

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Brian Masami Shigemoto and Joan Masako Shigemoto
Address 5037 Maunalani Circle, Honolulu, Hawaii 96816

Project Name(*): "2801-M LA'I ROAD"
Address: 2801-M La'i Road, Honolulu, Hawaii 96816

Registration No. 3591
(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)

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:

SPECIAL ATTENTION

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

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

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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: Brian Masami Shigemoto and
Joan Masako Shigemoto Phone: (808) 732-3636
Name (Business)
5037 Maunalani Circle
Business Address
Honolulu, Hawaii 96816

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

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

Business Address

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

General
Contractor: Carl Y. Nakasone dba Phone: (808) 622-5114
Name Pacific Home Builders (Business)
52 Mango Street
Business Address
Wahiawa, Hawaii 96786

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

Business Address

Attorney for
Developer: VERNON T. TASHIMA, ESQ. Phone: (808) 521-2951
Name (Business)
220 South King Street, Suite 888
Business Address
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2324790

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

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 1160

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2324791

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	---	approved by <u>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:

To grant, adjust easements; to file "as built" amendment; changing parking stalls; to comply with governmental and mortgagee requirements.

The Developer reserves the right to add to, delete from, and/or modify the project or any part thereof, including without limitation, the right to merge with other projects, or by adding later phases to the project. For such purposes, the Declaration may be amended by the Developer with the consent of any mortgagee or lienholder of the project, or any part thereof, that is affected by any of the foregoing.

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: 2801-M La'i Road Tax Map Key: (1) 3-4-021:025
Honolulu, Hawaii 96816 (TMK)

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

Land Area: 6.660 [] square feet [X] acre(s) Zoning: AG-2

Fee Owner : Brian Masami Shigemoto and Joan Masako Shigemoto

Name

5037 Maunalani Circle

Address

Honolulu, Hawaii 96816

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: 2 Floors Per Building Unit 1 - 1 floor; Unit 2 - 2 floors

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input 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 checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" 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: _____
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit 2:2 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>Unit 1</u>	<u>1</u>	<u>3 / 1½</u>	<u>1,785</u>	<u>0</u>
<u>Unit 2</u>	<u>1</u>	<u>5 / 5</u>	<u>4,072</u>	<u>513</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:

Each unit is a detached unit; therefore, the boundaries are the perimeter walls of each unit.

Permitted Alterations to Apartments:

Alterations of an apartment may be made without the approval of the Board of Directors, but the written consent of the holders of all liens affecting the apartment.

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)	Unit 1: 2 covered						Unit 1: 2
	Unit 2: 4 covered						Unit 2: 4
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>6</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):

Unit 1: (more than five (5) years old), water and cesspool lines in operating condition; electrical to be in operating condition; no visible evidence of unstable structural components. No representation as to useful life.

Unit 2: Not applicable.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit "A" .

as follows:

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

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

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

[] described in Exhibit _____.

[X] as follows:

Each unit will have, as a limited common element, the ground upon which it is located and a portion of the surrounding yard space as follows:

Unit 1	2.22 acres
Unit 2	4.44 acres

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

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

[] described in Exhibit _____.

[X] as follows:	Unit 1	50%
	Unit 2	50%
	Total	100%

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 "B" describes the encumbrances against the title contained in the title report dated July 11, 1996 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [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 in favor of Western Farm Credit Bank, a Calif. corp., dated July 27, 1993 and filed as Land Court Document No. 2101299, which said mortgage was assigned to Federal Land Bank Assn of Hawaii, FLCA, a federally chartered corp., dated effective July 1, 1995 and filed as Document No. 2256923.	<p>The Buyer's deposit shall be returned. The Buyer may lose all rights to acquire the apartment.</p> <p>Further, should Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover the deposit moneys.</p>

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:**

Unit 2 has a one-year contractor's warranty from the date of completion (January 15, 1997).

2. **Appliances:**

Unit 1: appliances have no warranties.
 Unit 2: will be unfurnished (to be furnished by purchaser).

G. Status of Construction and Estimated Completion Date:

Unit 1: Unit 1 was constructed in 1962.

Unit 2: Construction will be completed by January 15, 1997.

