

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Joseph L. Carini, as Trustee under unrecorded Trust Agreement of the Developer "Joe A. Reynolds Revocable Living Trust" dated May 6, 1994 Address 3543 Nuuanu Pali Drive, Honolulu, Hawaii 96817

Project Name(*): Kanoelani Nu'uanu Address: 3539 and 3543 Nuuanu Pali Drive, Honolulu, Hawaii 96817

Registration No. 3715 (Conversion) Effective date: May 8, 1997 Expiration date: June 8, 1998

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. 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 government 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 FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Joseph L. Carini, as Trustee under unrecorded Trust Agreement of the "Joe A. Reynolds Revocable Living Trust" dated May 6, 1994 Phone: (808) 595-2807
Name (Business)
3543 Nuuanu Pali Drive
Business Address
Honolulu, Hawaii 96817

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

N/A

Real Estate Broker: Neil P. Petagno (B) Phone: (808) 538-0033
Name (Business)
401 Kamakee Street, Third Floor
Business Address
Honolulu, Hawaii 96814

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 532-6150
Name (Business)
333 Queen Street, Suite 500
Business Address
Honolulu, Hawaii 96813

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

Business Address

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

Business Address

Attorney for Developer: Cades Schutte Fleming & Wright Phone: (808) 521-9200
Name (Business)
1000 Bishop Street
Business Address
Honolulu, Hawaii 96813
Attn: Jeffrey D. Watts, Esq.

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2370140

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. 1188

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. 2370141

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

* The percentage 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:

Please 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: 3539 and 3543 Nuuanu Pali Drive Tax Map Key: (1) 2-2-50-14
Honolulu, Hawaii 96817 (TMK)

Address TMK is expected to change because _____

Land Area: approx. 21,419 [xx] square feet acre(s) Zoning: R-10 (Residential)

Fee Owner: Joseph L. Carini, as Trustee under unrecorded Trust Agreement of the
"Joe A. Reynolds Revocable Living Trust" dated May 6, 1994
 Name
3543 Nuuanu Pali Drive
 Address
Honolulu, Hawaii 96817

Sublessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 2 (Apt.A), 1 (Apt.B)

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Block Hollow Tile Wood

Other Plaster; asphalt shingles

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined 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:

[xx] Pets: Only household pets in reasonable numbers permitted (see Section 10.7 of Bylaws)

[] Number of Occupants: _____

[xx] Other: Various restrictions on use contained in Deed dated October 11, 1924, recorded as Land Court Document No. 6471, more particularly described on page 20 of this Public Report.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 (exterior Apt. A) 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>A</u>	<u>1</u>	<u>2/3</u>	<u>1561 (+145 garage)</u>	<u>266</u>
<u>B</u>	<u>1</u>	<u>2/1</u>	<u>1479</u>	<u>585</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:

See Exhibit B

Permitted Alterations to Apartments:

See Exhibit C

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit E.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit E.

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 an undivided 50% common interest. This apportionment is based upon the number of Apartments in the Project and is intended to ensure that each Apartment Owner shall have an equal vote in all matters concerning the operation and administration 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 F describes the encumbrances against the title contained in the title report dated February 6, 1997 and issued by Long & Melone, Ltd..

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.

[xx] 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 deposit would be returned (less escrow cancellation fee) and Buyer would have no further interest in the Project.

F. Construction Warranties:

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

1. Building and Other Improvements:

None. See Exhibit G

2. Appliances:

None. See Exhibit G

G. Status of Construction and Estimated Completion Date:

Construction of the Apartments was completed in 1922 and 1924.

H. Project Phases:

The developer [] has [xx] 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):

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

Notice to Owner Occupants N/A

Specimen Sales Contract

Exhibit I contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated December 16, 1996

Exhibit I 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. N/A
 - 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 part of Registration No. 3715 filed with the Real Estate Commission on March 14, 1997.

