

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer Leroy Satoru Taba and Peggy Tyner Yaklin
Address 45-631 Kapunahala Road, Kaneohe, Hawaii 96744; and
831 Tahoe Drive, Houston, Texas 77040
Project Name(*): 47-501 Ahuimanu Road
Address: 47-501 Ahuimanu Road, Kaneohe, Hawaii 96744

Registration No. 4090
(Conversion)

Effective date: August 23, 2002
Expiration date: September 23, 2003

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
 - 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 with _____
 - SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 - Preliminary Public Report dated: _____
 - Final Public Report dated: February 23, 1999
 - 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
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. The Declaration of Condominium Property Regime of 47-501 Ahuimanu Road dated February 1, 1999, and Condominium Map No. 1273 have been amended by a Second Amendment to Declaration of Condominium Property Regime of 47-501 Ahuimanu Road and Condominium Map No. 1273 dated May 22, 2002, recorded as Land Court Document No. 2815162, to change the designation of Apartment No. 501 to Apartment No. 501G.

2. The Agreement of Sale effective November 27, 1995, recorded as Land Court Document No. 2277466, as amended, has been satisfied in part and the Developer is now the fee owner of Apartment Nos. 501G, 501A, 501B, 501C, 501E and 501F. Apartment Nos. 501D1 and 501D2 remain subject to the Agreement of Sale.

3. There is one form of Deposit Receipt and Sales Agreement and Apartment Deed for Apartments 501D1 and 501D2. There is a different form of Deposit Receipt and Sales Agreement and Apartment Deed for Apartments Nos. 501G, 501A, 501B, 501C, 501E and 501F because the Developer is now the fee owner of those apartments. The provisions of the two forms of Deposit Receipt and Sales Agreement and Apartment Deed are similar.

4. Exhibit "D" describing the encumbrances against title has been revised to reflect the information contained in the title report dated June 17, 2002. The Exhibit "A" to the two forms of Apartment Deeds have also been revised to reflect the information contained in the title report dated June 17, 2002.

5. Exhibit "E" setting forth the estimate of initial maintenance fees and estimate of maintenance fee disbursements has been revised and updated.

6. The Developer is not represented by a real estate broker for the sale of the apartments, but are selling the apartments on their own. The Developer and the Fee Owner are not licensed real estate brokers or salespersons. In the future, the Developer may be represented by a real estate broker. In that event, prospective purchasers will be notified in writing of the name, address and business telephone number of the Developer's real estate broker.

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and 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.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Apartments	
EXHIBIT B: Common Elements	
EXHIBIT C: Common Interests	
EXHIBIT D: Encumbrances Against Title	
EXHIBIT E: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements	
EXHIBIT F: Summary of Sales Contract	
EXHIBIT G: Summary of Escrow Agreement	
EXHIBIT H: Developer's Reserved Rights; Sewer System; "As Is" Condition; Fee Owner Not Liable	
EXHIBIT I: Architect's Report on Existing Conditions of Project	

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: Leroy Satoru Taba and Peggy Tyner Yaklin Phone: 808-247-5222 / 713-937-6300
Name* (Business)
45-631 Kapunahala Rd. 8213 Tahoe Dr.
Business Address
Kaneohe, HI 96744 Houston, TX 77040

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

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

Business Address

Escrow: Developer's Escrow Services, Inc. Phone: 808-848-2340
Name (Business)
2024 N. King St., Room 201
Business Address
Honolulu, HI 96819

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

Business Address

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

Business Address

Attorney for Developer: Earl T. Sato, Rush Moore Craven Sutton Morry & Beh Phone: 808-521-0400
Name A Limited Liability Law Partnership, LLP (Business)
737 Bishop St., Suite 2400
Business Address
Honolulu, HI 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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:

<input type="checkbox"/>	Proposed				
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____		
			Book _____	Page _____	
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>2498988</u>		

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

The First Amendment to Declaration of Condominium Property Regime of 47-501 Ahuimanu Road dated February 1, 1999 was recorded as Document No. 2519424.

The Second Amendment to Declaration of Condominium Property Regime of 47-501 Ahuimanu Road and Condominium Map No. 1273 dated May 22, 2002 was recorded as Document No. 2815162.

