CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer HASEKO Homes, Inc.
Address 820 Mililani Street, Suite 820, Honolulu, Hawaii 96813-2938

Project Name(*): Ke 'Āina Kai Townhomes, Increment 3
Address: 91-1010 Kaimalie Street, Ewa Beach, Hawaii 96706

Registration No. 4005

Effective date: **September 1, 1998**
Expiration date: **October 1, 1999**

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:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[x] 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.

[X] 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, ordinance, 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: HASEKO Homes, Inc. (Name) — Phone: (808) 536-3771 (Business)
820 Mililani Street, Suite 820 (Business address)
Honolulu, HI 96813-2938

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

Toru Nagayama - President / Director
Makoto Murakami - Executive Vice President / Director
Nelson W.G. Lee - Executive Vice President
Francis E. Tanaka - Secretary / Treasurer

Real Estate Broker: HASEKO Realty, Inc. (Name) — Phone: (808) 536-8406 (Business)
820 Mililani Street, Suite 820 (Business Address)
Honolulu, HI 96813-2938

Escrow: Title Guaranty Escrow Services, Inc. (Name) — Phone: (808) 521-0212 (Business)
235 Queen Street (Business Address)
Honolulu, HI 96813

General Contractor: HASEKO Construction, Inc. (Construction Manager) (Name) — Phone: (808) 536-3771 (Business)
820 Mililani Street, Suite 820 (Business Address)
Honolulu, HI 96813-2938

Condominium Managing Agent: Hawaiiana Management Co., Ltd. (Name) — Phone: (808) 593-6896 (Business)
Pacific Park Plaza, Suite 700 (Business Address)
711 Kapiolani Blvd.
Honolulu, HI 96813

Attorney for Developer: Oshima Chun Fong & Chung (Name) — Phone: (808) 528-4200 (Business)
841 Bishop Street, Suite 400 (Business Address)
Honolulu, HI 96813

II. CREATION OF THE CONDOMINIUM;

CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:
[x] Proposed
[ ] Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
[ ] Filed - Land Court: Document No. _____

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

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:
[x] Proposed
[ ] Recorded - Bureau of Conveyances Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

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

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

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

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:

[x] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	Majority of Board of Directors

*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.

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

See Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[x] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: 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 Sub-leaseholds:

[ ] 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 Sub-leasehold:

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: 91-1010 Kaimalie Street
Ewa Beach, Hawaii 96706

Tax Map Key (TMK): Portion of TMK 1-9-1-012-042 Lot Number: Portion of Lot No. 12536

[x] Address [x] TMK is expected to change because the underlying land is only a portion of Lot 12536, which is currently being subdivided. Once the underlying land is subdivided, new Lot numbers, street addresses and TMK numbers will be issued for the underlying land.

Land Area: approximately 2.334 [ ] square feet [x] acre(s)

Zoning: R-5

Fee Owner: HASEKO Homes, Inc.
Name
820 Mililani Street, Suite 820
Address
Honolulu, HI 96813-2938

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 10 Floors Per Building 1 and 2

   [x] Exhibit "B" contains further explanations.

3. Principal Construction Material:

   [x] Concrete [ ] Hollow Tile [X] Wood

   [x] Other Glass, Steel, Allied Construction Materials.

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[x]	Residential	28	[X] Yes [ ] No	[ ] Ohana	N/A	[ ] Yes [ ] No
[ ]	Commercial	N/A	[ ] Yes [ ] No	[ ] Industrial	N/A	[ ] Yes [ ] No
[ ]	Mix Res/Comm	N/A	[ ] Yes [ ] No	[ ] Agricultural	N/A	[ ] Yes [ ] No
[ ]	Hotel	N/A	[ ] Yes [ ] No	[ ] Recreational	N/A	[ ] Yes [ ] No
[ ]	Timeshare	N/A	[ ] Yes [ ] No	[ ] Other: _____	N/A	[ ] Yes [ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[x] Yes [ ] No

5. Special Use Restrictions:

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

[x] Pets: An owner may raise, keep and maintain up to two (2) generally recognized domestic house pets, such as dogs and cats.

[ ] Number of Occupants: _____

[x] Other: The apartments may not be rented for transient or hotel purposes nor used for time sharing.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 18 Trash Chutes: 0

Apt. Type	Quantity	BR/BATH	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
A	3	2 / 2.5	920	400**	Garage
B	3	3 / 2	941	400**	Garage
C	5	2 / 2.5	1,008	400**	Garage
D	5	3 / 2	984	400**	Garage
D(R)	2	3 / 2	984	400**	Garage
E	5	3 / 2.5	1,096	400**	Garage
F	3	3 / 2.5	1,156	400**	Garage
F(R)	2	3 / 2.5	1,156	400**	Garage

Total Number of Apartments: 28

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter and party walls. The Net Living Area does not include the floor area of the garage.**

****If calculated in the same manner as the apartments, the area would be 377 square feet.**

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 "C"

Permitted Alterations to Apartments:

See Exhibit "D"

7. Parking Stalls:

Total Parking Stalls: 60

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	Total
Assigned	56						56
Guest		4					4
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	60		0		0		60

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.

[x] Exhibit "E" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)

[x] Other: Service lanes and alleyways which provide access from public roads to the garages. This condominium project is also part of the Ke 'Āina Kai subdivision. The common facilities within Ke 'Āina Kai include a series of pedestrian pathways and two (2) mini-parks. (see Section V.C.1 of this public report for a description of Ke 'Āina Kai)

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

[x] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____.
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

a. [ ] No variances to zoning code have been granted.

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

[X] Other: Optional Development Permit(s) granted under the Zoning Code as follows: City and County Department of Land Utilization Cluster Housing Permit No. 96/CL-1.

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.

	Conforming	Non-Conforming	Illegal
Uses	Yes		
Structures	Yes		
Lot	Yes		

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:

[x] described in Exhibit "F".

[ ] 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:

   [x] described in Exhibit "G".

   [ ] as follows:

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

   [x] described in Exhibit "H".

   [ ] as follows:

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 "I" describes the encumbrances against the title contained in the title report dated as of June 22, 1998 and issued by Title Guaranty of Hawaii Incorporated. The land underlying this condominium project (which is described in Section III.B of this public report) is only a portion of the land covered by the title report, which the Developer is currently subdividing into several smaller lots. Therefore, the encumbrances listed on Exhibit "I" include certain encumbrances that will not affect the apartments in this condominium project once the land is subdivided. The specific encumbrances against title to the land underlying this condominium project will be clarified and disclosed once the underlying land is subdivided.

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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
First Mortgage, Security Agreement and Financing Statement recorded as Land Court Document No. 2412968.	Lienholder has option to terminate or uphold sales contract. If sales contract is terminated, all moneys held in escrow will be returned to Buyer pursuant to the Reservation Agreement and Sales Contract.
UCC 1 - Financing Statement recorded as Regular System Document No. 97-150505.	
Absolute Assignment of Sales Contracts, Escrow Deposits, Escrow Payments, and Net Sales Proceeds recorded as Regular System Document No. 97-150506.	

F. **Construction Warranties:**

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

1. Building and Other Improvements:

   See Exhibit "J"

2. Appliances:

   See Exhibit "J"

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

The Developer anticipates construction to begin in October 1998 and be completed by June 1999.

H. **Project Phases:**

The developer [x] 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):

This condominium project is the third increment of townhouses to be developed in Ke 'Āina Kai. In addition to the first two increments and this increment, the Developer plans to develop additional increments of townhouses in Ke 'Āina Kai (which will also be condominium projects), as well as single-family detached dwellings (see Section V.C.1 of this public report for a description of Ke 'Āina Kai). The Developer may, but is not required to, merge this increment with other increments of condominium projects as set forth in Section S of the Declaration and in the Declaration of Administrative Merger of Condominium Increments.

Buyer should carefully read Section S of the Declaration and the Declaration of Administrative Merger of Condominium Increments regarding the Developer's rights to merge this project with other condominium projects.

IV. CONDOMINIUM MANAGEMENT

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

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

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

[x] not affiliated with the Developer [ ] the Developer or the Developer's affiliate.
[ ] self-managed by the Association of Apartment Owners [ ] Other: _____

B. **Estimate of Initial Maintenance Fees:**

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

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

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

C. **Utility Charges for Apartments:**

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

[ ] None [X] Electricity (X Common Elements only ____ Common Elements & Apartments)
[ ] Gas (___ Common Elements only ____ Common Elements & Apartments)
[X] Water [X] Sewer [ ] Television Cable
[ ] Other _____

V. MISCELLANEOUS

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

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

[ ] Notice to Owner Occupants

[x] Specimen Sales Contract
Exhibit "K" contains a summary of the pertinent provisions of the sales contract.