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

yellow paper stock

white paper stock

pink paper stock

C. Additional Information Not Covered Above:

1. The Project is subject to the following covenants contained in that certain Deed, dated October 11, 1924, recorded in the Land Court as Document No. 6471:

That at no time shall any building or structure, or any part thereof, except a boundary fence or wall not more than two and one-half (2½) feet high, be erected or placed or allowed to be or remain on the said lot or parcel of land within twenty-five (25) feet of Nuuanu Street;

That at no time shall any building, or any part thereof, except out-buildings, be erected or placed or allowed to be or remain upon the said lot or parcel of land unless such building shall cost or have cost, exclusive of such out-buildings, at least Three Thousand Dollars (\$3,000);

That at no time shall the said lot or parcel of land or any building thereon be occupied or used in whole or in part as, or for the purpose of carrying on, a hotel, tavern, boarding house, tenement house, saloon, restaurant, barber shop, public laundry, hospital, sanitarium, asylum, poor house, prison, jail, charitable institution, place of public resort, bakery, candy shop or factory, poi shop or factory, butcher shop, slaughter-house, dairy, livery stable, public garage, machine shop, foundry, smith or tin shop, tannery, brewery, distillery, soap factory, store of any kind, or for the purpose of carrying on any trade, business or profession, the exercise, conduct or pursuit of which shall be noxious, offensive or dangerous to the neighboring inhabitants;

That no malt, vinous, spiritous or intoxicating liquors of any kind shall ever be sold or exposed for sale or manufactured on the said premises or any part thereof.

2. The sale of each Apartment in the Project is subject to the prior approval of the Circuit Court of the First Circuit, State of Hawaii, pursuant to ORDER RE GUARDIAN OF THE PROPERTY'S PETITION FOR INSTRUCTIONS TO CONVERT REAL PROPERTY TO CONDOMINIUM PROJECT FILED OCTOBER 14, 1993, filed with the Clerk of the First Circuit Court, State of Hawaii, on February 4, 1994 in G. No. 91-0137, and no sales contract for the purchase and sale of either Apartment shall become binding on the seller unless and until such Court approval is first obtained. Prospective buyers are urged to read very carefully paragraph C-67 of the Sales Contract for more information about this contingency.

3. Based upon a report dated June 17, 1996, prepared by Henry E. Reese, AIA, a Hawaii Registered Architect, a copy of which is attached hereto as Exhibit "D", the developer states that, to the best of the developer's knowledge and belief:

a. The structural components of the buildings located on the property appear to be in poor condition.

b. The mechanical and electrical installations material to the use and enjoyment of the property appear to be in fair condition, with the following exceptions: The plumbing at the ground floor of Apartment "A" does not operate. The electrical lines at Apartment "A" are in poor condition.

The developer makes no representations as to the expected useful life of each of the foregoing items.

The developer further discloses that both apartments in the Project appear to have suffered extensive termite damage and one of the walls of Apartment "B" exhibits significant water damage.

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

Joseph L. Carini, as Trustee under unrecorded Trust Agreement of the
"Joe A. Reynolds Revocable Living Trust" dated May 6, 1994

Name of Developer

By: _____

Duly Authorized Signatory

February 12, 1997

Date

Joseph L. Carini, Trustee as aforesaid

print name & title of person signing above

Distribution:

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

EXHIBIT "A"

KANOELANI NU'UANU

DEVELOPER'S RESERVED RIGHTS

The Developer has reserved the following rights under the Declaration:

1. Amendments Generally. At any time prior to the first recording of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory hereto, the Developer may amend the Declaration (including all exhibits), the Condominium Map and the Bylaws in any manner, without the consent or joinder of any Apartment purchaser or any other party. Notwithstanding the lease, sale or conveyance of any of the Apartments, the Developer may amend the Declaration (and when applicable, any exhibits to the Declaration and the Condominium Map) to file the "as-built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict the layout, location, Apartment numbers, and the dimensions of the Apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the Apartments as built or any change in the Apartment number.

2. Amendments Required by Law, Lenders, Title Insurers, Etc. For so long as the Developer retains any interest in an Apartment in the Project, the Developer shall have the right (but not the obligation) to amend the Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to an Apartment or substantially change the design, location or size of an Apartment shall be made without the consent of all persons having an interest in such Apartment.

