514A-21(a) of the Hawaii Revised Statutes, as amended, any such partition or division shall be subject to the prior written consent thereto by the institutional holders of mortgages, filed of record, covering the apartments.

END OF EXHIBIT "D"

EXHIBIT "E"

COMMON ELEMENTS

1. The Land in fee simple;
2. All yards, grounds, landscaping and fences or walls, if any;
3. All roads, aprons and parking area;
4. The common driveway providing access to the apartments as shown on the Condominium Map;
5. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any; and
6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT "E"

EXHIBIT "F"

LIMITED COMMON ELEMENTS

The limited common elements of the Project include the following:

1. The yard areas designated on the Condominium Map as "Private Yard for Unit 'A'" and all trees, shrubs, plants and landscaping situated therein shall constitute limited common elements appurtenant to Unit "A".
2. The yard area designated on the Condominium Map as "Private Yard for Unit 'B'" and all trees, shrubs, plants and landscaping situated therein shall constitute limited common elements appurtenant to Unit "B".
3. The concrete walkway designated on the Condominium Map as "Private Entry for Unit 'B'" shall constitute a limited common element appurtenant to Unit "B".
4. The perimeter walls of each apartment, except for that portion of the perimeter wall adjoining the two apartments, and the outside surfaces of such walls shall constitute limited common elements appurtenant to the respective apartment.
5. The roof located over each apartment, the floors and ceilings surrounding each apartment, the bottom surfaces of the footing of each apartment, and all eaves, awnings, rain gutters and drain pipes that serve only one apartment shall constitute limited common elements appurtenant to such apartment.
6. The covered carport designated A-1, including the storage area located in the carport, and the open parking stall designated A-2, all as shown on the Condominium Map, shall constitute limited common elements appurtenant to Unit "A".
7. The covered carport designated B-1 and the open parking stall designated B-2, both as shown on the Condominium Map, shall constitute limited common elements appurtenant to Unit "B".
8. The mailbox bearing the street address of each apartment shall constitute a limited common element appurtenant to such apartment.

Any other common element of the Project which is

rationaly related to only one apartment shall be deemed a limited common element appurtenant to and for the exclusive use of such apartment.

END OF EXHIBIT "F"

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

The following are encumbrances against title to the land of the Project, identified as Tax Map Key (1) 4-5-72:72:

1. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all minerals and metallic mines.

3. Restriction of access rights as shown on File Plan No. 702.

4. Mortgage dated December 10, 1993, recorded as aforesaid as Document No. 93-207592, in favor of COMMUNITY LENDING, INC., a California corporation, which said Mortgage was assigned to GLENDALE FEDERAL BANK, FSB, by assignment dated November 1, 1994, recorded as aforesaid as Document No. 95-006456.

5. Mortgage dated December 4, 1995, recorded as aforesaid as Document No. 95-159375, in favor of FINANCE FACTORS, LIMITED, a Hawaii corporation.

6. Declaration of Condominium Property Regime dated May 21, 1996, recorded as aforesaid as Document No. 96-094623, Condominium Map No. 2425.

7. By-Laws of the Association of Apartment Owners of 45-691 Keneke adopted May 21, 1996, recorded as aforesaid as Document No. 96-094624.

END OF EXHIBIT "G"

EXHIBIT H

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>
A	\$55.00 x 12 = \$660.00
B	\$55.00 x 12 = \$660.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - [] common elements only
 - [] common elements and apartments
- Elevator
- Gas
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds
- Common Driveway Management 10.00 x 12 = 120.00

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

- Fire Insurance 36.67 x 12 = 440.04
- Hurricane Insurance 40.75 x 12 = 489.00
- Reserves(*) 22.58 x 12 = 270.96

Taxes and Government Assessments

Audit Fees

Other

TOTAL 110.00 x 12 = \$1,320.00

I, Ruth Fernandez Madriaga, one of the developers for the condominium project 45-691 Keneke hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Ruth Fernandez Madriaga

(*) Mandatory reserves in effect January 1, 1993

Date: May 21, 1996

EXHIBIT "I"

SUMMARY OF SALES CONTRACT

Copies of the form of Deposit Receipt and Sales Agreement ("Sales Contract") to be used in connection with the sale of the apartments of the Project have been submitted to the Real Estate Commission and are available for inspection at the Broker's office. The following is a summary of some of the provisions of the Sales Contract. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS THEREIN.