[x] Escrow Agreement dated August 7, 1998
Exhibit "L" contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

Contingent Final Public Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) The Contingent 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 thirty (30) days from the date the report(s) were delivered to the buyer; AND
D) A Final Public Report is issued within nine (9) months from the effective date of the Contingent Final Public Report.

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

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

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

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

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

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

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other: Declaration of Administrative Merger of Condominium Increments; Declaration of Covenants, Conditions, and Restrictions for Ke 'Āina Kai; Specimen Apartment Deed; Declaration of Restrictive Covenants (DLU Permit No. 96/CL-1); Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe, if prepared.

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. 4005 filed with the Real Estate Commission on August 7, 1998.

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

[x] YELLOW paper stock [ ] WHITE paper stock [ ] PINK paper stock

C. **Additional Information Not Covered Above**

1. Ke 'Āina Kai and Ocean Pointe.[1]

Ke 'Āina Kai. The first phase of Ke 'Āina Kai will consist of approximately 132 single family homes, 95 townhouses and two private mini-parks. The units will be developed incrementally, and this condominium project is the third increment of townhouses to be developed in Ke 'Āina Kai. Ke 'Āina Kai will incorporate several features of traditional neighborhoods, including a pedestrian friendly network of roadways, service lanes and alleyways, and pedestrian pathways. The garages will be located at the rear of the dwelling units and will be accessible through the private service lanes and alleyways. These lanes and alleyways will also be used for refuse collection, mail delivery and certain utilities.

Ocean Pointe. This condominium project is also a part of the approximately 1,100-acre master-planned community known as Ocean Pointe (formerly known as Ewa Marina). Ocean Pointe is a long range project with development expected to take place over a period of twenty years. The developer of Ocean Pointe is HASEKO (Ewa), Inc., which is an affiliated company of the Developer of this condominium project. Approximately 4,850 residential units are envisioned at Ocean Pointe. These residences will be separated into various distinct, yet integrated neighborhood communities, with tree-lined streets, landscaping, and parks for use by the residents at Ocean Pointe.

The master plan for Ocean Pointe calls for a golf course along the northern boundary of the Ocean Pointe project and a full-service man-made marina with up to 1,400 boat slips surrounded by several retail, commercial and recreational facilities. This marina, if constructed, will serve as a basin in a private storm water drainage system, servicing all of the residences in Ocean Pointe. The master plan, however, is still in the planning stages and is subject to change depending on a variety of factors, including market forces, the economy, and land use permitting requirements. Ownership of an apartment in this condominium project will not constitute an ownership in, or grant the right to use, any privately owned recreational facility within Ocean Pointe, including but not limited to the marina and golf course, if constructed.

All owners of an apartment in this condominium project will automatically become a member of the homeowners and other associations created to administer and maintain this condominium project, Ke 'Āina Kai, and the master-planned community of Ocean Pointe as and to the extent provided in the documents set forth in Section V.B.2 of this public report. Apartment owners will be responsible for the payment of their respective shares of the expenses incurred by these associations. The monthly fees for the various associations are estimated in the Disclosure Abstract attached as Exhibit "J".

2. Interstate Land Sales Full Disclosure Act. The Developer has advised the Commission that this preliminary public report has not been accepted by the Department of Housing and Urban Development under the Interstate Land Sales Full Disclosure Act. As set forth in the specimen sales contract submitted with this public report, the Developer will complete construction of each apartment and have the apartment ready for normal occupancy within a period of two (2) years from the date that the sales contract for that particular apartment is signed; provided, however, that said two (2) year period shall be extended in the event completion is delayed by matters and/or conditions beyond the control of the Developer.

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[1] Nothing stated in this public report shall be construed as a representation or warranty by Developer that any of the above, with the exception of the condominium apartments that are part of this public report, will be developed, or to require the Developer to develop the remainder of Ke 'Āina Kai or Ocean Pointe, or to prohibit Developer from dealing freely with the remaining land, including, without limitation, developing the whole or any part of Ke 'Āina Kai and Ocean Pointe for a purpose inconsistent with the above.

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.

HASEKO HOMES, INC.
Printed Name of Developer

By: _____ 8/7/98
Duly Authorized Signatory Date

Toru Nagayama, President
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

EXHIBIT "A"

Ke 'Āina Kai Townhomes, Increment 3

Changes to Condominium Documents by Developer

The Developer may amend the Declaration, Bylaws or Condominium Map for the condominium project as follows:

1. At any time prior to the filing or recordation of the first apartment deed in favor of a buyer, as set forth in Section T.3(a) of the Declaration.

2. At any time prior to the filing or recordation of apartment deeds covering all of the apartments in the project, to (a) to correct any technical defects or to make non-substantive changes; or (b) as may be required by law, the Real Estate Commission, any title insurance company issuing a title insurance policy on the project or any of the apartments, any institutional lender lending funds on the security of the project or any of the apartments, any governmental agency administering governmental loan programs, or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments in any such jurisdiction. (see Section T.3(b) of the Declaration).

3. At any time, to make such amendments: (a) to file the "as built" verified statement required by Section 514A-12 of the Condominium Property Act; (b) to reflect alterations made by the Developer to the project pursuant to Section R (Alteration of Project) of the Declaration; (c) to effectuate any merger by the Developer pursuant to Section S (Merger of Increments) of the Declaration; or (d) to update the title description contained in Exhibit A of the Declaration to reflect the cancellation of the Acquisition Agreement and Confirmation of Disclaimers and Reservations, as provided in Section U.4 (Miscellaneous - Removal of Campbell Estate Restrictions) of the Declaration.

EXHIBIT "B"

Ke 'Āina Kai Townhomes, Increment 3

Description of Buildings

The condominium project shall consist of five (5) residential buildings and five (5) garage buildings as shown on the Condominium Map. None of the buildings will have basements. The five (5) residential buildings, designated as Buildings N, P, Q, R, and S, contain a total of twenty-eight (28) residential apartments. Buildings N, Q, and S shall consist of two (2) single-story apartments and four (4) two-story apartments. Buildings P and R shall consist of two (2) single-story apartments and three (3) two-story apartments. Each residential building shall have one (1) associated garage building, which shall provide garages for the apartments in the residential buildings. Each garage building shall include one (1) two-car garage for each apartment in the residential building. The principal materials used in the construction of the buildings will be cement, steel, wood, glass, and allied construction materials.

EXHIBIT "C"

Ke 'Āina Kai Townhomes, Increment 3

Boundaries of Each Apartment

The boundaries of each apartment in the condominium project shall be the perimeter and party walls, floors and ceilings of each apartment. The apartments shall not be deemed to include the lanai, (regardless of whether or not the lanai is extended or enclosed), the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment, or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for, or serve, more than one (1) apartment, the same being deemed common elements. Each apartment shall be deemed to include the appurtenant two-car garage, all the walls and partitions which are not load-bearing within the perimeter or party walls, all doors (including the garage door) and door frames, including the exterior unfinished surfaces thereof, all windows and window frames, including the exterior unfinished surfaces thereof, the interior decorated or finished surfaces of all perimeter, party and load-bearing walls, all floors, floor coverings and ceilings, all doorknobs, and all fixtures originally installed or contained therein.

EXHIBIT "D"

Ke 'Āina Kai Townhomes, Increment 3

Permitted Alterations to Apartments

Alterations to the apartments in the condominium project are permitted under Section R of the Declaration, which provides the following:

1. General. Except as otherwise provided in the Declaration or in the Bylaws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map (the "Proposed Alterations"), shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the approval or written consent of apartment owners holding at least seventy-five percent (75%) of the total common interests of the Project, together with the approval or written consent of (a) all apartment owners whose apartment or limited common elements appurtenant thereto are directly affected (as determined in a reasonable manner by the Board of Directors) by the Proposed Alterations; (b) the holders of first mortgage liens encumbering any apartment directly affected by the Proposed Alterations (if the lien holders require such approval); and (c) the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require. The Proposed Alterations shall be in accordance with plans and specifications for the Proposed Alterations prepared by a licensed architect or licensed professional engineer and approved by the Board of Directors and shall comply with the provisions of the Declaration of Covenants, Conditions, and Restrictions for Ke 'Āina Kai and the Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), including any design guidelines promulgated thereunder if applicable. Promptly upon completion of any Proposed Alteration which is different in any material respect from the Condominium Map, the Association or apartment owner(s), whomever requested the Proposed Alteration, shall duly file with the Office of the Assistant Registrar of the Land Court of the State of Hawaii an amendment of the Declaration and the Condominium Map showing the Project as so altered, certified as built by a registered architect or licensed professional engineer. Notwithstanding the foregoing, the approval or written consent of the apartment owners (except those apartment owners whose apartment or limited common elements appurtenant thereto are directly affected) shall not be required for any extension of a lanai by an owner of an apartment which is in accordance with the extended lanai option for that particular apartment type as shown on the Condominium Map.