EXHIBIT "B"

KANOELANI NU'UANU

BOUNDARIES OF APARTMENTS

Except as otherwise provided in the Declaration, each Apartment shall be deemed to consist of the entire Building in which the Apartment is located, including:

(a) the outside surfaces of the Building (including the roof), the concrete slab underlying the Building, all eaves, awnings, rain gutters and drain pipes attached to the Building;

(b) all perimeter and interior walls and partitions, both loadbearing and non-loadbearing;

(c) all doors and door frames, windows and window frames comprising part of the Building;

(d) all decks, lanais, patios, porches, steps, stairs or other components physically attached to the Building and for the exclusive use of the Building and its occupants;

(e) all portions of any carport or garage attached to the Building or located on the Dwelling Lot appurtenant to the Apartment and for the exclusive use of the occupants of the Apartment;

(f) the air space within the Building's perimeter walls, floor and roof;

(g) all ducts, pipes, wires and conduits within the Building which serve only that Building; and

(h) all fixtures originally installed therein.

Each Apartment shall not be deemed to include any pipes, wires, ducts, conduits or other utility or service lines running through the Apartment's Building which are utilized by or serve more than one Apartment.

EXHIBIT "C"

KANOELANI NU'UANU

PERMITTED ALTERATIONS TO APARTMENTS

Pursuant to section 8.3 of the Bylaws, each Apartment Owner shall have the right, at his sole option at any time and without the consent of anyone other than the holders of all mortgages affecting his Apartment, to improve, renovate, remodel, make additions to, enlarge, remove, replace, or restore the Apartment or portions thereof (collectively, the foregoing are referred to as "changes"), subject to the following conditions:

(a) All building plans for any such changes shall be prepared by a licensed architect or professional engineer and shall conform with building and zoning laws and all other applicable State, City, County and federal laws or ordinances.

(b) The value of the Apartment after such changes shall not be less than the value before such changes.

(c) No change to an Apartment will be made outside the Dwelling Lot which is appurtenant to the Apartment; no change will affect any common element or limited common element other than limited common elements appurtenant to such Apartment, unless the Owner first obtains the written consent of the other Apartment Owners; no change will reduce the distance between improvements placed on each Dwelling Lot to less than what it was originally as shown on the Condominium Map (unless the owner of such other improvements consents); and no change to an Apartment will be made if the effect of such change would be to exceed the Apartment's proportionate share of the allowable floor area or lot area coverage for the Property, as defined by the Land Use Ordinance of the City and County of Honolulu in effect when the change is to be made. The area of Apartment A's Dwelling Lot equals approximately twelve percent (12%) of the total land area of the Project, and the area of Apartment B's Dwelling Lot equals approximately eighty-eight percent (88%) of the total land area of the Project. Therefore, the proportionate share of allowable floor area or lot area coverage for Apartment A shall be twelve percent (12%), and the proportionate share of allowable floor area or lot area coverage for Apartment B shall be eighty-eight (88%).

(d) All such changes shall be at the expense of the Apartment Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Apartment Owners' use of their Apartment or Dwelling Lot.

(e) During the entire course of construction, the Apartment Owner making such change will cause to be maintained at

his expense builder's all-risk insurance in an amount not less than 100% of the estimated cost of construction. The Association and any Apartment mortgagee who so requires shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its managing agent, if any.

(f) Prior to commencement of the construction of a change, and as a condition thereto, the Apartment Owner making such change shall give reasonable assurance to the Association of the Owner's financial ability to complete and to pay for the change.

(g) The Owner of the changed Apartment shall have the right to utilize, relocate, and realign existing and/or to develop additional central and appurtenant installations for services to the Apartment affected by such change for electricity, sewer and other utilities and services and, when applicable, to add, delete, relocate, realign, designate, and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall neither cause any interruption in the service of such utilities to any other part of the Project nor adversely affect the value of any Apartment in the Project.