1. Seller makes no warranties regarding the Project and the apartment is being sold in its current "as is" condition with "all faults."

2. Buyer agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. Buyer also agrees that any money that Buyer deposits with Escrow may be deposited together with other Buyers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to an Escrow Agreement between Seller and Escrow. Buyer also agrees that all the interest earned from the funds deposited by Buyers will be credited to Seller.

In case Buyer is late in making payments due under the Sales Contract, the late payment will bear interest at the rate of one percent (1%) per month until paid.

3. All taxes, assessments, and charges of any kind assessable against the Apartment or the land of the Project will be prorated as of the Closing Date. This means that Buyer will have to pay Buyer's share of these taxes and assessments at the Closing Date. In addition, Buyer will be responsible for paying all closing costs in connection with the purchase of the Apartment, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Apartment Deed to Buyer.

4. In addition to all other funds due, Buyer must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the Condominium Association. This start-up fee is an initial contribution to the Association common expenses reserve. The

minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. This amount is separate from the purchase price and closing costs for the Apartment.

5. Buyer may not assign Buyer's rights under the Sales Contract without the prior written consent of Seller. Under no circumstances may Buyer assign Buyer's rights to the Sales Contract after the Preclosing or the Closing Date. If Buyer attempts to assign the Sales Contract without Seller's written consent, Buyer shall be in default under the Sales Contract.

6. The Seller may, at its option, preclose the sale of Apartments by requiring the Buyer to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the Closing Date. Buyer will have ten (10) days notice of the Preclosing. Buyer must deposit all funds other than the proceeds of Buyer's first mortgage loan or the balance of the purchase price for a cash sale with Escrow, including the advanced payment for a maintenance assessment fund. Buyer must also sign all documents required for closing.

7. Buyer shall not be able to occupy the Apartment until the Closing Date, except that if Buyer is the tenant of the Apartment, Buyer shall be entitled to possession of the Apartment pursuant to the terms and provisions of Buyer's lease or rental agreement. Seller or Escrow will notify Buyer of when the Closing Date will take place. Buyer will not be able to take occupancy until all payments required by the Sales Contract have been made. Keys will not be issued for the Apartment unless all payments have been made. If Buyer attempts to take occupancy of the Apartment prior to the Closing Date, then Buyer will be in default of the Sales Contract, and Seller has the right to remove Buyer from the Apartment using any lawful means.

8. By signing the Sales Contract, Buyer represents that Buyer is financially capable of paying the purchase price for the Apartment. Buyer also represents that any financial data he has given Seller is accurate. If Buyer does not notify Seller that Buyer's financial situation has changed as of the Closing Date, Seller will assume that the information Seller has is accurate. If the Seller discovers that any important financial data provided by Seller is not accurate and Buyer failed to notify Seller of this inaccuracy, Seller has the right to cancel the Sales Contract.

If Buyer intends to finance the purchase of an Apartment, Buyer must apply for financing within five (5) days of

the Seller's acceptance of the Sales Contract. Buyer agrees to do everything possible and/or necessary to successfully obtain a loan once applied for. Buyer agrees to immediately provide Seller with a copy of any loan commitment Buyer receives.

If Buyer tries to obtain financing but is unsuccessful in doing so within fifty (50) days after Seller's acceptance of the Sales Contract, Seller may notify Buyer that Seller is cancelling the Sales Contract. Upon cancellation in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and minus any costs incurred by Seller, Escrow, or any lending institution in processing the Sales Contract or the Buyer's loan application(s).

If Buyer is making a cash purchase of an Apartment, Buyer shall provide proof to Seller that Buyer is financially capable of making all payments under the Sales Contract within ten (10) days after Seller accepts the Sales Contract. Seller has the option to terminate the Sales Contract if Seller determines that Buyer is unable to make the required payments. If the Sales Contract is cancelled in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and less an escrow cancellation fee and any other escrow charges incurred by Seller. Seller will give Buyer notice of any such cancellation.