2. Alterations to the Interior of an Apartment. Notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by this section shall require only the written approval thereof, including approval of the apartment owner's plans and specification therefor, by (a) the holders of

first mortgage liens affecting such apartment(s) (if the lien holders require such approval); (b) the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require; (c) the Board of Directors (which approval shall not be unreasonably or arbitrarily withheld or delayed); and (d) all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors). Such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

3. Alterations by the Developer. Notwithstanding any other provision in the Declaration to the contrary, prior to the earlier of (a) the filing with the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the apartment deed conveying the last unsold apartment in the Project to a buyer; or (b) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Condominium Property Act (but in no event later than twenty-four (24) months after the "date of completion" of the Project, as that term is used in Chapter 507, Part II, Hawaii Revised Statutes, as amended), the Developer shall have the right (i) to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change or reverse the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or (ii) to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration filed by the Developer. As used herein the term "sold and recorded" shall mean and refer to the sale of an apartment in the Project and the filing with the Office of the Assistant Registrar of the Land Court of the State of Hawaii of an apartment deed conveying the interest in the apartment from the Developer to parties not signatory to the Declaration.

4. Construction of Optional Floor Plans by the Developer. Certain apartment types in the Project will be offered to initial buyers with optional floor plans and extended lanai options. The basic floor plan and the optional floor plans and extended lanai option for each particular apartment type are shown on the Condominium Map. Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all of the apartments in the Project have been sold and recorded, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, to construct or modify the apartments and lanais in accordance with the respective optional floor plans shown on the Condominium Map; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration filed by the

Developer. As used herein the term "sold and recorded" shall mean and refer to the sale of an apartment in the Project and the filing with the Office of the Assistant Registrar of the Land Court of the State of Hawaii of an apartment deed conveying the interest in the apartment from the Developer to parties not signatory to the Declaration.

EXHIBIT "E"

Ke 'Āina Kai Townhomes, Increment 3

Parking for Each Apartment

Parking for each apartment is provided by a 2-car garage. The garages are also identified on the Condominium Map by the two (2) parking stalls assigned to each apartment as listed below.

APARTMENT NUMBER	ASSIGNED PARKING STALL
N1	135, 136
N2	137, 138
N3	139, 140
N4	141, 142
N5	143, 144
N6	145, 146
P1	147, 148
P2	149, 150
P3	151, 152
P4	153, 154
P5	155, 156
Q1	157, 158
Q2	159, 160
Q3	161, 162
Q4	163, 164
Q5	165, 166
Q6	167, 168
R1	169, 170
R2	171, 172
R3	173, 174
R4	175, 176
R5	177, 178
S1	179, 180
S2	181, 182
S3	183, 184
S4	185, 186
S5	187, 188
S6	189, 190

EXHIBIT "F"

Ke 'Āina Kai Townhomes, Increment 3

Common Elements

1. The underlying land in fee simple.

2. All structural components, such as foundations, floor slabs for the ground floor of any building, columns, girders, beams, supports, unfinished perimeter and/or party walls, and load-bearing walls (except for the inner finished surfaces within each apartment) and the roofs of the buildings, and all exterior walkways, railings, walls and fences enclosing any portion of the Project.

3. All yards, gateways, stairways, grounds, landscaping, driveways, roadways, lanes, alleyways, sidewalks, walkways, lanais, entrances and entry areas, exits, loading zones, refuse areas, planter boxes and mailboxes which are not located in any apartments, whether within or appurtenant to the Project.

4. All ducts, vents, shafts, sewer lines, gutters, electrical rooms or closets, electrical equipment and fixtures (including the electrical light fixtures above the garage doors facing the service lanes and within the entry areas), wiring, irrigation pipelines (including irrigation pipelines running from the Project to landscaping strips within public sidewalk and roadway areas adjacent to the Project, if any), pipes and other central and appurtenant transmission facilities, installations over, under and across the Project which serve more than one apartment for services such as power, light, water, drainage, gas, sewer, refuse, telephone and radio and television signal distribution.

5. Four (4) visitor parking stalls, shown as parking stall nos. 9GS, 10GS, 11GS, and 12GS on the Condominium Map, available for use by the guests, visitors and invitees of the apartment owners.

6. Any and all other apparatus and installations intended for common use and all devises and other parts of the land necessary or convenient to the existence, maintenance and safety of the Condominium Property Regime, or normally in common use.

EXHIBIT "G"

Ke 'Āina Kai Townhomes, Increment 3

Limited Common Elements

1. Lanai. The lanai, if any, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is attached. The lanai shall be deemed to include any extended or enclosed lanai.

2. Rear Yard. The yard area located in the rear of each apartment between the apartment and garage building and enclosed by fences shall be a limited common element appurtenant to and reserved for the exclusive use of that particular apartment. Notwithstanding anything to the contrary in the Declaration, the owner of the apartment to which the Rear Yard is appurtenant shall be solely responsible for installing the initial landscaping of the Rear Yard and for maintaining and replacing such landscaping and keeping such Rear Yard clean and free of debris.

3. Fences. Any fence which encloses any portion of a Rear Yard shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which the Rear Yard is appurtenant. Notwithstanding the foregoing, any such fence which separates two Rear Yards shall be a limited common element appurtenant to and reserved for the exclusive use of the apartments to which the Rear Yards are appurtenant.

4. Entry Areas. The entry area to the front door of each apartment, as shown on the Condominium Map, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it provides access. For purposes of distinguishing the entry area from the common element sidewalk area, the entry area may also be identified by a raised slab or by markings on the cement sidewalk delineating the entry area.

5. Mailbox. The mailbox assigned to the apartment.

6. Other. Any other common elements which are rationally related to less than all of the apartments shall be a limited common element appurtenant to such apartments, including but not limited to areas within the common elements that include air conditioning units or compressors that serve a particular apartment.

EXHIBIT "H"

Ke 'Āina Kai Townhomes, Increment 3

Common Interest

The Common Interest appurtenant to each apartment is as follows:

Apartment Number	Percent Common Interest
N1	3.4202
N2	3.8094
N3	3.1976
N4	3.5035
N5	4.0179
N6	3.4202
P1	3.4202
P2	4.0179
P3	3.5035
P4	3.8094
P5	3.2706
Q1	3.4202
Q2	3.8094
Q3	3.1976
Q4	3.5035
Q5	4.0179
Q6	3.2706
R1	3.4202
R2	4.0179
R3	3.5035
R4	3.8094
R5	3.2706
S1	3.4202
S2	3.8094
S3	3.1976
S4	3.5035
S5	4.0179
S6	3.4202
TOTAL	100.0000

The common interest is based upon the net living area in square feet of each apartment divided by the total net living area of all apartments in the Project. The net living area represents the approximate interior area of the apartment (but excluding the garage and any open or enclosed lanai or extended lanai), as further defined in Section D.1 of the Declaration. The interests derived from such calculations have been adjusted to provide that all apartments with the same net area have the same undivided interest in the common interest, with minor differences, if any, to account for all one hundred percent (100%) of the common interest.

EXHIBIT "I"

Ke 'Āina Kai Townhomes, Increment 3

Encumbrances Against Title

1. Any and all Real Property Taxes that may be due and owing to the City and County of Honolulu.

2. Abutter's rights of access, which rights were acquired by the State of Hawaii by Amended Final Order of Condemnation dated April 1, 1987, filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 62550, filed as Land Court Document No. 1455569; as amended by Land Court Order No. 93896, filed on June 5, 1989.

3. Terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in unrecorded Second Amended and Restated Ewa Marina Agreement for Exchange dated June 30, 1984, effective as of June 30, 1984, by and between the Trustees under the Will and of the Estate of James Campbell, deceased, as Vendor, and M.S.M. & Associates, Inc., a Colorado corporation, as Vendee; a short form of which is dated June 30, 1984, filed as Land Court Document No. 1245392. Said Agreement was amended and restated by that certain Unrecorded Ewa Marina Acquisition Agreement dated December 15, 1988, of which a Short Form Acquisition Agreement is dated December 30, 1988, filed as Land Court Document No. 1604009. Said Agreement was, by mesne assignment, assigned to HASEKO (Ewa), Inc., a Hawaii corporation, by instrument dated September 3, 1993, but effective as of January 2, 1992, filed as Land Court Document No. 2126832. Consent thereto given by the Trustees Under the Will and of the Estate of James Campbell, Deceased, by instrument dated December 17, 1993, and filed as Land Court Document No. 2126833.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Trustee's Limited Warranty Deed dated September 5, 1984, filed as Land Court Document No. 1255764, including, but not limited to, matters relating to agricultural activities, including sugar cane burning on nearby lands, water reservations, nonexclusive rights of way, and right to enter.

