

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer ALDER PARTNERS L.P., a Hawaii Registered Limited Partnership
Address 1513 Young Street, Suite 201, Honolulu, Hawaii 96826

Project Name (*): "ALDER VILLA"
Address: 915 Alder Street, Honolulu, Hawaii 96814

Registration No. 4245

Effective date: September 22, 2003

Expiration date: October 22, 2004

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.
[] No prior reports have been issued.
[X] 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
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.
as EXHIBIT "F"

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: ALDER PARTNERS L.P., a Hawaii Registered Limited Partnership Phone: (808) 946-9592
Name* (Business)
1513 Young Street, Suite 201
Business Address
Honolulu, Hawaii 96826

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):

MOTOSUE DEVELOPMENT CORP., a Hawaii corporation
Its General Partner
Wilfred Y. Motosue, Its President

Real Estate Broker*: Wilfred Y. Motosue Phone: (808) 946-9592
dba Realty Trade Center (Business)
Name
1513 Young Street, Suite 201
Business Address
Honolulu, Hawaii 96826

Escrow First Hawaii Title Corporation Phone: (808) 487-1595
Name (Business)
98-211 Pali Momi, Suite 600
Business Address
Aiea, Hawaii 96701

General Contractor*: Construction One, Inc. Phone: (808) 946-9592
Name (Business)
1513 Young Street, Suite 201
Business Address
Honolulu, Hawaii 96826

Condominium Managing Agent*: Self-managed by the Association of Apartment Owners Phone: None
Name (Business)
Business Address

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

* 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 checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.	<u>2002-158700</u>	
			Book	_____	Page _____
<input type="checkbox"/>	Filed -	Land Court:	Document No.	_____	

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

First Amendment of Declaration Submitting Property to the Condominium Property Regime of Alder Villa dated September 15, 2003 and recorded as Doc. No. 2003-198463 at said Bureau.

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 checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No.	<u>3481</u>		
<input type="checkbox"/>	Filed -	Land Court Condo Map No.	_____		

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:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.	<u>2002-158701</u>	
			Book	_____	Page _____
<input type="checkbox"/>	Filed -	Land Court:	Document No.	_____	

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

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>Approved by Board of Directors</u>

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

2. **Developer:**

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

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

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

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: 915 Alder Street Tax Map Key (TMK): (1) 2-3-012:008
Honolulu, Hawaii 96814

Address TMK is expected to change because _____

Land Area: 6,924 square feet acre(s) Zoning: A-2

Fee Owner: ALDER PARTNERS L.P., a Hawaii Registered Limited Partnership

Name
1513 Young Street, Suite 201

Address
Honolulu, Hawaii 96814

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: 3 Floors Per Building: 2

Exhibit contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Acrylic cement plaster, horizontal wood siding, white finished vinyl sliding and casement windows

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>6</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<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"/> Hotel	<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"/> Ohana	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<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"/> Recreational	<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:

[X] Pets: Owners or lawful occupants of each unit may keep in their respective units, a dog or a cat weighing less than 20 pounds, and are not allows on any common element unless in transit and carried; EXCEPT "guide dog" for disabled persons are permitted.

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>
Building 1:	1-A	1	3/2½	1,094.24		
" 1:	1-B	1	3/2½	1,104.20		
Building 2:	2-A	1	2/2	941.66		
" 2:	2-B	1	2/2	941.66		
Building 3:	3-A	1	3/2½	1,104.20		
" 3:	3-B	1	3/2½	1,104.20		
Total Number of Apartments:				<u>6</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:

There are three (3) duplex buildings, each containing two (2) units each; therefore, the boundaries of each unit are the interior surface of both their respective perimeter walls and the common wall separating or dividing the units.

Permitted Alterations to Apartments:

Alterations of an apartment may be made with the approval of the Board of Directors and the written consent of the holders of all liens affecting the apartment.

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: 12

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: <u>N/A</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Covered & Open:	<u>6</u>		<u>6</u>		<u>0</u>		<u>12</u>

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

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

8. Recreational and Other Common Facilities:

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

Not applicable.

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

described in Exhibit "A".

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

Parking Stalls assigned to each unit.