9. If Buyer defaults, Seller may cancel the Sales Contract by notifying Buyer in writing. The Seller may keep any amounts previously paid by Buyer as compensation for Seller's damages. In addition, Seller may also pursue any other appropriate means in order to be compensated for damages incurred by Buyer's default.

If Seller defaults, Buyer is entitled to cancel the Sales Contract and have all of Buyer's money refunded, if the Buyer cannot legally cause the Seller to fulfill Seller's obligations.

If, after the Closing Date for the sale of an Apartment, Buyer claims that Seller has violated certain federal or state securities or disclosure laws, Buyer may cancel the Sales Contract and is entitled to a refund from Escrow of all money Buyer paid to Escrow, together with a statutory rate of interest. Cancellation as described above will be Buyer's only remedy for violations of this nature.

10. By entering into the Sales Contract, Buyer acknowledges that Buyer has never received any information of representations

from Seller or any of Seller's agents regarding rental income from the Apartment or other economic or tax benefits that Buyer may receive from ownership of the Apartment. Buyer further agrees that he or she will not participate in any rental pool for the renting of the Apartment. Buyer may be required to sign documents which satisfy the Seller that no such representations have been made.

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

A copy of the Escrow Agreement between the Developer and Old Republic Escrow Corporation ("Escrow") has been submitted to the Real Estate Commission and is available for inspection at the Real Estate Commission. The Developer will provide a copy of the Escrow Agreement to interested persons upon request. The following is a summary of some of the provisions of the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN 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.

1. A signed copy of each sales contract for an Apartment in the Project must be given to Escrow.
2. All money received by the Developer from buyers under sales contracts for apartments in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits. Any interest earned on funds deposited into Escrow will accrue to the credit of the Developer unless otherwise provided.
3. Escrow may not make any disbursements of funds until certain conditions, including the issuance of a Final Public Report of the Project by the Real Estate Commission, have been met.
4. Under certain conditions, a buyer's funds may be disbursed in order to pay project construction costs.
5. Under certain conditions, a buyer shall be entitled to a refund. Escrow shall pay this refund to the buyer without interest less a reasonable escrow cancellation fee. However, no escrow cancellation fee will be deducted from refunds to individuals on the Developer's owner-occupant reservation list to whom no Sales Contract was ever offered.
6. If a buyer is entitled to a refund, Escrow shall provide the buyer with written notice of the refund and send said notice by registered or certified mail to the buyer's address shown on the sales contract or to the last address which the buyer may have provided to Escrow.

7. If a buyer is to make a payment under a sales contract directly to Escrow, Escrow shall promptly give the buyer notice of the amount and due date of the payment.

END OF EXHIBIT "J"

EXHIBIT "K"

45-691 KENEKE CONDOMINIUM PROJECT

DISCLOSURE ABSTRACT

1. Name and Address of Project:

"45-691 Keneke"
45-691 Keneke Street
Kaneohe, Hawaii 96744

2. Name, Address and Telephone Number of Developer:

William Ramos Madriaga
Ruth Fernandez Madriaga
45-668 Halemuku Way
Kaneohe, Hawaii 96744
(808) 235-8397

3. Maintenance Fees: The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the costs and expenses of the maintenance and operation of a condominium project are difficult to estimate initially, and even if such costs and expenses have been accurately estimated, that such costs and expenses will tend to increase with price increases and the increased age of the Project. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and are subject to revision based on actual costs for the items listed. The costs and expenses can vary depending on the services desired by apartment owners. Each buyer should review the attached Exhibit "A" to see what services are included.

4. Warranties: The Project, the apartments and anything installed or contained in the apartments and/or the project are being sold in their current "AS IS" condition with "ALL FAULTS", without any warranties whatsoever, express or implied, from the Developer. Paragraph G.3 of the Deposit Receipt and Sales Agreement used in connection with the Project provides as follows:

3. "As Is" Condition; Warranties. The Project is a conversion of an existing building constructed in 1962 ("Unit A") and an addition to that building constructed in 1996 ("Unit B"). Seller did not construct Unit A. The Apartment and the Common Elements are being sold and will be transferred in their

current "AS IS" condition with "ALL FAULTS". This means that Seller will not correct any defects in the Apartment, the Project or anything installed or contained therein. Buyer acknowledges that Buyer has inspected the Apartment and the Project. Buyer also acknowledges that Buyer has received and read a copy of the Final Public Report for the Project and all the exhibits attached to it.