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:

<input type="checkbox"/>	Proposed				
<input type="checkbox"/>	Recorded -	Bureau of Conveyances	Condo Map No. _____		
<input checked="" type="checkbox"/>	Filed -	Land Court	Condo Map No. <u>1273</u>		

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

The Second Amendment to Declaration of Condominium Property Regime of 47-501 Ahuimanu Road and Condominium Map No. 1273 dated May 22, 2002 was recorded as Document No. 2815162.

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:

<input type="checkbox"/>	Proposed				
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____		
			Book _____	Page _____	
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>2498989</u>		

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

To record the architect's "as built" certificate pursuant to Section 514A-12, Hawaii Revised Statutes, as amended, and to restate the Declaration or Bylaws as provided by Section 514A-82.2, Hawaii Revised Statutes, as it may be amended.

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: 47-501 Ahuimanu Road Tax Map Key (TMK): (1) 4-7-57-29 CPR 1-8
Kaneohe, Hawaii 96744

Address TMK is expected to change because _____

Land Area: 1.300 square feet acre (s) Zoning: R-5

As to Apartment Nos. 501D1 and 501D2 only:
 Marian Quinnell Hotchkiss, as Trustee under that certain
 Fee Owner: unrecorded Trust Agreement dated September 9, 1982
 Name
44-275 Mikiola Dr.
 Address
Kaneohe, HI 96744

Lessor: N/A
 Name
 Address

C. Buildings and Other Improvements:

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 7 Floors Per Building 1 (6 buildings)
2 (1 building)
 Exhibit _____ contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____
4. Uses Permitted by Zoning

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>8</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: Section 5.04(i) of By-Laws

Number of Occupants: _____

Other: No transient or hotel purposes, no time-sharing.

There are no special use restrictions.

6. Interior (fill in appropriate numbers): See Exhibit "A"

Elevators: 0 Stairways: 1 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath.</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 8

*** Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

Permitted Alterations to Apartments:

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has --- elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	_____ 16 _____				
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>
	<u>Covered Open</u>		<u>Covered Open</u>		<u>Covered Open</u>
Assigned (for each unit)	_____ 2 _____	_____ _____	_____ _____	_____ _____	16
Guest	_____ _____	_____ _____	_____ _____	_____ _____	_____
Unassigned	_____ _____	_____ _____	_____ _____	_____ _____	_____
Extra for Purchase	_____ _____	_____ _____	_____ _____	_____ _____	_____
Other: _____	_____ _____	_____ _____	_____ _____	_____ _____	_____
Total Covered & Open	_____ 16 _____	_____ 0 _____	_____ 0 _____	_____ 0 _____	16

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

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: _____

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

- There are no violations Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

See Exhibit "I", Architect's Report on Existing Conditions of Project.

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):

Based upon the architect's inspection and report, the apartments of the Project appear habitable and free from major structural defects. The plumbing and electrical systems are functioning and in good condition. The Developer makes no estimate of the expected useful life of the structural components of the Project.

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

described in Exhibit "B" .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit "B" *.

as follows:

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

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

described in Exhibit "C".

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 "D" describes the encumbrances against the title contained in the title report dated June 17, 2002 and issued by First American Title Insurance Company.

Blanket Liens:

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

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Agreement of Sale (as to Apartment Nos. 501D1 and 501D2 only)	Buyer may not be able to purchase the apartment. Buyer's deposit will be refunded to Buyer, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:

None

2. Appliances:

None

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

The following is the approximate completion date for each unit:

501G - 1984
501A - 1984
501B - 1987
501C - 1987
501D1 - 1984
501D2 - 1985
501E - 1988
501F - 1988

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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 fee may vary depending on the services provided.

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

C. **Utility Charges for Apartments:**

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "F" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 6, 1998.
Exhibit "G" contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been 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 _____

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. 4090 filed with the Real Estate Commission on December 18, 1998.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. **Additional Information Not Covered Above**

See Exhibit "H".

Disclosure regarding selection of Real Estate Broker

The Developer(s) have not selected a real estate broker for the sale of condominium apartments in the project at this time.

In the event the Developer(s) chooses to use a real estate broker for the sale of a condominium apartment, prior to entering into a binding contract for such sale the Developer(s) shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed Disclosure Abstract identifying the designated broker and (2) provide a copy of the Disclosure Abstract to the purchaser together with a copy of this Public Report.

