

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by : Developer 505 Development, LLC
Address 505 Kilauea Avenue, Hilo, Hawaii 96720

Project Name(*): 505 Kilauea Avenue
Address 505 Kilauea Avenue Hilo, Hawaii 96720

Registration No. 4109 Effective date: March 15, 1999
Expiration date: April 15, 2000

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.

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

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

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

(*) Exactly as named in the Declaration
FORM: RECO-30 286/986/189/1190/892/0197

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 Commission.

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 does **not** represent a legally subdivided lot. The dotted lines and metes and bounds descriptions on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

Prospective purchasers are advised that as of the effective date of this report, no additional comments have been received from the Hawaii County Planning Department. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS 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: 505 Development, LLC Phone: (808) 935-2422
505 Kilauea Avenue (Business)
Hilo, Hawaii 96720
Business Address

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

Paul A. Tsukiji, managing member
Peter K. Kubota, managing member
Cary Honda, member

Real Estate
Broker: Not applicable: Units will not be offered for sale. (see pg. 20a) Phone: _____
Name (Business)

Business Address

Escrow: Name _____
Title Guaranty Escrow Services, Inc. Phone: (808) 935-6638
Business Address (Business)
450 Kilauea Avenue, Hilo, Hawaii 96720

General
Contractor: Not applicable: Project was completed in 1969. Phone: _____
Name (Business)

Business Address

Condominium
Managing
Agent: Project will be self-managed by the Association Phone: _____
Name (Business)
of Apartment Owners
Business Address

Attorney for
Developer: Peter K. Kubota Phone: (808) 935-2422
Name (Business)
505 Kilauea Avenue, Hilo, Hawaii 96720
Business Address

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 98-159557
Book _____ Page _____
 Filed - Land Court (dual system) Document No. 2495141

The Declaration referred to above has not been amended.

- 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 the condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo File Plan No. 2818
 Filed - Land Court Condo Map No. 1267

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 98-159558
Book _____ Page _____
 Filed - Land Court Document No. 2495142

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules.

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

The Developer has reserved the right to make any changes to the project documents and the project as may be required by law, any title insurance company, and institutional lender or any governmental agency prior to the conveyance or transfer of the first unit, for any reason and in any manner as the developer deems necessary, provided that no such change shall substantially alter or reduce the usable space within the unit, render unenforceable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, or reduce the obligations of the Developer for common expenses or unsold units.

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 purposes 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: 505 Kilauea Avenue Tax Map Key (TMK): (3)2-2-11:41
Hilo, Hawaii 96720

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

Land Area: 29,108 [X] square feet [] acre(s) Zoning: CG 7.5 (General Commercial,
minimum lot size 7,500 square feet)

Fee Owner: 505 Development, LLC
 Name
505 Kilauea Avenue, Hilo, Hawaii 96720
 Address

Sublessor: _____
 Name

 Address

C. **Buildings and Other Improvements:**

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

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

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Aluminum framing, glass

4. **Permitted Uses by Zoning:**

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other:	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

- Pets: _____
 Number of Occupants: _____
 Other: Professional offices, excluding medical and dental

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 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>
<u>Unit 1</u>	<u>1</u>	<u>0/0</u>	<u>974 s.f.</u>	_____	_____
<u>Unit 2</u>	<u>1</u>	<u>0/0</u>	<u>1,162.s.f</u>	_____	_____
<u>Total Number of Apartments:</u>			<u>2</u>		

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

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

Boundaries of Each Apartment: Each Apartment shall be deemed to include (i) all portions of the structure, inclusive of concrete footings, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment or which are utilized for and serve only that Apartment, (iii) all appliances and fixtures installed therein and replacements thereof, (iv) all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, the air space within the perimeters of the Apartment.

Permitted Alterations to Apartments: Each Apartment Owner shall have the right at said Owner's sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of the other Apartment or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in said Owner's Apartment or portions thereof or upon the Limited Common Element appurtenant to said Owner's Apartment.

7. Parking Stalls:

Total Parking Stalls: 27

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	<u>10</u>	<u>15</u>	_____	_____	_____	_____	<u>25</u>
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:ADA/Handicapped	<u>1</u>	<u>1</u>	_____	_____	_____	_____	<u>2</u>
Total Covered & Open:	<u>27</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>27</u>

Each apartment will have the exclusive use of at least 0 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)

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):

The structural components and the mechanical and electrical systems are in fair to good condition consistent with their age. The Developer is not able to make any representations as to the useful life of the structural components or the mechanical and electrical systems.

* None of the parking stalls are assigned to each unit.