It is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR USE OR PURPOSE OR FOR SUFFICIENCY OF DESIGN. SELLER WILL NOT BE LIABLE FOR ANY CONSTRUCTION OR OTHER DEFECTS, INCLUDING ANY LATENT OR HIDDEN DEFECTS IN THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED THEREIN. THIS MEANS THAT NO PERSON WILL HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST SELLER FOR ANY DEFECTS IN THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED THEREIN.

5. Number of Residential Apartments; Use. The Project consists of two (2) residential apartments. Unit A was constructed in 1962 and Unit B was constructed in 1996. The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than thirty (30) days, or (b) any rental in which the occupants of the apartments are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen service, or bellboy service. Except for such transient or hotel purposes, the owners of the respective apartments shall have the absolute right to rent or lease such apartments subject to all provisions of the Declaration of Condominium Property Regime and the By-Laws of the Association of Apartment Owners; provided, however, that no apartment owner may rent or lease less than the entire apartment and any lease or rental agreement shall be in writing. 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-sharing 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, but is not limited to, 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 Developer and all entities, persons and agents related to or affiliated with the Developer, have no program at this time, nor is any program planned or contemplated, to offer a rental service of any kind to the owners of apartments, either individually or in any form of pooling arrangement, nor have any representations been made by the Developer or its agents as to the feasibility of renting the apartments. Owners of apartments who desire to rent their apartments must therefore make their own rental arrangements. Each Buyer hereby acknowledges that use of the apartments for time-sharing is expressly prohibited in the Project.

Neither the Developer nor its agents have made any representation regarding either economic benefits to be derived from rentals or tax treatment of any owner of an apartment. The tax treatment and economic benefits may vary with individual circumstances and the Developer, and its agents, recommend that Buyer consult Buyer's own attorney, accountant or other tax advisor for advice regarding appropriate tax treatment.

Each apartment owner hereby acknowledges that the Developer has not authorized any agents, salesmen or brokers for the Project to make any representations as to rentals of an apartment, income from an apartment or any other economic benefit to be derived from the rental of an apartment in said Project, and if any such representations are made, they are hereby expressly disclaimed by the Developer.

6. Extent of Non-Residential Development. The Declaration of Condominium Property Regime for the Project does not authorize any commercial or non-residential use in the Project.

7. Existing Structures. The current condition of the Unit A, the structural components and the mechanical and electrical installations material to the use and enjoyment of Unit A are described in a report from an engineer attached

hereto as Exhibit "B". The report states that Unit A appears to be in good condition considering the age of Unit A.

The Developer does not represent or warrant that the report attached as Exhibit "B" is correct or complete. The report should not be relied upon as the opinion of the Developer. No representations or warranties are made by the Developer with respect to the current condition of the Project or expected useful life of the structural components or the mechanical and electrical installations in the Project.

Because the Project is being converted from an existing building and the apartments are being sold in their current "AS IS" condition with "ALL FAULTS", Buyers should carefully review this Disclosure Abstract and the attached Exhibit "B" in its entirety. Furthermore, Buyers should inspect the Project or have the Project inspected by Buyer's own experts to Buyer's complete satisfaction.

8. Notices. As of July 3, 1995, no outstanding notices of uncured violations of building code or other municipal regulations exist.

9. Compliance with Codes. To Developer's knowledge, information and belief, based upon a letter from the Building Department of the City and County of Honolulu attached hereto as Exhibit "C", Unit A of the Project was in compliance with all zoning and building ordinances and codes of the City and County of Honolulu in force at the time of their construction and no variances or special permits were granted to allow deviations from any applicable codes. The Building Department cannot determine whether the Project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.