(h) Promptly upon completion of any changes permitted under Section 8.3 of the Bylaws, the Owner of the changed Apartment, at such Owner's sole cost and expense and without the consent or joinder of any other person, shall duly record an amendment to this Declaration, together with a complete set of the floor plans of the affected portion of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Apartment Owners and all future Apartment Owners and their mortgagees, by accepting an interest in an Apartment, shall be deemed to have given each Apartment Owner a Power of Attorney to execute an amendment to the Declaration and the Condominium Map solely for the purpose of describing the changes to his respective Apartment so that each Apartment Owner shall hereafter have a Power of Attorney from all the other Apartment Owners to execute such amendment to the Declaration and the Condominium Map. This Power of Attorney shall be deemed coupled with each Owner's interest in his Apartment (including his common interest) and shall be irrevocable.

(i) Each and every conveyance, lease and mortgage or other lien made or created on any Apartment and all common interests and other appurtenances thereto shall be subject to the provisions of Section 8.3 of the Bylaws and any lease of an Apartment shall reserve to all Apartment Owners the rights set forth in said Section 8.3.

HANK REESE ARCHITECTS

P.O. BOX 22771 HONOLULU, HAWAII 96823
TEL: (808) 533-0636 FAX: (808) 526-3463

June 17, 1996

CADES SCHUTTE FLEMING & WRIGHT
1000 Bishop Street
Honolulu, Hawaii 96813

Attention: Jeffrey D. Watts, Esq.

RE: Kanoelani Nu'uuanu Condominium Conversion
TMK: 2-2-50:14

Dear Mr. Watts:

In accordance with your request, I carried out an inspection of the above noted property on September 8, 1995.

The following report is a professional opinion based on a physical inspection of visible elements in readily accessible areas as they appeared at the time of inspection. The purpose of the inspection was to provide you with a description of the condition, as of the date of inspection, of all structural components and mechanical and electrical installations at the property material to the property's use and enjoyment. The opinions in this letter contain no warranty, expressed or implied, and are given solely to facilitate your client's compliance with the requirements of Hawaii's condominium law.

The structural components of the buildings located on the property appear to be in poor condition with the following exceptions: None.

The mechanical and electrical installations material to the use and enjoyment of the property appear to be in fair condition, with the following exceptions: The plumbing at the ground floor of Building "A" does not operate. The electrical lines at Building "A" are in poor condition.

Yours truly,



Henry E. Reese, AIA
Registered Professional Architect, No. 1750

EXHIBIT "E"

KANOELANI NU'UANU

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Pursuant to the Declaration, the common elements and limited common elements are as follows:

1. Common Elements. The common elements include, but are not limited to:

- (a) The land of the Project, in fee simple;
- (b) The limited common elements described below;
- (c) All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Apartments and which are utilized for or serve more than one Apartment;
- (e) All pipes, wires, ducts, conduits or other utility or service lines running through an Apartment which are utilized by or serve more than one Apartment; and
- (f) All improvements within the Project which are not part of any Apartment.

2. Limited Common Elements. Certain of the common elements are set aside and reserved for the exclusive use of certain of the Apartments, and each Apartment shall have appurtenant thereto exclusive easements for the use of all limited common elements set aside and reserved for such Apartment's exclusive use.

The limited common elements appurtenant to and for the exclusive use of Apartment A are as follows:

- (a) Apartment A's Dwelling Lot, consisting of the land immediately underlying and surrounding Apartment A and having an area of approximately 2,458 square feet, together with all walls, trees, shrubs, plants and landscaping situated therein;
- (b) The mailbox designated by the mailing address for Apartment A; and
- (c) All driveways, parking areas (excluding the garage, which is part of Apartment A), paths, walkways and other facilities and improvements located on Apartment A's Dwelling Lot.

Apartment A has two (2) uncovered limited common element parking spaces located on its Dwelling Lot.

The limited common elements appurtenant to and for the exclusive use of Apartment B are as follows:

(a) Apartment B's Dwelling Lot, consisting of the land immediately underlying and surrounding Apartment B and having an area of approximately 18,961 square feet, together with all walls, trees, shrubs, plants and landscaping situated therein;

(b) The mailbox designated by the mailing address for Apartment B; and

(c) All driveways, parking areas, paths, walkways and other facilities and improvements located on Apartment B's Dwelling Lot. Apartment B has one (1) covered and two (2) uncovered limited common element parking spaces located on its Dwelling Lot.