H. Project Phases:

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

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

The Developer reserves the right to add to, delete from, and/or modify the project or any part thereof, including without limitation, the right to merge with other projects, or by adding later phases to the project. For such purposes, the Declaration may be amended by the Developer with the consent of any mortgagee or lienholder of the project, or any part thereof, that is affected by any of the foregoing.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit "E" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated July 20, 1995

Exhibit "D" 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.
 - 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. 3591 filed with the Real Estate Commission on July 30, 1996

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C. Additional Information Not Covered Above

Disclosure re: Selection of Real Estate Broker

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

If the Developers, as the owners, represent themselves, no abstract need be given to the purchaser, as all necessary disclosures are covered in this report.

EXHIBIT "A"

COMMON ELEMENTS

The common element will include the limited common elements and all other portions of the land and improvements other than the apartment, the land on which it is located and all elements mentioned in the Condominium Property Act which are actually constructed on the land herein described, and specifically shall include, but are not limited to:

- a) Land herein described in Exhibit "A" [attached to the Declaration] in fee simple.
- b) All yards, boundary walls, if any, grounds and landscaping.
- c) All walkways, sidewalks, pathways, parking areas and driveway, if any.
- d) All electrical equipment, wiring and other appurtenant installations, including power and light, water, sewer and gas lines; all pipes, wires, conduits or other utility or service lines, including TV cable, if any, which are utilized by or serve all of the buildings.

END OF EXHIBIT "A"

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes, that may be due and owing. Reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. All easements in the State of Hawaii of rights-of-way for pipe lines now constructed through the property registered and also all rights of way for any pipe lines that may be constructed through such property, the said rights-of-way being the same as those granted by Deed dated January 15, 1913, recorded in Liber 388 at Page 37.
4. An easement for right-of-way across the land registered in the State of Hawaii as a means of access to the Government Forest Reserve lying along the mauka boundary of said land.
5. AS TO LOT 21: An easement for a right-of-way in the State of Hawaii for a 20 foot road through said land from Government Homestead Lots 18 and 19.
6. AS TO LOTS 21 AND 25: An easement in favor of Lot A of said Application, as contained in DEED dated October 10, 1945, filed as Land Court Document No. 80852.
7. AS TO LOT 20: A dominant easement for a right-of-way in W. L. Howard, his heirs and assigns as an adjoining owner across that certain road shown on the map.
8. AS TO LOTS 20 TO 25, INCLUSIVE:
 - (A) Grant to HAWAIIAN ELECTRIC COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED dated February 19, 1948, filed as Land Court Document No. 99703 in granting an easement for utility purposes.
 - (B) Rights of others who own undivided interest(s) in the land described for rights of way, as shown on said Map 3 of Exhibit "A".
9. GRANT to HAWAIIAN ELECTRIC COMPANY, INC., and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED dated August 3, 1962, filed as Land Court Document No. 295124 in granting an easement for utility purposes across Lot 6.

10. MORTGAGE made by BRIAN MASAMI SHIGEMOTO and JOAN MASAKO SHIGEMOTO, Mortgagor, in favor of WESTERN FARM CREDIT BANK, a California corporation, Mortgagee, dated July 27, 1993, filed as Land Court Document No. 2101299, which said mortgage was assigned to FEDERAL LAND BANK ASSOCIATION OF HAWAII, FLCA, a federally chartered corporation, dated and effective July 1, 1995, filed as Land Court Document No. 2256923.

By PARTIAL RELEASE OF MORTGAGE, dated February 16, 1996, filed as Land Court Document No. 2295509, said above MORTGAGE has been partially released as to an undivided one-seventy sixth (1/76) interest in Lots 21 and 25 described herein.

11. Declaration of Condominium Property Regime of "2801-M LA'I ROAD" dated July 15, 1996 and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2324790.
12. The By-Laws of the Association of Apartment Owners of said Project dated July 15, 1996 and filed in said Assistant Registrar of Land Court as Document No 2324791.
13. Condominium Map No. 1160.