EXHIBIT "A"

APARTMENTS

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Total Area (sf)</u>
501G	1	3/2	707	0	707
501A	1	3/2	841	165	1,006
501B	1	3/2	902	445	1,347
501C	1	3/2	902	477	1,379
501D1	1	3/2	831	0	831
501D2	1	3/2	902	440	1,342
501E	1	3/2	819	0	819
501F	1	3/2	887	142	1,029

Boundaries of Each Apartment:

Apartment Nos. 501G, 501-A, 501-B, 501-C, 501-E and 501-F each consists of an entire building. The boundaries of each such apartment consists of the exterior surfaces of the perimeter walls, roofs and caves and the bottom surfaces of the foundations, floors and/or footings of each apartment, as applicable, and including any lanais, gutters, downspouts, railings and exterior stairways attached to and a part of the building.

Apartment Nos. 501D1 and 501D2 are situated on the first and second floors, respectively, of Building 5 of the Project as shown on the Condominium Map and shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or interior load-bearing walls, the floors and ceilings surrounding such apartments, or any pipes, wires, conduits or other utility or service lines running through either apartment which are utilized for or serve the other apartment, the same being deemed common elements as provided below. Apartment Nos. 501D1 and 501D2 shall be deemed to include all the walls and partitions which are not load-bearing within their respective perimeter walls, all doors and door frames, all windows and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and any lanais, stairways (and supports for stairways), walkways, entrances and exits that serve only one of such apartments.

Permitted Alterations to Apartments:

Section 15 of the Declaration contains the following provisions regarding alterations to the apartments:

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

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

EXHIBIT "B"

COMMON ELEMENTS

Common Elements:

The common elements of the Project include the following:

1. The land of the Project;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, and the roof of Building 5;
3. All yards, grounds, landscaping and fences or walls, if any;
4. All roads, driveways and parking areas;
5. All pipes, cesspools, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any; and
6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Limited Common Elements:

The limited common elements of the Project include the following:

1. The Private Yards under and surrounding Apartment Nos. 501G, 501A, 501B, 501C, 501E and 501F, including without limitation any driveways or parking areas, as shown on the Condominium Map, and any trees, shall be appurtenant to those respective apartments, but excluding any water line, sewer line or drain line located on, in or under such Private Yards which serve more than one apartment or the common elements;
2. The Private Yards adjoining Apartment Nos. 501D1 and 501D2, including without limitation any driveways or parking areas, as shown on the Condominium Map, and any trees shall be appurtenant to those respective apartments, but excluding any water line, sewer line or drain line located on, in or under such Private Yards which serve more than one apartment or the common elements;

3. The water lines, sewer lines or drain lines located in or under the Private Yard of an apartment which serve only that apartment shall be appurtenant to such apartment;

4. The cesspool located in or under the respective Private Yard of Apartment Nos. 501G, 501A, 501B, 501C, 501E and 501F, shall be appurtenant to those respective apartments;

5. The cesspool located in or under the Private Yard of Apartment No. 501D1 shall be appurtenant to Apartment Nos. 501D1 and 501D2;

6. The parking space(s) located on the Private Yard appurtenant to each apartment, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of that apartment.

7. One (1) mailbox bearing the number and letter of the street address of each apartment shall be appurtenant to and for the exclusive use of each apartment.

8. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, and the roof of Building 5 shall be appurtenant to and for the exclusive use of Apartment Nos. 501D1 and 501D2.

EXHIBIT "C"

COMMON INTERESTS

<u>Apartment No.</u>	<u>Common Interest</u>
501G	10.3%
501A	12.3%
501B	13.2%
501C	13.2%
501D1	12.1%
501D2	13.2%
501E	12.8%
501F	12.9%

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. "The right of the Dillingham Bros., Limited, at any time to change the location of said easements, roadways, or rights of way, other than the Kamehameha Highway, provided the Dillingham Bros., Limited, furnishes the owners of said pieces of lands affected by such change with equally suitable easements, roadways, or rights of way, to those already existing and hereby provided of the same width at least as the existing roadways, easement or rights of way, and if any dispute shall arise between the Dillingham Bros., Limited and the owners of the land affected by such change as to the suitability of the new easements, roadways or rights of ways, such dispute shall be submitted to and settled by a Judge of the Land Court of the State of Hawaii.