Any other common element of the Project which is rationally related to only one Apartment shall be deemed a limited common element appurtenant to and for the exclusive use of such Apartment.

EXHIBIT "F"

KANOELANI NU'UANU

ENCUMBRANCES AGAINST TITLE

That certain Preliminary Report, dated February 6, 1997, issued by Long & Melone, Ltd., discloses the following encumbrances against title affecting the Project:

1. "The right of the State of Hawaii, Mrs. Jane Mist, Mrs. Mary Dowsett and Mrs. M. E. G. Williams and their tenants to take water from sundry auwais or ditches which convey water over said land to land owned by them not being determined in the matter of the registration of this land, such easements, if any, are expressly excluded from this title.", as shown on Transfer Certificate of Title No. 438,869.
2. Any adverse claim based upon the assertion that:
 - a) Said land or any part thereof is now or at anytime has been below the ordinary highwater mark of the Nuuanu Stream and other auwais, if any.
 - b) Some portion of said land has been created by artificial means or has accreted to such portion so created.
 - c) Some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Nuuanu Stream and other auwais, if any, or has been formed by accretion to any such portion.
3. Rights of others thereto entitled in and to the continued uninterrupted flow of the Nuuanu Stream and other auwais, if any.
4. Covenants contained in Deed dated October 11, 1924, filed as Land Court Document No 6471, to-wit:

That at no time shall any building or structure, or any part thereof, except a boundary fence or wall not more than two and one-half (2½) feet high, be erected or placed or allowed to be or remain on the said lot or parcel of land within twenty-five (25) feet of Nuuanu Street;

That at no time shall any building, or any part thereof, except out-buildings, be erected or placed or allowed to be or remain upon the said lot or parcel of land unless such building shall cost or

have cost, exclusive of such out-buildings, at least Three Thousand Dollars (\$3,000);

That at no time shall the said lot or parcel of land or any building thereon be occupied or used in whole or in part as, or for the purpose of carrying on, a hotel, tavern, boarding house, tenement house, saloon, restaurant, barber shop, public laundry, hospital, sanitarium, asylum, poor house, prison, jail, charitable institution, place of public resort, bakery, candy shop or factory, poi shop or factory, butcher shop, slaughter-house, dairy, livery stable, public garage, machine shop, foundry, smith or tin shop, tannery, brewery, distillery, soap factory, store of any kind, or for the purpose of carrying on any trade, business or profession, the exercise, conduct or pursuit of which shall be noxious, offensive or dangerous to the neighboring inhabitants;

That no malt, vinous, spiritous or intoxicating liquors of any kind shall ever be sold or exposed for sale or manufactured on the said premises or any part thereof.

5. The terms, provisions, conditions and restrictions contained in Order Re Guardian of the Property's Petition for Instructions to Convert Real Property to Condominium Project filed October 14, 1993, filed in the Circuit Court of the First Circuit, State of Hawaii, on February 4, 1994, in G. No. 91-0137, which also includes the following:

"Any petition for approval of sale of real property shall be submitted to the Court following completion of the conversion of the property to a condominium project, and simultaneous with or following any filing of a petition for authority to sell real property."

6. Terms, covenants, conditions, reservations and restrictions contained in that certain unrecorded Joe A. Reynolds Living Trust Agreement dated May 6, 1994.
7. Any invalidity or defect in the title of the vestee(s) in the event that the trust is invalid or fails to grant sufficient powers to the trustee(s) or in the event there is a lack of compliance with the terms and provisions of the trust instrument.