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	X		
Structures	X		
Lot	X		

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

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

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

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

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

described in Exhibit A.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit ____.

as follows:

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

described in Exhibit ____.

as follows:

<u>Unit No.</u>	<u>Percentage Common Interest</u>
Unit 1	50.00 per cent (50%)
Unit 2	50.00 per cent (50%)

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit B describes the encumbrances against the title contained in the title report dated December 23, 1998 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage Bank of Hawaii	Buyer's interest may be terminated, and the Buyer will receive back any deposit(s) paid to escrow less the escrow cancellation fee of not more than \$250.00. However, the Buyer's interest under the Sales Contract usually will be subordinate to the blanket lien. Therefore, upon foreclosure of the blanket lien, the lien holder may be able to terminate the Buyer's interest.

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:

SELLER MAKES NO EXPRESS WARRANTIES. SELLER 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 ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENTS, THE COMMON ELEMENTS OR THE PROJECT.

Seller disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which Buyer may encounter with respect to the Apartments or the Project.

2. Appliances:

Seller warrants that all major appliances, plumbing and electrical fixtures included in the sale will be in working order consistent with their age as of the date of closing, or occupancy, if earlier. No continuing warranty is expressed or implied.

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

The project was completed in 1969. Renovation work was done in 1995, and 1998. The Notice of Completion for the renovation work performed in 1998 was filed on May 27, 1998.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

Exhibit C 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 X 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 January 7, 1999
Exhibit E 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. 4109 filed with the Real Estate Commission on January 25, 1999.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

1. The land is zoned "General Commercial" (CG 7.5) by the County of Hawaii, which designation permits the office and related uses set forth herein.
2. Prospective purchasers are advised to consult with the County of Hawaii's Planning Department and Department of Public Works for permitted uses and structures and the construction of improvements on the land prior to purchasing.
3. Construction of structures and improvements to existing structures must conform to all applicable zoning and building laws, ordinances, rules and regulations, more particularly described in **Exhibit D** attached hereto.
4. The land areas depicted on the Project Plot Plan (or Condominium Map) submitted to the Real Estate Commission represent the following limited common elements:

Limited Common Element

Unit No. (approximate land area)

None

and the following common element:

Common Element

(approximate land area)

Common Area (29,108 square feet)

These aforementioned land areas do not represent legally subdivided lands.

5. PURPOSES AND USE

a. Each unit shall at all times be occupied and used for professional office uses, excluding medical, dental, and health care related offices, in accordance with all applicable laws, permits and approvals from governmental authorities, this declaration and the bylaws, and for no other purposes.

b. There will be no hazardous, toxic or regulated substances or materials stored, produced, handled or used in any unit (other than substances and materials for medical uses and purposes which may be held, managed, used and disposed of in accordance with all applicable laws, rules and regulations). Such prohibited substances include materials and substances which are defined as hazardous or toxic, or otherwise regulated under federal or state environmental laws, rules or regulations. Each unit shall be solely responsible for the cost of disposing of all waste produced by activities in said unit.

c. No unit owner shall place or permit any sign, awning or canopy, or advertising matter or decoration or lettering which shall be visible from outside of the unit without the consent of the board of directors. The board of directors shall establish reasonable and uniform regulations permitting the placement and maintenance of identifying signs and insignia of such sizes and material and in such locations as shall be aesthetically suitable and appropriate to the design and function of the project. The owners of each unit shall be solely responsible for the cost of maintaining or replacing signs for their respective unit.

d. A unit owner shall use his or her good faith best efforts to cooperate with all other unit owners in the use and occupancy of the project, the general conduct of business, the use of common driveway and parking areas, and the continuing appearance and operation of the project as a whole, with the objective of preserving the smooth operation of the project, its property value and its interior and exterior physical appearance and its reputation in the community.

e. The owners of the respective units shall have the absolute right to sell, lease, rent or otherwise transfer such units subject to all provisions of the Act, this declaration and the bylaws.

f. Any lease or rental agreement of a unit shall provide that it shall be subject in all respects to the provisions of the project documents and that the failure of the lessee or tenant to comply with the terms of the project documents shall be a default under the lease or rental agreement.

g. The owners and occupants of each unit shall comply with the rules, regulations and decisions of the board of directors in managing the parking area and assigning and reassigning the parking areas. With the exception of handicapped parking stalls, all unassigned parking stalls shall be for the use and benefit of customers of all unit owners.

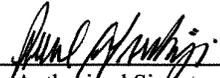
h. The owners and occupants of each unit shall not use their unit for any purpose which will injure the reputation of the project or suffer anything to be done or kept in their unit or elsewhere in the project which will (a) jeopardize the soundness of any unit or building in the project, (b) create a nuisance or interfere with or unreasonably disturb the rights of other owners and occupants, (c) reduce the value of the project, or (d) significantly affect the association's cost of insurance or its ability to obtain insurance coverage.