END OF EXHIBIT "B"

EXHIBIT "C"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

ESTIMATE OF INITIAL MAINTENANCE FEES:

Apartment

Monthly Fee x 12 months = Yearly Total

\$ 0 per unit - \$ 0

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

EXHIBIT "C"

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

Monthly x 12 months = Yearly Total

UTILITIES & SERVICES

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

Maintenance, Repairs and Supplies

Building	\$ _____	\$ _____
Grounds & Roadway Maintenance	\$ 20.00	\$ 240.00

Management

Management Fee	\$ _____	\$ _____
Payroll and Payroll Taxes	\$ _____	\$ _____
Office Expenses/Admin	\$ _____	\$ _____

Insurance	\$ _____	\$ _____
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Reserves (*)

Taxes and Government Assessments	\$ _____	\$ _____
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Audit Fees	\$ _____	\$ _____
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Other	\$ _____	\$ _____
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TOTAL		\$ 240.00
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I, Joan M. Shigemoto, one of the developers, for the condominium project "2801-M LA'I ROAD", hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Joan M. Shigemoto

(*) Mandatory reserves in effect January 1, 1993

Date: 7/15/96

EXHIBIT "D"

SUMMARY OF THE PROVISIONS
OF THE ESCROW AGREEMENT

Among other provisions of the Escrow Agreement, the Agreement provides that:

Disbursement from the escrow fund may be made to pay for construction costs upon certification and approval for payment by an architect or engineer, and approved by Seller's lender. However, the agreement further provides that no disbursement of Purchaser's funds shall be made until (a) Escrow is notified by Seller that Real Estate Commission has issued an effective date for a Final Public Report, superseding all prior reports, on the project and that each purchaser has been given a copy of said Final Public Report; (b) purchaser executes the form of Receipt for Public Report and Notice of Right to Cancel and waives his right to cancel; and (c) the completion of construction of the project and the forty-six day lien period has expired or Seller has posted a Surety Bond or submits title insurance with lien waivers.

Further, Purchaser shall be entitled to a refund of Purchaser's funds, and Escrow shall pay the funds to Purchaser, without interest and less Escrow's cancellation fee upon receipt by Escrow of a written request from Seller to return to Purchaser the funds of such Purchaser then held hereunder by Escrow.

Subject to such deduction as may be provided in the Sales Contract, and an escrow cancellation fee, the purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to the purchaser, without interest, upon purchaser's written request, and, if any, one of the following events has occurred:

(a) Seller has instructed Escrow in writing to return to the purchaser the funds of the purchaser then being held hereunder by Escrow; or

(b) Seller has notified Escrow in writing of the Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated herein or otherwise available to the seller; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Public Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; and, upon any such cancellation, purchaser shall be entitled to a prompt refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended, or

(e) If, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes:

i) no sales contract is offered to purchaser who was placed on the Developer's reservation list of owner-occupants, or upon a request from a person who is on the final reservation list but who has elected not to execute a sales contract; or

ii) the purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within fifty (50) calendar days following the end of the ten (1) calendar-day period during which the Developer is limited to selling to owner-occupants.

Upon the return of said funds to the purchaser as aforesaid, Escrow shall return to seller such purchaser's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract. Other documents delivered to Escrow relating to the sale of the units identified in such Sales Contracts will be returned to the person from whom or entity from which they were received.

(f) In the event of default of the purchaser, purchaser's initial deposits shall be retained by Seller, as liquidated damages.

END OF EXHIBIT "D"

EXHIBIT "E"

SUMMARY OF SALE CONTRACT

The pertinent provisions of the Hawaii Association of Realtor's Standard Form DROA, being the sale contract for this project are as follows:

1) Warranty Deed:

Seller agrees to convey the property with warranties, free and clear of encumbrances except certain matters of records which do not materially affect the value of the property.

2) In case of default:

A. By Buyer: Seller may (a) bring action for damages for breach of contract; (b) retain the initial deposit and all additional deposits provided for herein, as liquidated damages; and (c) Buyer shall be responsible for any cost incurred in accordance with the contract.

B. By Seller: Buyer may (a) bring action against Seller for damages for breach of contract; (b) file and maintain an action against Seller for specific performance of this contract; and (c) Seller shall be responsible for any cost incurred in accordance with this contract.

3. Time is of the Essence:

This contract provides that if either Seller or Buyer cannot perform his obligation for reasons beyond his control by the closing date, the closing date may be extended for not more than 30 days, by giving escrow notice in writing.

END OF EXHIBIT "E"