8. Mortgage, Security Agreement and Financing Statement, dated June 2, 1994, in favor of First Hawaiian Creditcorp, Inc., recorded in the Land Court as Document No. 2153532.
9. Financing Statement, dated March 3, 1994, recorded in the Bureau of Conveyances as Document No. 94-037751.
10. Financing Statement Change, dated June 19, 1995, recorded in the Bureau of Conveyances as Document No. 95-079563.
11. The effect of Order Appointing Guardian of the Property filed November 26, 1991 in the Circuit Court of the First Circuit with Guardianship No. 91-0137, dated November 26, 1991, recorded as Land Court Document No. 2184716. Appoints Joseph Lawrence Carini as Guardian of the Property of Joe A. Reynolds, Protected Person.
12. Mortgage, Security Agreement and Financing Statement, dated August 2, 1996, in favor of First Hawaiian Creditcorp, Inc., recorded in the Land Court as Document No. 2328140.
13. Real property taxes as may be due and owing. Refer to the Office of the Tax Assessor, City and County of Honolulu, for further information.

EXHIBIT "G"

KANOELANI NU'UANU

DISCLAIMER OF WARRANTIES

Paragraph C-67 of the Sales Contract provides, in part, as follows:

1. Except to the extent Seller has expressly agreed herein to certain obligations with respect to the condition of the Apartment prior to the closing date, the following provisions apply:

a) APARTMENT BEING TRANSFERRED "AS IS" WITH "ALL FAULTS". The Apartment is being transferred in "AS IS" condition with "ALL FAULTS". Buyer understands and agrees that Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. This means that Seller shall not be bound to correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement. Seller will not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein, including, but not limited to, any matter concerning the electrical, water, gas, plumbing, or sewer systems. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer. Seller makes no promises or statements about whether any easement, right of way or driveway meets the requirements of any law, ordinance, rule or regulation which may apply; whether any improvements on or under the Project encroach over the boundary lines of any land which shares a boundary with the Project; or whether any improvements on or under the land which shares a boundary with the Project encroach over the boundary lines of the Project.

b) HAZARDOUS MATERIALS AND CONDITION OF PROJECT. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive, materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants,

hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

c) Disclaimers. Without limiting the provisions of Section 1 a) and b) above, Seller expressly disclaims any promises or representations or other statements as to the condition of the Project, or of any fixtures, appliances or improvements on, in or under the Project, including, but not limited to, the following:

- (i) The construction, structural soundness, condition or state of repair, operating order, safety or livability of any improvements in or within the Project;
- (ii) The suitability of any improvements for any particular use;
- (iii) Whether or not the Apartment, the Project or any improvements meet the requirements of any building, health, zoning, land use, subdivision, setback or other law, ordinance, rule or regulation which may apply;
- (iv) The density, stability, structure, erosion or other condition of the Project's soil for building or any other use; and
- (v) Any staking or survey done by any person.

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees (approximate)

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
Apartment A	\$87.50 x 12 = \$1,050.00
Apartment B	\$87.50 x 12 = \$1,050.00

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 Fee 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

\$75.00 x 12 = \$900.00

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Terms

Office Expenses

Insurance

\$100 x 12 = \$1200.00

Reserves (*)

Terms and Government Assessments

Audit Fees

Other

TOTAL

\$175.00 x 12 = \$2100.00

I, Neil Petagno, as agent, the condominium managing agent or the developer, for the condominium project KANOELANI NU'UANU, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principals.



Date: February 12, 1997

(*) Mandatory reserves in effect January 1, 1993

EXHIBIT "I"

KANOELANI NU'UANU

SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

The Sales Contract provides for the sale of an Apartment by the Developer to a Buyer. The Escrow Agreement provides how the funds paid by the Buyer under the Sales Contract to Escrow are to be held and released. Both the Sales Contract and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Both documents have been written in language intended to be easier for Buyers to read than that used in traditional legal documents.

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Sales Contract and Escrow Agreement provide who gets to keep interest that may be earned on the funds with Escrow.

The Escrow Agreement provides for the closing or settlement of the sale. Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and the Buyer as set forth in the Sales Contract.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration and the Bylaws.

Escrow handles the closing and the transfer of title in accordance with the Escrow Agreement. The Apartment must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one apartment.

The Escrow Agreement provides certain protections to Escrow in the event of a dispute between the Buyer and the Developer. These rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

This summary is not complete and will not control in the event of any conflict with a provision in the Sales

Contract or the Escrow Agreement. Prospective Buyers are cautioned and encouraged to read carefully the Sales Contract and Escrow Agreement.