Disclosure re: Selection of Real Estate Broker

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

- 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.

505 Development, LLC
Name of Developer

By:  3/9/99
Duly Authorized Signatory: _____ Date
PAUL A. TSUKIJI, managing member
Print Name & Title of Person Signing Above

By:  3/9/99
Duly Authorized Signatory: _____ Date
PETER K. KUBOTA, managing member
Print Name & Title of Person Signing Above

Distribution:
Department of Finance, County of Hawaii
Planning Department, County of Hawaii

EXHIBIT A

**PROJECT DESCRIPTION, COMMON ELEMENTS,
AND LIMITED COMMON ELEMENTS**

1. **DESCRIPTION OF BUILDINGS:** The condominium consists of 2 units, contained in a one-story building of 2,678 square feet, more or less, with no basement, which is located on the land as shown on the Condominium File Plan. The building is constructed primarily of concrete, aluminum framing, and glass.

2. **DESCRIPTION OF UNITS:** The units are numbered numerically as units 1 and 2 and are located, in relation to each other, as shown on the Condominium File Plan. Each unit is unfurnished and has direct access to an entry vestibule, lunchroom, and restrooms as shown on the Condominium File Plan.

The boundaries of each unit include the interior undecorated or unfinished surfaces of all perimeter walls. The lower horizontal boundary of each unit is the upper unfinished surface of the concrete floor slab, and the upper horizontal boundary is the lower unfinished surface of the roof joist above said unit.

3. **ALTERATIONS TO UNITS:** The boundaries of any unit may be changed by amendment to Declaration as provided in Section L of the Declaration.

4. **FLOOR AREAS OF UNITS AND THEIR COMMON INTEREST:** The common interests in the common elements of the condominium which are appurtenant to the units are as follows:

Unit Number	Area Contained Within Each Unit	Percentage Interest in Common Elements
1.	973.5 square feet	50%
2.	1161.5 square feet	50%

NOTE: The areas shown are gross areas within the perimeter boundaries of each unit and may not accurately reflect the actual useable floor area. Also, the areas are approximate only, and the declarant makes no representation or warranty whatsoever as to the area of any particular unit shown above.

5. **UNIT LOCATION AND ACCESS TO COMMON ELEMENTS:** Units 1 and 2 are located as shown on the Condominium File Plan. Each unit has direct access to the common elements of the project.

6. **COMMON ELEMENTS:** The common elements of the project shall specifically include, but are not limited to, the following:

- a. The land described in Exhibit "A" of the Declaration, in fee simple.
- b. All yards, grounds, landscaped areas, retaining walls, entry, lunchroom,

restrooms, utility room, sidewalks, parking areas and driveways around and between the units.

c. All central and appurtenant installations for common services, including power, light, air conditioning, water, telephone and sewer.

d. Any and all 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.

7. **LIMITED COMMON ELEMENTS:** There are no limited common elements within the project.

8. **COMMON AREAS:** The Common Area, consisting of 29,108 square feet, more or less, as shown on the Condominium File Plan, shall be common area (and not part of the limited common elements) for use by the owners of each unit for parking, restrooms, electrical room, janitorial room, utilities and/or access to their respective units.

NOTE: THE AREAS SHOWN ARE GROSS AREAS WITHIN THE PERIMETER BOUNDARIES OF EACH UNIT AND MAY NOT ACCURATELY REFLECT THE ACTUAL USABLE FLOOR AREA. ALSO, THE AREAS ARE APPROXIMATE ONLY, AND THE DECLARANT MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER AS TO THE AREA OF ANY PARTICULAR UNIT AS SHOWN ABOVE.

EXHIBIT B

LIST OF ENCUMBRANCES

1. Real property taxes as may be due and owing. Check with the County Tax Assessor.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Restrictions and covenants in URBAN RENEWAL PLAN dated June 25, 1965, filed as Land Court Document No. 370175, recorded in Liber 5157 at Page 574.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATED : October 9, 1965

FILED : Land Court Document No. 372716

RECORDED : Liber 5166 Page 509

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DISPOSITION-REDEVELOPMENT AGREEMENT

DATED : April 3, 1969

FILED : Land Court Document No. 469797

RECORDED : Liber 6467 Page 1

PARTIES : HAWAII HOUSING REDEVELOPMENT AGENCY, an agency of the County of Hawaii, State of Hawaii, and a public body, corporate and politic, and INTERNATIONAL SAVINGS AND LOAN ASSOCIATION, LIMITED, a Hawaii corporation