Nothing herein contained shall be construed as determining the rights to water and/or easements for irrigation ditches in favor of the Dillingham Bros., Limited, and/or any of the parties interested in the lands covered by Land Court Certificate of Title No. 47,043."

2. The terms, provisions, reservations, covenants, conditions and restrictions as contained in Deed dated March 14, 1951, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 126660.

3. Easement 85 (20 feet wide) for water pipeline and incidental purposes, as shown on Maps 76 and 211, filed with Land Court Application No. 979, as set forth by Land Court Order No. 14887, filed October 16, 1956.

4. Grant of easement for utility and incidental purposes, in favor of Hawaiian Electric Company, Inc. filed as aforesaid as Document No. 1442557, as amended.

5. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

6. Declaration of Condominium Property Regime of 47-501 Ahuimanu Road dated July 13, 1998, recorded as aforesaid as Document No. 2498988 (Condominium Map No. 1273), as amended by First Amendment to Declaration of Condominium Property Regime of 47-501 Ahuimanu Road and Condominium Map No. 1273 dated February 1, 1999, recorded as aforesaid as Document No. 2519424, and Second Amendment to Declaration of Condominium Property Regime of 47-501 Ahuimanu Road and Condominium Map No. 1273 dated May 22, 2002, recorded as aforesaid as Document No. 2815162.

7. By-Laws of the Association of Apartment Owners of 47-501 Ahuimanu Road dated July 13, 1998, recorded as aforesaid as Document No. 2498989.

8. AS TO APARTMENT NOS. 501D1 AND 501D2 ONLY.

a. Agreement of Sale dated November 27, 1995, made by and between MARION QUINNELL HOTCHKISS, as Trustee under that certain unrecorded Trust Agreement dated September 9, 1982, as Seller, and LEROY SATORU TABA, husband of Adele Emiko Taba, and PEGGY TYNER YAKLIN, wife of Patrick Yaklin, as Buyer, recorded as aforesaid as Document No. 2277466, as amended by Amendment to Agreement of Sale dated January 19, 1996, recorded as aforesaid as Document No. 2289069.

b. Terms and provisions of that certain unrecorded Trust Agreement dated September 9, 1982.

9. AS TO APARTMENT NO. 501G ONLY.

Mortgage dated December 18, 2001, recorded as aforesaid as Document No. 2763549, in favor of North American Mortgage Company.

10. AS TO APARTMENT NO. 501A ONLY.

Mortgage dated December 18, 2001, recorded as aforesaid as Document No. 2763550, in favor of North American Mortgage Company.

11. AS TO APARTMENT NO. 501B ONLY.

Mortgage dated December 18, 2001, recorded as aforesaid as Document No. 2763551, in favor of North American Mortgage Company.

12. AS TO APARTMENT NO. 501C ONLY.

Mortgage dated December 18, 2001, recorded as aforesaid as Document No. 2763552, in favor of North American Mortgage Company.

13. AS TO APARTMENT NO. 501E ONLY.

Mortgage dated December 18, 2001, recorded as aforesaid as Document No. 2763553, in favor of North American Mortgage Company.

14. AS TO APARTMENT NO. 501F ONLY.

Mortgage dated December 18, 2001, recorded as aforesaid as Document No. 2763554, in favor of North American Mortgage Company.

EXHIBIT "E"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u>	x 12 months	=	<u>Yearly Total</u>
501G	\$60.77	x 12	=	\$729.24
501A	\$72.57	x 12	=	\$870.84
501B	\$77.88	x 12	=	\$934.56
501C	\$77.88	x 12	=	\$934.56
501D1	\$71.39	x 12	=	\$856.68
501D2	\$77.88	x 12	=	\$934.56
501E	\$75.52	x 12	=	\$906.24
501F	<u>\$76.11</u>	<u>x 12</u>	=	<u>\$913.32</u>
	\$590.00	x 12	=	\$7,080.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements and apartments

Elevator

Gas

common elements only

common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

\$100 x 12 = \$1,200

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

\$70 x 12 = \$840

Insurance

\$100 x 12 = \$1,200

Reserves(*)