5. Access rights in favor of Lot 3423, as contained in Trustee's Limited Warranty Deed dated September 5, 1984, filed as Land Court Document No. 1255764.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Specific Covenants, Conditions and Restrictions dated September 5, 1984, filed as Land Court Document No. 1255766, as supplemented by Supplemental Declaration dated December 22, 1989, filed as Land Court Document No. 1693439.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Unilateral Agreement and Declaration for Conditional Zoning dated May 10, 1985, filed as Land Court Document No. 1298651.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Certificate and Authorization effective January 1, 1985, filed as Land Court Document No. 1406639, made by M.S.M. & Associates, a Colorado corporation, regarding the reclassification of certain lands from Agricultural District to Urban District.

9. Designation of Easement "1987" for water pipeline and roadway purposes, as shown on Map 452 and set forth by Land Court Order No. 9221, filed on December 30, 1988.

10. Designation of Easement "1988" for water pipeline purposes, as shown on Map 452 and set forth by Land Court Order No. 9221, filed on December 30, 1988.

11. Designation of restriction of access rights into and from Fort Weaver Road as shown on Map 473 and as set forth by Land Court Order No. 93896, filed on June 5, 1989.

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed dated December 22, 1989, filed as Land Court Document No. 1693437, BUT ONLY as to that portion of said Lot 12536 consisting of approximately 0.289 acres, which portion was previously part of Lot 11732 and as shown on Map 846 of Land Court Application No. 1069 (the "Property"). Said terms and provisions include, but are not limited to, matters relating to the following:

    (A) Excepting and reserving therefrom in favor of the Grantors, their successors in trust, tenants and assigns:

    All subsurface water and water rights with respect to the Property, including without limitation all rights to basal, subterranean and artesian waters.

    (B) The Property is located near or adjacent to land that is used for the cultivation and harvesting of sugar cane or other agricultural products. Such activities may involve the use of various fertilizers, pesticides and surface and sub-surface water. The operations of planting, cultivating, harvesting, hauling, burning, clearing and milling sugar cane and other plantation activities (including co-generation and small power production facilities) may result in surface water runoff, traffic hazards, noise, smoke, soot, dust, lights, unpleasant odors and other foreseeable consequences of agricultural operations.

(C) The Property is located near existing or planned golf courses and such courses could result in nuisances or hazards including property damage or personal injury arising from stray golf balls.

(D) The Property may be affected by activities of the Honolulu International Airport and Barbers Point Naval Air Station which cause aircraft to fly over or close to the Property, the munitions and explosive storage activities of the West Loch Branch of Lualualei Naval Magazine and the operation of the Honouliuli Wastewater Treatment Plant.

(E) Since the Property is being conveyed to Grantee "as is", Grantors, their successors-in-trust, and assigns, shall not be responsible or liable to grantee, its successors or assigns, for the consequences of any of the activities, hereinabove enumerated.

(F) The Property is near Naval Air Station Barbers Point and is subject to overflights by military aircraft, with attendant noise and vibration.

13. Designation of Easement "2307" (10 feet wide), for waterline purposes, as shown on Map 503, and set forth by Land Court Order No. 96916, filed on February 16, 1990.

14. Designation of Easement "2308" (12 feet wide), for waterline purposes, as shown on Map 503, and set forth by Land Court Order No. 96916, filed on February 16, 1990.

15. Designation of Easement "2309" for water pipeline purposes, as shown on Map 503, and set forth by Land Court Order No. 96916, filed on February 16, 1990.

16. Designation of Easement "2310" for flowage purposes, as shown on Map 503, and set forth by Land Court Order No. 96916, filed on February 16, 1990.

17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Document Listing Conditions to Reclassification of Land dated December 12, 1990, filed as Land Court Document No. 1788412, as amended by instrument dated February 8, 1994, filed as Land Court Document No. 2131779, as further amended by instrument dated June 17, 1994, filed as Land Court Document No. 2159248, BUT ONLY as to that portion of said Lot 12536 consisting of approximately .289 acres, which portion was previously part of Lot 11732 as shown on Map 846 of Land Court Application No. 1069.

18. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Unilateral Agreement and Declaration for Conditional Zoning dated November 29, 1993, and filed as Land Court Document No. 2091140.

19. Grant of easement rights over Easements "1987", "1988", "2307", "2308", "2309" and "2310", besides other easements in favor of the City and County of Honolulu and then Board of Water Supply, dated March 31, 1994, filed as Land Court Document No. 2237810.

20. Grant dated January 3, 1996, filed as Land Court Document No. 2284736, in favor of Hawaiian Electric Company, Inc., granting a nonexclusive perpetual right and easement to construct, reconstruct, operate, maintain, repair and remove poles, overhead wire lines, stub pole, guy wires, anchors, and/or underground power lines, etc. for the transmission and distribution of electricity.

21. The following matter as set forth in Surveyor's Certification Letter dated October 28, 1997, to-wit:

    A 4-foot high chainlink fence which runs along the boundary with adjoining Lot 874-A (old Bowling Alley lot) encroaches into the subject premises by amounts ranging from 1.4 feet at its beginning near the Southwest corner of said Lot 874-A, to 1.9 feet at the second angle (approximately 136 feet from the beginning of the fence), to 0.9 foot at approximately 208 feet from said start of fence.

22. First Mortgage, Security Agreement and Financing Statement dated November 3, 1997, filed as Land Court Document No. 2412968, made by HASEKO Homes, Inc., a Hawaii corporation, as Mortgagor, in favor of NI Ewa Financial, Inc., a Delaware corporation, as Mortgagee.

23. Absolute Assignment of Sales Contracts, Escrow Deposits, Escrow Agreements and Net Sales Proceeds dated November 3, 1997, recorded in the Bureau of Conveyances of the State of Hawaii as Regular System Document No. 97-150506, made by HASEKO Homes, Inc., a Hawaii corporation, as Assignor, in favor of NI Ewa Financial, Inc., a Delaware corporation, as Assignee, assigning all of the right, title and interest in, to and under any sales contract or contracts, whether now or hereafter existing, covering all or any portion of the premises described herein.

24. The terms and provisions, including the failure of comply with any covenants, conditions and reservations, contained in Construction Right of Entry and Temporary Grant of Easement Agreement dated April 24, 1998, filed as Land Court Document No. 2452783, by and between HASEKO (Ewa), Inc., a Hawaii corporation, and HASEKO Homes, Inc., a Hawaii corporation, and Hawaiian Electric Company, Inc., a Hawaii corporation; re: temporary grant of easement for utility purposes.

25. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a survey or archaeological study would disclose.

26. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or

gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

27. Any lien (or claim of lien) for services, labor or materials arising from an improvement or work related to the land described herein.

NOTE: Land Court Order No. 130358, filed on February 6, 1998, in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, sets forth the name change of NI Ewa Financial, Inc. to NI Ewa Realty, Inc.

EXHIBIT "J"

Ke 'Āina Kai Townhomes, Increment 3

Disclosure Abstract

Name and Address of Project:	Ke 'Āina Kai Townhomes, Increment 3 91-1010 Kaimalie Street Ewa Beach, Hawaii 96706
Developer:	HASEKO Homes, Inc. 820 Mililani Street, Suite 820 Honolulu, Hawaii 96813-2938 Phone No.: (808) 536-3771
Managing Agent:	Hawaiiana Management Co., Ltd. Pacific Park Plaza, Suite 700 711 Kapiolani Boulevard Honolulu, Hawaii 96813 Phone No.: (808) 593-6896
Monthly Common Expenses and Monthly Estimated Costs for Each Apartment:	See Exhibit "1" attached hereto and made a part hereof.