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : September 25, 1969

FILED : Land Court Document No. 484770

RECORDED : Liber 6702 Page 31

7. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : 505 DEVELOPMENT, LLC, a Hawaii limited liability company
MORTGAGEE : BANK OF HAWAII, a Hawaii corporation
DATED : August 11, 1998
FILED : Land Court Document No. 2478024
RECORDED : Document No. 98-119910
AMOUNT : \$534,300.00

8. ASSIGNMENT OF LEASES AND RENTS, dated August 11, 1998, recorded as Document No. 98-119912, by and between 505 DEVELOPMENT, LLC, a Hawaii limited liability company, "Assignor", and BANK OF HAWAII, a Hawaii corporation, "Assignee," re: assigning to the Assignee all of the "Assignor's right, title and interest in and to (i) all leases, subleases, licenses, concessions and other occupancy agreements which now or may hereafter affect the Property or any part of parts thereof and all guarantees, modifications, renewals and extensions thereof and security deposits or other security therefor, and (ii) all documents and instruments made or hereafter made in respect of the Leases together with all of the rents, income, revenues, issues and profits, due and to become due or to which Assignor is now or may hereafter become entitled, arising out of the Leases of the Property or any part or parts thereof. (Not noted on Transfer Certificate of Title referred to herein)

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "505 KILAUEA AVENUE" CONDOMINIUM PROJECT
DATED : September 23, 1998
FILED : Land Court Document No. 2495141
RECORDED : Document No. 98-159557
MAPS : 1267 filed in the Office of the Assistant Registrar of the Land Court, and 2818 recorded in the Bureau of Conveyances, and any amendments thereto

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS
DATED : September 23, 1998
FILED : Land Court Document No. 2495142
RECORDED : Document No. 98-159558

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>% Ownership</u>	<u>Monthly Fee X 12 months</u>	=	<u>Yearly Total</u>
1	50%	\$1,322 X 12	=	\$15,865.00
2	50%	\$1,322 X 12	=	\$15,865.00

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:

	<u>Monthly</u> X 12 months =	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning		-0-
Electricity		
[] common elements only		
[X] common elements and apartments	\$800.00 X 12 months =	\$ 9,600.00
Elevator		-0-
Gas		-0-
[] common elements only		
[] common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer	\$ 45 X 12 months =	\$ 540.00
Maintenance, Repairs and Supplies		
Building	\$300.00 X 12 months =	\$ 3,600.00
Grounds	\$140.00 X 12 months =	\$ 1,680.00
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	\$150.00 X 12 months =	\$ 1,800.00
Security	\$ 55.00 X 12 months =	\$ 660.00
Reserves (*). See attached Statement as to Reserve Study	\$500.00 X 12 months =	\$ 6,000.00
Miscellaneous	\$ 33.33 X 12 months =	\$ 400.00
Taxes and Government Assessments		<u>\$7,450.00</u>
Audit Fees (Accountant)		\$ _____
Other		
TOTAL:		\$31,730.00

PETER K. KUBOTA, and PAUL A. TSUKIJI, the managing members of 505 Development, LLC, developer for the 505 Kilauea Avenue 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	3/9/99 _____ Date
 _____ Signature	3/9/99 _____ Date

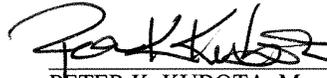
(*). Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to Section 514A-83.6, HRS, 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.

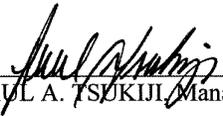
ATTACHMENT TO EXHIBIT C
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

STATEMENT AS TO RESERVE STUDY

The Developer will maintain a reserve fund of \$6,000.00 for the first year of project operation based on an informal study of emergency repair costs which may have to be advanced by the Developer for repairs not covered by standard one-year construction warranties which apply to the project. The Developer has not conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules.



PETER K. KUBOTA, Managing Member



PAUL A. TSUKIJI, Managing Member

EXHIBIT D

BUILDING PERMITS AND CONSTRUCTION OF IMPROVEMENTS

1. Permits. In the securing of any building, zoning and/or land use permits ("Permits") at the County of Hawaii, State of Hawaii, and/or the federal government, and any of its departments, agencies and/or its commissions the Developer, Association and/or the owners of condominium units shall observe the following.

a. Common Elements Improvements. As to any improvements such as the improvement of any roadway and any installation of utilities that are located within the common element areas or if it is necessary to pass over and/or under a limited common element of a condominium unit, the Developer so long as it owns a unit is authorized on behalf of all of the owners to secure the permit or permits required for such improvements (this right shall pass on to the Board of Directors when the Developer no longer owns any units).

b. Limited Common Element Improvements. As to any improvements which will be within the limited common element for an owner, the Developer and thereafter the owner acquiring a conveyance of the condominium unit shall determine and is authorized on behalf of all of the owners to secure the permit or permits and to build the improvements located with the area set aside for the condominium unit, provided that the improvements comply with the Project Rules, which may be adopted by the association and any amendments thereto. The plans for improvements to any limited common element shall be submitted for approval prior to construction to the Association and to the Developer so long as the Developer owns any condominium unit.