\$300 x 12 = \$3,600

Taxes and Government Assessments

Audit Fees

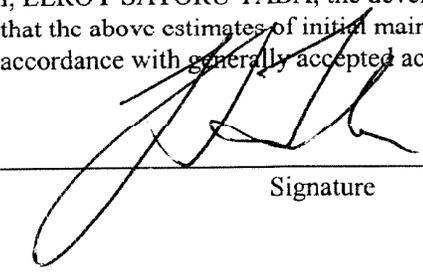
\$20 x 12 = \$240

Other

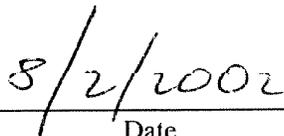
TOTAL

\$590 x 12 = \$7,080

I, LEROY SATORU TABA, the developer, for the 47-501 Ahuimanu Road condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Signature



Date

Pursuant to §514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the Association's first annual meeting.

*NOTE: Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

EXHIBIT "F"

SUMMARY OF SALES CONTRACT

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

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

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

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

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

4. In addition to all other funds due, Buyer must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the Condominium Association. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. This amount is separate from the purchase price and closing costs for the Apartment.

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

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

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

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

If Buyer intends to finance the purchase of an Apartment, Buyer must apply for financing within five (5) days of the Seller's acceptance of the Sales Contract. Buyer agrees to do everything possible and/or necessary to successfully obtain a loan once applied for. Buyer agrees to immediately provide Seller with a copy of any loan commitment Buyer receives.

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

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

9. If Buyer defaults, Seller may cancel the Sales Contract by notifying Buyer in writing. The Seller may keep any amounts previously paid by Buyer as compensation for Seller's

damages. In addition, Seller may also pursue any other appropriate means in order to be compensated for damages incurred by Buyer's default.

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

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

10. By entering into the Sales Contract, Buyer acknowledges that Buyer has never received any information of representations from Seller or any of Seller's agents regarding rental income from the Apartment or other economic or tax benefits that Buyer may receive from ownership of the Apartment. Buyer further agrees that he or she will not participate in any rental pool for the renting of the Apartment. Buyer may be required to sign documents which satisfy the Seller that no such representations have been made.

11. Paragraph G.7 of the Sales Contract makes the following disclosures:

a. The land of the Project is subject to a 20-foot wide easement for water pipeline purposes, identified as Easement 85 as shown on Maps 76 and 211, as set forth by Land Court Order No. 14887, filed on October 16, 1956. Seller has been informed by the Board of Water Supply that the easement is no longer required and may be cancelled. The Board of Water Supply is in the process of cancelling the easement, which process may or may not be completed by the Closing Date. If the easement has not been cancelled by the Closing Date, Buyer may be required to sign documents that may be required to cancel the easement. Buyer agrees that, if requested, Buyer will promptly sign and return any documents required or convenient to complete the cancellation of the easement.

b. Apartment Nos. 501G, 501A, 501B, 501C, 501E and 501F each is served by a cesspool that is located in the Private Yard that is a limited common element appurtenant to each of those apartments. Apartment Nos. 501D1 or 501D2 share a cesspool that is located in the Private Yard that is a limited common element appurtenant to Apartment No. 501D1. Seller has been informed by the City and County of Honolulu that all of the apartments in the Project will be required to connect to the City and County of Honolulu's sewer system at some time in the future. Seller will contribute to the Association the sum of \$3,000.00 at the closing of the sale of each apartment which monies are to be held in reserve to pay all or a portion of the cost of connecting the apartments to the City and County of Honolulu's sewer system. Seller makes no promises, representations or warranties regarding the actual cost of connecting the apartments to the City and County of Honolulu's sewer system or whether the sum of \$3,000.00 per apartment will pay the entire cost of connecting the apartments to the City and County of Honolulu's sewer system.

c. The Fee Owner is not the developer of the Project and is not liable for any claims or damages relating to the development of the Project or the sale of the Apartment to Buyer. Fee Owner has executed the Declaration and By-Laws only to submit her interest in the Land and the improvements to the condominium property regime and to create the Project. Fee Owner will execute the Apartment Deed only to convey her interest in the Apartment and the Common Elements to Buyer.