DESCRIPTION OF LIMITED WARRANTIES: The Developer provides a limited warranty for the individual apartments, common elements, and appliances under the Reservation Agreement and Sales Contract ("Agreement"), a specimen of which has been submitted with this registration. The following is a description of the Developer's limited warranty:

The Developer warrants to buyer that an individual apartment, along with its appurtenant common elements (collectively referred to as the "Property") will be free from defects in materials and workmanship for a period of one (1) year from the date in which the sale of that apartment closes, with the following exceptions and exclusions:

(a) Exclusions from Coverage. The Developer's limited warranty shall not extend to, and the Developer assumes no responsibility for, any of the following:

(1) Defects in any appliances or consumer goods, including but not limited to electric ranges, ovens, dishwashers, water heaters, refrigerators, freezers, garbage disposals, air conditioners and smoke detectors.

(2) Damage caused by ordinary wear and tear or abusive use or lack of proper maintenance of the Property or any item contained within the Property.

(3) Defects which result from the characteristics common to materials used in the construction of the Property including but not limited to warping and deflection of wood, fading, chalking and cracking of paint due to weather conditions, cracking due to drying and curing of concrete, drywall, masonry, drying, shrinking and cracking of caulking and weather-stripping.

(4) Defects in items installed by the buyer or any other person other than the contractor or subcontractors hired by the Developer.

(5) Defects, or damage caused by, or the material or workmanship of any work done by buyer or any other person other than the Developer or its duly authorized agents.

(6) Loss, damage, defects or injury caused by weather or any act of God.

(7) Any condition resulting in whole or in part from condensation on or expansion or contraction of materials.

(b) Manufacturers' Warranties. The Developer hereby assigns and passes through to the buyer any warranty covering any item that the manufacturer of such item has issued to the Developer. The buyer shall follow the procedure set forth in the manufacturer's warranty if any defects should appear in that item. The buyer is aware that the buyer is obligated to read and understand these warranties and that any service request should be made directly to the service representative for the manufacturer.

(d) Limitations of Warranty and Developer Liability. Except for Developer's limited warranty described herein, Developer makes no other warranties, express or implied, and DEVELOPER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP, AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, OR THE PROJECT. EXCEPT FOR THE OBLIGATIONS OF DEVELOPER SPECIFICALLY SET FORTH HEREIN, DEVELOPER SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY (REGARDLESS OF WHETHER DEVELOPER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES). The buyer is advised that the foregoing limitations are subject to any applicable state laws which may restrict Developer i) from limiting the duration of any implied warranties, or ii) from limiting Developer's liability for incidental or consequential damages. The buyer is also advised that Developer's limited warranty as described herein gives the buyer specific legal rights and that the buyer may also have other rights under state law.

(e) Claim Procedure. If any defect appears which the buyer believes should be covered by the Developer's limited warranty, the buyer shall give the Developer written notice describing the defect in detail at the following address: HASEKO Homes, Inc., 820 Mililani Street, Suite 820, Honolulu, Hawaii 96813-2938, Attn: Customer Service. The Developer will not reimburse the buyer for any repair or other action taken by the buyer without the Developer's prior written consent. If the buyer fails to give Developer written notice of any defect within thirty (30) days from the date of discovery of the defect by the buyer, the Developer's limited warranty shall be null and void and of no further effect as to the particular defect.

(f) Repairs. Upon receipt of the buyer's written notice of defect in accordance with the terms of the Developer's limited warranty, the Developer will repair or replace any item covered by the Developer's limited warranty that proves to be defective upon examination. The Developer will, at its option, repair, replace or pay the buyer the cost of repairing or replacing the defective item within sixty (60) days (subject to extensions due to delays caused by weather conditions, labor problems, riots, or materials shortages) of the date on which the Developer actually received notice of the defect.

(g) Warranty Personal to Buyer. The Developer's limited warranty is extended to the buyer named in the Agreement only and shall terminate upon the sale of the Property by the buyer.

HASEKO HOMES, INC.

By _____
Name: Toru Nagayama
Title: President

EXHIBIT "1"
KE 'ĀINA KAI TOWNHOMES, INCREMENT 3
(28 UNITS)
ESTIMATED ANNUAL BUDGET

ESTIMATE OF MAINTENANCE DISBURSEMENTS	MONTHLY ($)	ANNUAL ($)
Utilities and Services		
Common Electricity	120.00	1,440.00
Water	580.00	6,960.00
Sewer	775.00	9,300.00
Maintenance, Repairs and Supplies		
Building	110.00	1,320.00
Grounds	500.00	6,000.00
Management/Admin.		
Management Fees	400.00	4,800.00
Admin. Expenses	80.00	960.00
Education Expense	20.00	240.00
Insurance		
Package (30% of estimated actual costs) **(a)**	316.88	3,802.56
D & O (30% of estimated actual costs) **(a)**	25.00	300.00
Legal & Professional (30% of estimated actual costs) **(a)**	25.00	300.00
Taxes/Gov. Assessments	20.00	240.00
Audit Fees	50.00	600.00
Reserves (b)	400.00	4,800.00
Totals	3,421.88	41,062.56

(a) Note: The budget reflects 30% of the actual estimated cost of this line item. For a period of one (1) year from the date that the sale of the first Apartment unit in the Project closes, the Developer will pay the balance (i.e. 70%) of the estimated cost of this line item.
(b) A reserve study (per §514A-83.6, HRS and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules) has not yet been conducted. The reserves are estimates only based upon information obtained by the developer.

Developer does hereby certify that the estimates of initial maintenance fee assessments and maintenance fee disbursements set forth in this Exhibit "1" were prepared in accordance with generally accepted accounting principles.

HASEKO HOMES, INC.

By _____ 8/7/98
Name: Toru Nagayama Date
Its: President

KE 'ĀINA KAI TOWNHOMES, INCREMENT 3
(28 UNITS)
ESTIMATED MAINTENANCE FEES PER UNIT

APT. NO.	NET LIVING AREA (sq. ft.) (a)	COMMON INTEREST (%)	MONTHLY MAINT. FEE ($) (Per Budget p. 1)	MONTHLY KE 'ĀINA KAI ASSN. FEE ($) (Per Budget p.3)	**TOTAL MONTHLY FEES ($) (b)**	TOTAL ANNUAL FEES ($) (b)
N1	984	3.4202		24.56		
N2	1,096	3.8094		24.56		
N3	920	3.1976		24.56		
N4	1,008	3.5035		24.56		
N5	1,156	4.0179		24.56		
N6	984	3.4202		24.56		
P1	984	3.4202		24.56		
P2	1,156	4.0179		24.56		
P3	1,008	3.5035		24.56		
P4	1,096	3.8094		24.56		
P5	941	3.2706		24.56		
Q1	984	3.4202		24.56		
Q2	1,096	3.8094		24.56		
Q3	920	3.1976		24.56		
Q4	1,008	3.5035		24.56		
Q5	1,156	4.0179		24.56		
Q6	941	3.2706		24.56		
R1	984	3.4202		24.56		
R2	1,156	4.0179		24.56		
R3	1,008	3.5035		24.56		
R4	1,096	3.8094		24.56		
R5	941	3.2706		24.56		
S1	984	3.4202		24.56		
S2	1,096	3.8094		24.56		
S3	920	3.1976		24.56		
S4	1,008	3.5035		24.56		
S5	1,156	4.0179		24.56		
S6	984	3.4202		24.56		
TOTAL	28,771	100.0000		687.68		

(a) The net living area of the apartment, excluding the garage, the lanai, the rear yard, and the entry area.
(b) The monthly maintenance fees for each apartment as shown herein reflect the Developer's agreement to subsidize certain estimated expenses of the Project (as shown on page 1 of this budget) for a period of one (1) year from the date that the sale of the first Apartment unit in the Project closes.

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

KE 'ĀINA KAI COMMUNITY ASSOCIATION
(227 UNITS)
ESTIMATED ANNUAL BUDGET

ESTIMATE OF MAINTENANCE DISBURSEMENTS	MONTHLY ($)	ANNUAL ($)
Utilities and Services		
Utilities	300	3,600
Maintenance, Repairs and Supplies		
Grounds	50	600
Lighting	50	600
Pest Control	50	600
Management/Admin.		
Maintenance Staff	0 **(a)**	0 **(a)**
Payroll Benefits	0 **(a)**	0 **(a)**
Administrative	500	6,000
Board Expenses	50	600
Architectural Review	200	2,400
Insurance	4,000	48,000
Taxes/Gov. Assessments	100	1,200
Legal & Professional Audit Fees	100	1,200
Reserves (b)	175	2,100
Ocean Pointe Community Assessments	0 **(c)**	0 **(c)**
Totals	5,575	66,900
Estimated Assessments per Unit	**24.56**	**294.72**

(a) For the period of one (1) year from the date that the sale of the first Apartment unit in the Project closes, Developer does not anticipate incurring any out-of-pocket expenses for this line item. To the extent that any actual costs for this line item are incurred during this period, Developer shall pay all such actual costs.