2. Reservations and Power of Attorney. So long as the Developer owns any condominium unit, it reserves the right and has the irrevocable power of attorney coupled with an interest on behalf of all of the owners of condominium units to act on any matter relating to the developing, construction and/or improvement including alteration, demolition and removal to develop and/or construct improvements as follows:

a. Common Elements. As to improvement of the common element and the installation of services, the Developer will advise the Association whether it is being done at Developer's cost and if not, then the Association will have to approve of and consent to the expenditure of the funds necessary to complete the improvements.

b. Limited Common Elements. As to the improvement of the limited common element for any condominium unit, the owner of the same shall have the sole authority to determine the same and/or incur the cost of the improvements provided there is compliance with the Project Rules.

3. Automatic Transfer of Reservations and Power of Attorney.

The Developer by the conveyance of all of the condominium units in the Project will automatically transfer its reservations and power of attorney coupled with an interest to the Association of Apartment Owners and/or Board of Directors as to the application for any permits relating to the common elements and the installation of services.

NOTE: No rules adopted by Developer.

EXHIBIT E

SUMMARY OF ESCROW ARRANGEMENTS

The Developer does not plan to offer the condominium units for sale immediately. However, an Escrow Agreement dated January 7, 1999 has been submitted by the Developer, identifying Title Guaranty Escrow Services, Inc. as Escrow for the Project. This Agreement shall take effect when the Developer commences sales. The Escrow Agreement established how proceeds from the sale of condominium units and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds.

The Escrow Agreement provides that a Purchaser shall be entitled to a refund of his funds and Escrow shall pay said funds to Purchaser, without interest and less cancellation fee and costs, if Purchaser shall in writing request refund of his funds and (1) Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser; or (2) Developer notifies Escrow of Developer's intent to cancel or rescind the sales contract; or (3) Purchaser has exercised his right to cancel or rescind the sales contract pursuant to Section 514A-62 or 514A-63 of the Hawaii Revised Statutes; or (4) meets one of the conditions provided for in Section VI(e) of the Escrow Agreement. Except for a cancellation under Section VI(e) of the Escrow Agreement, Escrow will be entitled to deduct a cancellation fee from Purchaser's funds. Said cancellation fee shall be in the minimum of \$25.00, but in no event shall exceed the agreed-upon escrow fee provided for in said Escrow Agreement, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

The Escrow Agreement also provides that a Purchaser shall be entitled to a refund of his funds (less fees as provided therein), if any one of the following events shall have occurred: (1) no sales contract is offered to a Purchaser who was placed on the Developer's reservation list of owner-occupant applicants; or (2) the Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) days following the end of the ten (10) calendar-day period during which the Developer is limited to selling to owner-occupants; or (3) the Purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or (4) the Purchaser indicates an intent not to become an owner-occupant of such unit.

The Escrow Agreement also provides that no disbursement of a Purchaser's funds shall be made until: (1) a Final Public Report has been issued on the Project, and a copy provided to Purchaser; (2) the requirements of Sections 514A-62 and 514A-63 of the Hawaii Revised Statutes shall have been met; and (3) the Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

EXHIBIT E

EXHIBIT F

SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

No sales of the condominium units are immediately contemplated. However, the Developer plans to use the Hawaii Association of Realtors' standard form of Deposit, Receipt, Offer and Acceptance (DROA) as the intended sales contract for the Project when and if sales later commence.

The sales contract contains the purchase price, description and location of the condominium unit and other terms and conditions under which a Buyer will agree to buy a condominium unit in the Project. Among other things, the sales contract (DROA):

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or canceled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract by Buyer:
 - a. Seller may bring an action against Buyer for breach of contract;
 - b. Seller may retain Buyer's deposit(s);
 - c. Buyer shall be responsible for expenses incurred.

Provides the following remedies, in the event of default under the sales contract by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

Upon examination, the Developer represents that the proposed Sales Contract (DROA) is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. The purchaser or prospective purchaser must read the Sales Contract (DROA) with care.

EXHIBIT F