EXHIBIT "G"

SUMMARY OF ESCROW AGREEMENT

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

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

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

EXHIBIT "H"

1. Developer's Reserved Rights

The Developer has reserved the following rights in Sections 4.5, 4.6 and 4.7 of the Declaration:

Section 4.5. Declarant shall have the right to conduct extensive sales activities on the Project for the sale of the apartments of the Project, including without limitation, the use of model apartments, sales and management offices, and extensive sales displays and activities until the date of the closing of the sale of the last unsold apartment in the Project. In the event that Declarant's mortgage lender or any successor to or assignee of Declarant's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns, shall have the right to conduct extensive sales activities on the Project until all of the apartments so acquired have been sold and closed, notwithstanding the foregoing. Declarant or such other party exercising the right to conduct sales activities pursuant to this Section 4.5 shall promptly, after such activities cease, restore the area or areas of the Project utilized for the sales activities at such party's expense.

Section 4.6. Declarant, its agents, employees, contractors, licensees, successors, and assigns shall have an easement over and upon the Project as may be reasonably necessary for the completion of the development and construction of the Project and the correction of defects in the Project. Such easement shall not terminate as long as Declarant has any interest in the Project.

Section 4.7. Declarant hereby reserves the right, for itself and its successors and assigns, as long as Declarant has an interest in the Project or until December 31, 2002, whichever is later, to designate and to grant to any public or governmental authority rights-of-way and other easements which are for the sole benefit of the Project, or which do not materially and adversely interfere with the use, nor materially and adversely impair the value of the Project or any apartment in it, over, across, under and through the common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided that in connection with the installation, maintenance, repair, alteration or removal of any such lines and facilities pursuant to rights-of-way and other easements granted hereunder, Declarant or its successors or assigns, as applicable, must require that the common elements be restored promptly at the expense of the party owning and exercising such easement right; provided, further, that the Association, through the Board, and with the consent and agreement of the holders of any then existing easements affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project without requiring any

consideration therefor. To the extent that joinder of any apartment owner and lien holder or other person who may have any interest in the Land or the Project or any apartment in it may be required in order to validate any act or thing done pursuant to the foregoing reservation, such joinder shall be accomplished by a power of attorney from each of the owners, lien holders or other such parties. The acquiring or acceptance of ownership in an apartment or of a lien covering an apartment or any other interest in the Project or Land subject to this Declaration shall constitute a grant of such power of attorney and the grant, being coupled with an interest, shall be irrevocable and shall not be affected by the disability of the party granting such power.

2. Sewer System

All of the apartment in the project are presently served by cesspools located in the Private Yard areas that are limited common element appurtenant to the apartments. The Developer has been informed by the City and County of Honolulu that all of the apartments in the project will be required to connect to the City and County of Honolulu's sewer system at some time in the future. If the apartments have not been connected to the City and County of Honolulu's sewer system prior to the sale of the apartments, the Developer will contribute to the Association of Apartment Owners the sum of \$3,000.00 at the closing of the sale of each apartment which monies are to be held in reserve to pay all or a portion of the cost of connecting the apartments to the City and County of Honolulu's sewer system. The Developer makes no promises, representations or warranties regarding the actual cost of connecting the apartments to the City and County of Honolulu's sewer system or whether the sum of \$3,000.00 per apartment will pay the entire cost of connecting the apartments to the City and County of Honolulu's sewer system.

3. "As Is" Condition

The Developer did not construct any of the apartments or other improvements of the project. The apartments in the project are being sold and will be transferred in their current "AS IS, WHERE IS" condition with "ALL FAULTS". This means that the Developer will not correct any defects in any apartment, the project or anything installed or contained therein.

4. Fee Owner Not Liable

The Fee Owner is not the developer of the project or the seller of the apartments of the project, and has joined in the Declaration of Condominium Property Regime and the By-Laws of the Association of Apartment Owners only to submit her interest in the land and improvements to the condominium property regime created by the Declaration of Condominium Property Regime. The Fee Owner makes no representations or warranties regarding the project, and is not responsible for any information contained in this Final Condominium Public Report. The Fee Owner will execute the Apartment Deeds conveying Apartment Nos. 501D1 and 501D2 of the project to the buyers only to convey to the buyers her interest in the respective apartments and their appurtenant undivided interests in the common elements of the project.

ROBERT ALEXANDER LAZO, A.I.A.