(b) The reserves are estimates only and are based upon information obtained by the Developer.

(c) For the period of one (1) year from the date that the sale of the first Apartment unit in the Project closes, Developer shall pay all actual costs of maintaining the "Common Facilities" (as shown in Exhibit E of the proposed Ke 'Āina Kai Declaration). The Ocean Pointe Community Assessments are presently estimated at $10.00 per Apartment per month.

EXHIBIT "K"

Ke 'Āina Kai Townhomes, Increment 3

Summary of Reservation Agreement and Sales Contract

A specimen of a Reservation Agreement and Sales Contract (hereinafter the "Agreement") has been submitted to the Real Estate Commission as part of the registration. The Agreement contains the purchase price, description of the apartment to be conveyed to a buyer, and the terms and conditions under which a buyer will agree to buy an apartment in the Project.

The Agreement provides in part:

1. Financing of Purchase. The buyer shall be financially capable of making all required payments at the required times stated in the Agreement. If the buyer must finance the purchase of the apartment, the buyer shall apply for mortgage financing from a financial institution or other institutional lender authorized to make mortgage loans in the State of Hawaii ("Mortgage Lender") within five (5) days from the date of execution of the Agreement by the Developer (referred to in the Agreement as the Seller). The buyer shall promptly sign and deliver all documents and diligently take all steps necessary to qualify and obtain the required financing. The buyer will deliver any executed copy of any notification of loan approval or mortgage commitment upon receipt to the Developer. The Developer, in its sole discretion, may disapprove of any loan approval or mortgage commitment that the buyer submits to the Developer under the Agreement within fifteen (15) days after the receipt of same. If the Developer does not provide the buyer with written notice of its disapproval within the fifteen (15) day period, the loan approval or mortgage commitment shall be deemed approved. The Developer has no obligation to arrange for the buyer's mortgage financing and the Developer is unwilling to approve financing which would require the Developer to pay any points or fees to the Mortgage Lender. In order to keep the Developer informed of the buyer's progress in obtaining a mortgage loan, the buyer shall authorize any Mortgage Lender to transmit to the Developer any and all information necessary for this purpose including, but not limited to, copies of all correspondence between the buyer and the Mortgage Lender. If the buyer's application or eligibility for a mortgage loan is rejected or not approved within fifty (50) calendar days from the date of execution by the Developer of the Agreement, then either (i) the Developer, or (ii) the Developer or the buyer (if the buyer has executed an affidavit of intent to become an owner-occupant pursuant to the Condominium Property Act, as amended) may elect to cancel the Agreement upon written notice to the other party, and, if canceled, the Developer shall direct escrow to refund to the buyer all sums paid by the buyer without interest (unless a Buyer's Account has been established as provided in Paragraph 7 below) and less escrow cancellation fees. The Developer shall not be responsible for any cancellation fees imposed by the Mortgage Lender. If the buyer's mortgage loan approval is contingent or conditioned on a sale by the buyer of another property or on any other condition, the Developer may, in its sole discretion and at any time, elect to treat such contingent or conditional approval as a rejection of loan eligibility and cancel the Agreement. If the Developer does not so elect to cancel the Agreement,

the buyer shall qualify for mortgage financing including the satisfaction and removal of any such contingency prior to the closing date. If the buyer fails to remove any contingency from the buyer's loan approval prior to the closing date, or fails (for any reason whatsoever including without limitation, any purposeful or inadvertent change in the buyer's credit standing) to keep the loan approval in force, the buyer shall be in default of the Agreement and the Developer may cancel the Agreement, retain all amounts paid by the buyer, and pursue any other remedy available to the Developer.

2. What the Buyer is Required to Do at Closing. On or prior to the closing date, the buyer will sign and deliver to escrow all documents which the buyer must sign in order to effect the closing. This will include, without limitation, any mortgage in favor of the buyer's lender. The buyer shall also pay to escrow any cash payment required on account of the balance of the total purchase price, and all sums included in the Estimate of Additional Sums Payable set forth in Section 3.5 of the Agreement and further described below (subject to adjustment for actual fees payable as determined at closing).

3. Estimate of Additional Sums Payable. The sums included in the Estimate of Additional Sums Payable set forth in Section 3.5 of the Agreement are in addition to and are not part of the Total Purchase Price set forth in Section 3.4 of the Agreement. The buyer's closing costs shall include but shall not be limited to, all escrow fees, all notary fees, costs of title insurance, legal costs for the preparation of any apartment deed or any notes and mortgages, all recording costs or fees, loan fees, credit report costs, appraisal fees and all other applicable mortgage costs. In addition, the buyer agrees to pay the buyer's pro-rata share of applicable monthly maintenance and associations' fees (if closing occurs on a day other than the first day of the month), taxes, assessments and other expenses, which shall be prorated between the buyer and the Developer as of the closing date. The monthly maintenance and associations' fees referenced in Sections 3.5(b) and 3.5(c) of the Agreement shall be in addition to any prorated maintenance and association fees collected pursuant to the immediately preceding sentence. The Association of Apartment Owners of Ke Āina 'Kai Townhomes, Increment 3 start-up fee set forth in Section 3.5(a) of the Agreement is a one-time, non-transferable, non-refundable fee (equal to two (2) months maintenance fees) to be used for the association's working capital fund, and shall not be deemed a payment or advance payment by the buyer of the normal monthly maintenance fees.

4. The Buyer's Acceptance of the Apartment. The buyer agrees to close the sale of the apartment on time and accept possession of the apartment (a) even if the common elements of the Project have not yet been fully completed and/or construction activity is still in progress, and (b) notwithstanding the existence of any defects in or damage to the apartment which does not render the apartment unusable. The buyer also promises to indemnify and hold harmless the Developer from any loss or damage, including interest and attorneys' fees, resulting from the buyer's failure to close the sale or to accept possession of the apartment as required above.

5. Condition of the Project. The buyer acknowledges various disclosures made in the Agreement regarding the condition of the Project and the surrounding areas that could affect the buyer's use or enjoyment of an apartment in the Project, including

potential aircraft noise, ongoing construction and sales activities, possible environmental and utility effects, the existence of a coral quarry within the Ocean Pointe project site, that neither the Association of Apartment Owners nor Developer is responsible for providing security for the Project, and that the buyer assumes the risk of all of the above and agrees to indemnify the Developer against any and all liability, claims, losses, damages or expenses arising from or in connection with the aforementioned. The buyer also acknowledges that the model homes may differ in certain respects from the actual apartment to be purchased, that the buyer will be responsible for installing and maintaining the landscaping within the rear yard of the apartment and maintaining, repairing and replacing the fences enclosing such rear yard, and that additional utility infrastructure may be constructed in the future which provides utility services for the Project, the cost of which is not included in the purchase price of any apartment in the Project.

6. Developer's Limited Warranty for the Apartment. The buyer acknowledges the Developer's limited warranty regarding the apartment, the common elements and the appliances, which is described in the Disclosure Abstract submitted with this public report as Exhibit "J".

7. Interest on the Buyer's Deposits. The buyer understands and agrees that notwithstanding any other contrary provisions in the escrow agreement, all interest earned on the buyer's deposits shall accrue to the credit of and shall be paid to the Developer unless (a) the buyer instructs escrow to establish a separate interest-bearing account on the buyer's behalf ("Buyer's Account") and pays escrow a processing fee of $25.00 (or such other amount as escrow may establish from time to time) and complies with all other requirements of escrow, or (b) a Buyer's Account is established pursuant to the escrow agreement (in which case the buyer agrees to pay the processing fee provided thereunder).

8. No Rental Service/Investment Representations. The buyer agrees that the buyer has entered into the Agreement without any reference or representation by the Developer or any sales person: (i) that the Developer or anyone affiliated with the Developer or any unaffiliated third party will provide, directly or indirectly, any services relating to the rental or sale or management on behalf of the buyer; (b) as to projected rental income, occupancy rates or other matters related to the rental of the apartment; (c) as to possible tax advantages or other economic benefits accruing to an owner who chooses to rent an apartment; or (d) as to projected appreciation in the value of the apartment. The buyer agrees to be solely responsible for any rental or other disposition of the apartment.