WILLIAM RAMOS MADRIAGA


RUTH FERNANDEZ MADRIAGA

Dated: May 21st, 1996.

EXHIBIT A

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>
A	\$55.00 x 12 = \$660.00
B	\$55.00 x 12 = \$660.00

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

ROY A. NODA, ENGINEER
P. O. Box 90969
Honolulu, Hawaii 96835-0969

ENGINEER'S CERTIFICATION

The undersigned, being a licensed engineer in the State of Hawaii, and bearing Registration Number 5301-S, has inspected Unit "A" of the 45-691 KENEKE condominium project, located at 45-691 Keneke Street, Kaneohe, Hawaii 96744, Tax Map Key, 1st Division, 4-5-72:72.

Unit "A" consists of three (3) bedrooms, one and one-half (1-1/2) bathrooms, living room, dining room, kitchen and laundry room. The apartment was constructed in 1962.

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and my findings are as follows:

1. The systems and components, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age thereof for the apartment and appears to be in good sound condition.
2. Without conducting invasive examinations of covered plumbing, electrical and structural components, the apartment appears to be constructed in conformity with the City and County of Honolulu Land Use ordinances, Building Code and Rules and Regulations applicable to the construction at the time of construction thereof for Unit "A". The apartment meets present Building Codes.
3. No representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installations material to the use and enjoyment of the condominium units.
4. The apartment is in compliance with all zoning and building ordinances and codes applicable to the apartment and that no variances have been granted to achieve such compliance.

EXHIBIT "B"

THIS IS NOT A WARRANTY OF COMPLIANCE WITH ALL CODES, RULES AND REGULATIONS, ONLY A WARRANTY THAT INSPECTION WAS MADE AND NO APPARENT VIOLATIONS APPEAR TO EXIST. NO RIGHT SHALL ACCRUE TO ANY THIRD PARTY FOR SUBSEQUENT DISCOVERY OF ANY PROBLEMS WITH CODE COMPLIANCE OR FOR FUTURE CHANGES IN SUCH CODES.

DATED: Honolulu, Hawaii, JUNE 14, 1996.



ROY A. NODA, Registered
Professional Engineer No.
5301-S

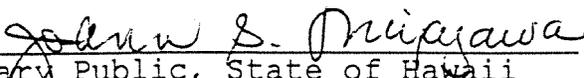
STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

ROY A. NODA, being first duly sworn on oath, deposes and says: that he is a Registered Engineer No. 5301-S in the State of Hawaii; that he has read the foregoing certificate, knows the contents thereof and that the same is true and correct.



ROY A. NODA
License No. 5301-S

Subscribed and sworn to before me
this 14th day of June, 1996.



Notary Public, State of Hawaii

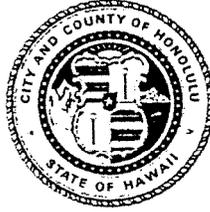
My commission expires: 3/5/98

L.S.

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

Ex95-74

July 3, 1995

Ms. Caroline S. Otani
Rush Moore Craven Sutton
Morry & Beh
Attorneys at Law
20th Floor, Hawaii Tower
745 Fort Street
Honolulu, Hawaii 96813

Dear Ms. Otani:

Subject: Condominium Conversion Project
45-691 Keneke Street
Tax Map Key: 4-5-72: 72

This is in response to your letter dated May 11, 1995 requesting verification that the one-story single-family dwelling located at 45-691 Keneke Street met all applicable code requirements at the time of construction.

Investigation revealed that the single-family dwelling with at least two off-street parking spaces met all applicable code requirements when it was constructed in 1962.

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

No variances or special permits were granted to allow deviations from any applicable codes.

EXHIBIT "C"

Ms. Caroline S. Otani
July 3, 1995
Page 2

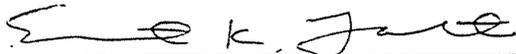
If you have any questions regarding this matter, please
contact Mr. Ivan Matsumoto of this office at telephone 527-6341.

Very truly yours,



RANDALL K. FUJIKI
Director and
Building Superintendent

Subscribed and sworn to
before me this 5th day of
July, 1995.



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