ARCHITECTURE - INTERIORS - PLANNING - CONSULTING

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June 18, 1998

Existing Conditions Report for Condominium Conversion of:

47-501 Ahuimanu Road

Kane'ohe, O'ahu, Hawai'i
tax map key: 4-7-57:029

This report serves to document existing conditions for the residential structures located on the subject property. Drawings prepared to record physical dimensions and characteristics of the existing structures are listed sheet 1 thru 8 and include the site plan, floor plans and exterior elevations.

This property, under the jurisdiction of the City & County of Honolulu building codes, is zoned R-5 as defined by the *Land Use Ordinance* (LUO). The total lot size is 56,557 sq. ft. in size with 8 single-family dwellings. As noted on the site plan, the units are labeled Units 501 thru 501F.

Units 501, 501A, 501B, 501C, 501E & 501F are single-story structures of single-wall construction on post & pier foundations. Units 501D1 & 501D2 compose a two-story structure constructed with concrete masonry walls at the lower floor on a concrete slab foundation and single-wall construction at the upper floor. City records indicate that building permits were obtained for each of the structures, as follow:

Unit 501	July 26, 1984	BP #R2595
Unit 501A	July 26, 1984	BP #R2548
Unit 501B	May 5, 1987	BP #239542
Unit 501C	May 5, 1987	BP #239541
Unit 501D	Aug. 8, 1988	BP #258390
Unit 501E	July 26, 1984	BP #R2602
Unit 501F	May 23, 1985	BP #208030

Although the units present conditions do not appear as documented in the building permit drawings, from visual inspection, all units appear habitable and appear free from major structural defects. And the plumbing and electrical systems appear to be functioning and in good condition.

Layout characteristics for each unit are as follows:

Unit 501	liv, kit, 3 bd, 2 bth	707 sq. ft. (net living area)
Unit 501A	liv, kit, 3 bd, 2 bth	841 sq. ft.
Unit 501B	liv, kit, dine, 3 bd, 2 bth	902 sq. ft.
Unit 501C	liv, kit, dine, 3 bd, 2 bth	902 sq. ft.
Unit 501D1	liv, kit, dine, 3 bd, 2 bth	831 sq. ft.
Unit 501D2	liv, kit, dine, 3 bd, 2 bth	902 sq. ft.
Unit 501E	liv, kit, 3 bd, 2 bth	819 sq. ft.
Unit 501F	liv, kit, 3 bd, 2 bth	887 sq. ft.

EXHIBIT "I"

Minor non-conforming conditions, with respect to current building codes, may require removal or correction should future renovation of the structures be enacted. They are listed as follows:

ARCHITECTURAL

All Units - stair handrails do not meet current code.

Unit 501 - a lean-to shed roof over the outdoor laundry area sits within the 5 ft. property setback line. This is planned for removal by the Owner.
- an interior partition wall exists in the hallway. This is planned to be changed to a swing door by the Owner.
- attic ventilation not sufficient.

Unit 501A - an interior door exists in the hallway.
- attic ventilation not sufficient.

Unit 501F - Bedrm. #3 does not have an interior connection to the Living Rm. or Kitchen without first having to pass thru another room.

STRUCTURAL

All Units - do not meet criteria for proper lateral strength design.
- do not have all continuous load-path connections as required by current building codes.

Unit 501 - the shed-roof & support post over the laundry area has experienced termite damage & collapse. This is planned for removal by the Owner.
- floor structure lower than required minimum above grade.

Unit 501B - Lanai deck footings at the rear corner of the house sit upon live tree roots.

Unit 501D - support posts for the upper floor balcony deck do not have tie-down connections to the foundation.

PLUMBING

All Units - not all fixtures provided with low-flow devices.

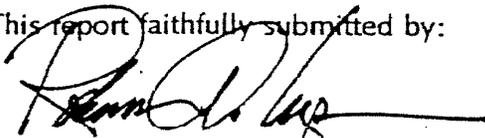
Units A & B - sinks in Den are not ventilated above roof line

ELECTRICAL

All Units - not all outlets located at kitchen, laundry & bathrooms are provided with *ground-fault interrupt devices*.

- not all smoke-detectors are installed per code.

This report faithfully submitted by:



Robert Alexander Lazo, A.I.A.

Registered Architect, State of Honolulu - Hawai'i Prof. Registration No. 6066