9. Default by Buyer. If the buyer fails to make any payment when it is due or fails to keep any of the other promises or agreements of the buyer set forth in the Agreement, the Developer will give the buyer written notice of such failure. If the buyer does not cure such default or failure within ten (10) days after the Developer sends such notice, the Developer shall have the right to do any one or more of the following:

(a) cancel the Agreement by giving the buyer written notice of cancellation. The Developer may then keep all sums deposited by the buyer, including any

and all interest accrued thereon (notwithstanding the establishment of a Buyer's Account), as "liquidated damages" (i.e., the amount agreed to by the buyer and the developer as property payable in settlement for breach of contract), in lieu of actual damages and not as a penalty;

(b) take advantage of any other rights which the law allows, including, for example, a lawsuit for actual damages suffered, or a lawsuit for "specific performance," which means a lawsuit to require the buyer to pay the total purchase price and keep all of the buyer's promises under this Agreement; and

(c) collect from the buyer all costs, including reasonable attorneys' fees, court costs, escrow cancellation fees, and any document preparation fees if the deed conveying the property to the buyer has been prepared and delivered to escrow, which may be incurred by the Developer because of the buyer's default.

The foregoing is a summary of some of the pertinent provisions of the Agreement for the convenience of the buyer and is not intended to be an exhaustive list of all of the terms of the Agreement. If there is any question, the full text of the original cdocument should be examined and controls over this summary.

EXHIBIT "L"

Ke 'Āina Kai Townhomes, Increment 3

Summary of Escrow Agreement

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of this registration. The Escrow Agreement dated August 7, 1998 identified Title Guaranty Escrow Services, Inc. as the escrow agent ("Escrow"). The Escrow Agreement sets up an arrangement under which Escrow will hold deposits that a buyer makes to the Developer under a Reservation Agreement and Sales Contract (the "Sales Contract") for the purchase of an apartment in the Project. The Escrow Agreement provides in part:

1. Payment of Funds to Escrow. The Developer shall pay over to Escrow any monies received by the Developer from a buyer under a Sales Contract, including all disbursements made on loan commitments, if any, from lending institutions to the buyer. Escrow shall deposit all funds so received in accordance with written instructions from the Developer in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State.

2. Return of Funds to a Buyer. The buyer shall be entitled to a refund of the buyer's funds held in Escrow as follows:

(a) Escrow shall refund to the buyer all of buyer's entire deposit together with all interest earned thereon, if: (i) the buyer entered into the Sales Contract pursuant to a contingent final public report; (ii) the Real Estate Commission does not issue an effective date for a Final Public Report by the date on which the contingent final public report expires; and (iii) the Developer or the buyer elects to rescind the buyer's Sales Contract.

(b) Escrow shall refund to the buyer all of buyer's entire deposit, without interest and less any Escrow cancellation fees, if any one of the following has occurred: (i) the Developer and the buyer request in writing that Escrow return the buyer's funds to the buyer; (ii) the Developer notifies Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; (iii) the buyer notifies Escrow of buyer's exercise of buyer's right to cancel the Sales Contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or (iv) the buyer notifies Escrow of buyer's exercise of buyer's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

(c) Escrow shall refund to the buyer all of buyer's entire deposit if the Sales Contract is rescinded pursuant to Section 514A-105(c), Hawaii Revised Statutes, as amended, for the buyer's failure to reaffirm the buyer's Owner-Occupant Affidavit of Intent, subject to the requirements of Section 5(d) of the Escrow Agreement.

3. Buyer's Default under Sales Contract. If the Developer terminates a Sales Contract due to a default thereunder by the buyer, Escrow shall thereafter treat all funds of the buyer paid on account of such buyer's Sales Contract as funds of the Developer and not as funds of the buyer. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of the Developer.

The foregoing is a summary of some of the pertinent provisions of the Escrow Agreement for the convenience of the buyer and is not intended to be an exhaustive list of all of the terms of the Escrow Agreement. If there is any question, the full text of the original document should be examined and controls over this summary.

EXHIBIT M

Ke 'Āina Kai Townhomes, Increment 3

Description of the Declaration of Covenants,
Conditions and Restrictions for Ke 'Āina Kai

The Developer has prepared the proposed Declaration of Covenants, Conditions and Restrictions for Ke 'Āina Kai (the "Declaration"). The purpose of the Declaration will be to facilitate the development, ownership, and use of the "Property" (as defined in the Declaration) and to provide for the formation of the Ke 'Āina Kai Community Association (the "Community Association") that will administer the Property. The following is a brief description of some of the significant provisions of the Declaration (unless defined herein, capitalized terms shall be defined as set forth in the Declaration).

1. Scope. The Property to be encumbered by the Declaration will initially include the area depicted generally as "Ke 'Āina Kai" on the map attached hereto as well as other parcels. Within Ke 'Āina Kai, the Developer currently intends to construct 132 single family homes and 95 townhouses (including Ke 'Āina Kai Townhomes, Increment 3). The Developer has reserved the right to withdraw property from the Declaration. The Developer also has the right to annex to Ke 'Āina Kai all or any portions of the area marked "Future Phases" on the attached map and/or to merge the Community Association with other separate projects which may be developed within the Future Phases area from time to time. The Developer's rights to withdraw, annex, and merge portions of the Property may be exercised at any time prior to the "Last Conveyance Date" (which is the date that the last Unit proposed to be developed within Ke 'Āina Kai and the Future Phases is sold). The Developer's rights to withdraw, annex, and merge portions of the Land are generally covered in Sections 2.2, 2.3 and 2.4 of the Declaration.

2. Amendment. Generally, the Declaration can be amended only with the vote of 75% of the Units within the Property. However, prior to the Last Conveyance Date, such amendments will require the approval of the Developer and the Developer has reserved the right to amend the Declaration unilaterally (i) for any reason prior to conveying any Unit within the Property; (ii) as to any Unit, Lot, or group of Units/Lots, where the same are owned by Developer; (iii) for the purpose of correcting technical defects, or to make non-substantive changes, or to comply with the requirements of specified governmental loan programs, or to comply with specified governmental or statutory requirements; (iv) to delete the provisions relating to design standards if similar provisions are incorporated into the Master Declaration (as discussed below); or (v) to annex, merge, or withdraw any property pursuant to the Declaration. Under other circumstances, the Owners shall have the right to amend the Declaration only with the approval of the Declarant (see generally Section 2.1).

3. Association Membership/Voting. Membership in the Community Association will be divided into two classes: (a) Class A members will be all Owners (other than Developer) and will be entitled to one vote for each Unit owned by such

member, provided that there shall be only one vote per Unit; and (b) the sole Class B member shall be the Developer. The Class B member shall have the right to select all Community Association board members until the earlier of: (i) the date when 75% of all of the Units within Areas IA, IB, and IC have been sold; or (ii) December 31, 2020. In all matters other than the election of board members, there shall only be one class of membership (see generally Article III).

4. Community Association Powers and Duties. The Community Association shall have broad powers to administer the Property. Generally, the Community Association will have the power: (i) to acquire, hold, and dispose of property; (ii) to pay, compromise, or contest real property taxes and assessments on the Common Area and other Community Association property; (iii) to enforce the Declaration; (iv) to enter into contracts for the purpose of carrying out its duties under the Declaration (including management contracts); (iv) to collect assessments; (vi) to maintain books and records of its receipts and expenditures; and (vii) to maintain the Common Area (which will initially consist of the service lanes, pedestrian pathways, and the perimeter mini-parks located within Area IA). In addition to the Common Area, the Community Association shall maintain the sidewalk planting strips within dedicated roadways and any service lane lighting located on the garage Improvements of any Units.

Prior to the formation of the Association, the Developer shall have all rights, duties, and powers reserved to the Community Association in the Declaration including the right to charge the Owners assessments for the ownership, maintenance, and operation of the proposed Common Area (see generally Article IV).

5. Use of Common Areas. Owners shall have the right to use the Common Areas subject to: (i) any restrictions set forth in the Declaration or in any rules and regulations adopted by the Community Association; (ii) any restrictions, encumbrances, and easements which may be reserved at the time any Common Areas are transferred to the Community Association or otherwise reserved or granted from time to time; and (iii) other rights reserved to the Developer in the Declaration. Owners may not relinquish rights to use the Common Areas and thereby avoid their obligations for assessments.

6. Assessments. The Community Association shall have the right to assess Owners Common Assessments for the expenses incurred by the Community Association (see generally Article VI). The Common Assessments to be levied on each Unit shall be computed by multiplying the total Common Assessments due for all Units within the Property by a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units within the Property, as adjusted from time to time. The Community Association shall also be entitled to levy Special Assessments as follows: (i) against an Owner when an Owner defaults in the performance of its obligations under the Declaration, (ii) to make up a shortfall in receipts due to Owner delinquencies; (iii) where the budget is exceeded due to unanticipated circumstances; or (iv) for other reasons determined by the Board. Nonpayment of any assessments will give rise to a lien against the Owner's Unit in an amount equal to the unpaid assessments plus interest, attorney's fees, and costs of collection. The Board may foreclose on such lien as provided by law.

7. Design Standards. All construction and alteration of Improvements within the Property are subject to approval by the Design Review Committee ("DRC") and must be in compliance with the Design Guidelines which will be initially adopted by the Developer (see generally Article VII). Until such time as the Class B membership terminates, all members of the DRC will be appointed by the Developer. The DRC will have the authority to grant variances under specified circumstances and shall also have the authority to order the removal of any work which is not performed in accordance with the Declaration and Design Guidelines. The function of the DRC may be assumed from time to time by the Master Design Review Committee ("MDRC"), as provided in the Master Declaration (as discussed below).

8. Owner's Maintenance and Use Restrictions. Article VIII of the Declaration sets forth the scope of the Owners' obligations with respect to the maintenance of their Units and also contains general guidelines and restrictions concerning animals and pets, vehicle repairs, antennas and satellites dishes, landscaping, pools, guns, air conditioning units, lighting, window coverings, house decorations, vehicle washing, and other matters.

9. Additional Developer Reserved Rights. Article IX of the Declaration provides that the Developer and the Master Developer may assign their rights reserved under the Declaration to any third party. In addition, the Developer reserves the right to conduct sales activities within the Property and has reserved the right in its sole discretion to modify its development plans for the Property.

10. Insurance. The Community Association will be required to carry the following types of insurance: (i) property casualty insurance on all insurable Improvements within the Common Area; (ii) commercial general liability insurance; (iii) worker's compensation insurance (where required by law); (iv) directors and officers liability insurance; (v) fidelity insurance; (vi) non-owned and hired automobile liability coverage, (vii) such additional insurance as the Board may determine from time to time. Premiums for insurance carried by the Community Association shall be common expenses which will be included in Common Assessments.

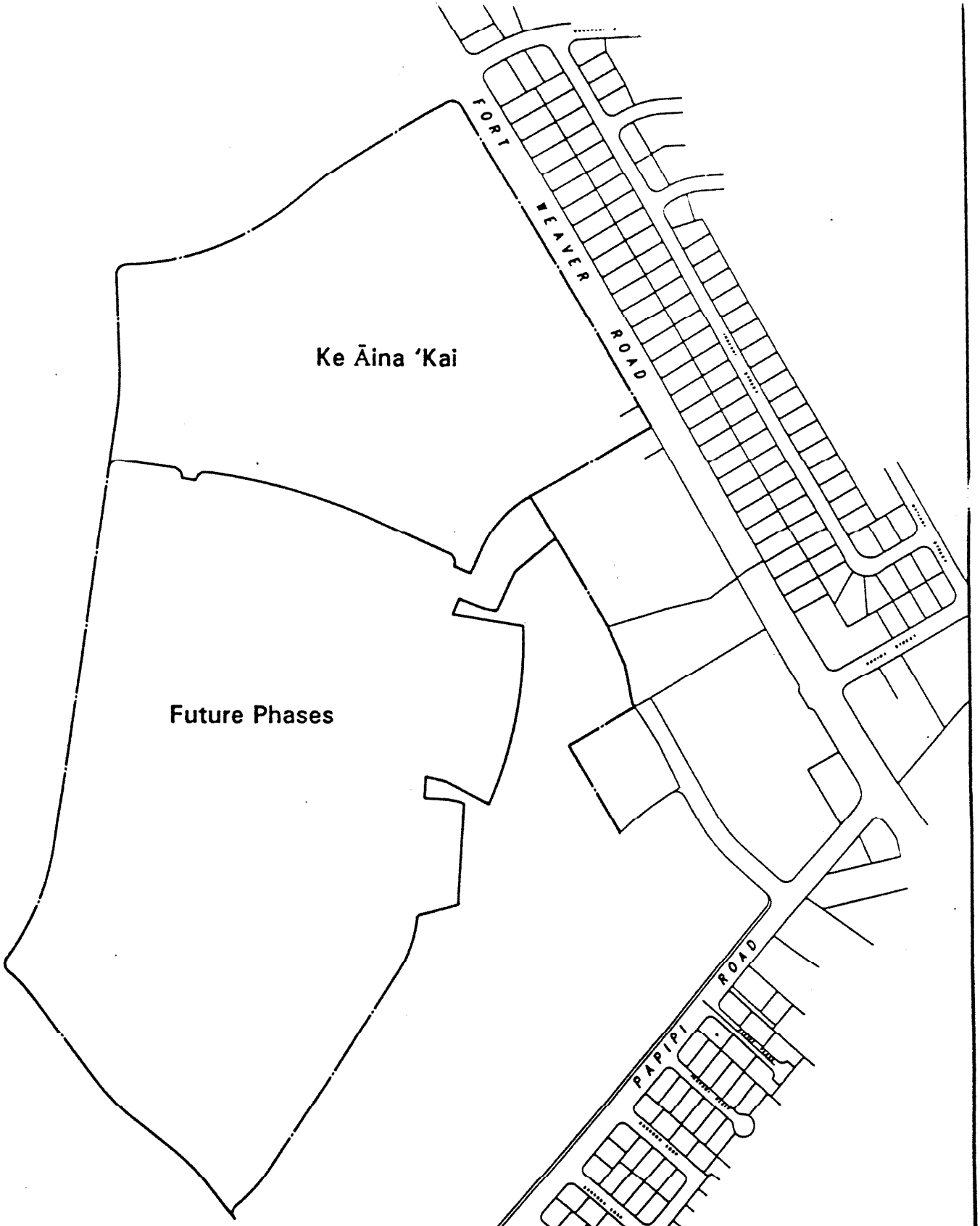
11. Easements. Article XI of the Declaration provides for encroachment easements in favor of Improvements which encroach upon neighboring Units or the Common Area if such encroachment occurs due to unintentional placement or settling or shifting of such Improvements. The Developer has also reserved for itself blanket easements for utility purposes across the Common Area, and across individual Units within any specific easement areas designated on any subdivision map for any portion of the Property. Such blanket easements maybe assigned to the Master Developer, to the Community Association, to the Master Association, or to a utility company. The Developer has also reserved the right to reserve easements over the Common Area for access and utility purposes serving developments within Areas 1B and 1C as well as the balance of the Ocean Pointe project. The Board shall generally have a right of entry over any portion of the Property (including any Units) in order to carry out its duties under the Declaration.

12. Ocean Pointe Community: Master Association. Article XII of the Declaration provides that the Master Developer will have the right to record a Master Declaration covering all or a portion of the Ocean Pointe development. The Master Declaration will provide for the formation of a Master Association which will be responsible for management of the Master Facilities as well as the enforcement of the restrictions set forth in the Master Declaration. If a Master Association is formed, the Community Association shall be a member, along with other developments within Ocean Pointe. The Initial Master Facilities will include the project entry lots and landscaping features as shown in Exhibit E to the Declaration. Additional Master Facilities which may be constructed at a later time may include without limitation, recreational facilities (including without limitation pedestrian pathways, bikeways, parks, and related facilities) and other infrastructure (including without limitation roadways, landscaping, drainage, non-potable water, telecommunications, and other utilities), together with such other facilities as the Master Developer in its discretion may from time to time designate for the purpose of enhancing, protecting, or serving the Ocean Pointe development.

Generally, the Community Association's share of the costs and expenses incurred by the Master Developer/Master Association for owning, operating, and maintaining the Master Facilities will be determined on a fair and equitable basis as provided in the Master Declaration and taking into account the relative benefits conferred upon the Community Association and other developments within Ocean Pointe.

13. Term. The term of the Declaration shall be for a period of fifty (50) years from the date that the Declaration is recorded. Thereafter, the Declaration shall automatically be extended for successive periods of twenty years (20) unless terminated by a written instrument signed by a majority of the Owners.

THE FOREGOING IS A GENERAL DESCRIPTION OF THE DRAFT DECLARATION AND IS FOR THE CONVENIENCE OF THE READER ONLY. THE PROVISIONS OF THE DRAFT DECLARATION ARE SUBJECT TO CHANGE PRIOR TO EXECUTION. AN EXECUTED COPY OF THE DECLARATION WILL BE PROVIDED TO BUYERS FOLLOWING RECORDATION.



Attachment to Exhibit M
(Description of the Declaration of Covenants, Conditions and Restrictions for Ke Āina 'Kai)

KE ĀINA 'KAI

NOT TO SCALE