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:

Building 1:	Unit No. 1-A	.....	17.39%
"	1: Unit No. 1-B	.....	17.55%
Building 2:	Unit No. 2-A	.....	14.98%
"	2: Unit No. 2-B	.....	14.98%
Building 3:	Unit No. 3-A	.....	17.55%
"	3: Unit No. 3-B	.....	17.55%
	TOTAL	.....	100.00%

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 May 29, 2002 and issued by First Hawaii Title Corporation.

- 1) Updated Title Search, Amendment No. 1, effective date of September 10, 2002
- 2) " " " , UPDATE NO. 1: effective date of March 17, 2003
- 3) " " " , UPDATE NO. 2: effective date of August 1, 2003

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>
1) MORTGAGE dated 12-30-99, recorded as Doc #2000-068161, in favor of American Capital Funding & Investments, LLC	The Buyer's deposit shall be returned, less escrow cancellation fee. The Buyer may lose all rights to acquire the apartment.
2) ASSIGNMENT OF LEASES dated 12-30-99 recorded as Doc #2000-068162 in favor of American Capital Funding & Investments, LLC	Further, should Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover the deposit moneys.
3) FINANCING STATEMENT recorded as Doc #2000-068163 in favor of American Capital Funding & Investments, LLC	

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:

Building 1: Unit No. 1-A	= One year from date of closing
" Unit No. 1-B	
Building 2: Unit No. 2-A	
" Unit No. 2-B	
Building 3: Unit No. 3-A	
" Unit No. 3-B	

2. Appliances: The units are furnished with refrigerator, range/oven, stacked washer/dryer, microwave oven/ducted hood fan combination, water heater and garbage disposal.

Manufacturer warranties on the above will be passed on by Developer and will vary depending on the appliances.

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

The time of completion of the total project is estimated to be about October 2004.

H. **Project Phases:**

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

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

The Developer reserves the right to add to, delete from, and/or modify the project or any part thereof, including without limitation, the right to merge with other projects, or by adding later phases to the project.

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 Developer's affiliate
 self-managed by the Association of Apartment Owners Other: _____

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

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

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

Exhibit "C" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). The Developer has not conducted a reserve study in accordance with HRS 514A-83.6 and the replacement reserve rules Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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 "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated August 2, 2002
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- Other Disclosure Abstract Exhibit "F"

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 or through the developer's sales agent, if any. 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. 4245 filed with the Real Estate Commission on September 8, 2003.

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

Disclosure re: Selection of Real Estate Broker

Developer discloses that Realty Trade Center, the real estate broker designated for the project, is owned by, or affiliated with Wilfred Motosue, President of the Developer's general partner, Motosue Development Corp.

Notice to Tenants

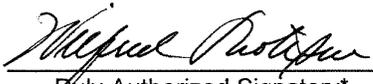
None required as units not yet constructed.

Update on Status of Project

Developer has already obtained building permits for the three buildings to be constructed, has secured financing for the improvements, and has entered into a construction contract and secured a performance bond therefor. Commencement of work is imminent.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

ALDER PARTNERS L.P., a Hawaii Registered Limited Partnership
 Printed Name of Developer

By:  August 26, 2003
 Duty Authorized Signatory* Date

WILFRED Y. MOTOSUE, President
 Printed Name & Title of Person Signing Above

Distribution:

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

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

COMMON ELEMENTS

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

- a) Land herein described in Exhibit "A" [attached to the Declaration] in fee simple.
- b) All yards, boundary walls, if any, grounds landscaping, walkways and sidewalks, if any.
- c) All electrical equipment, wiring, fixtures and other appurtenant installations, including power and light, water and sewer lines; all pipes, conduits or other utility or service lines, including TV cable, if any, which are utilized by or serve more than one building, and, including, but not limited to, house electric panels and meter; sprinklers and control valves; driveway sump and pumps; driveway asphalt pavings; gate and gate operator; and intercom system.
- d) The ground floor level, other than the parking spaces designated as limited common elements.
- e) The stairways, stairwell, entry deck, closet for water heaters, the roof and walls separating the units of each building are common elements with respect to the two units of such building only. All costs in connection therewith, including without limitation costs for repairs, maintenance, insurance, etc., shall be borne equally by the owners of the two units in such building.

END OF EXHIBIT "A"

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Mortgage in favor of AMERICAN CAPITAL FUNDING & INVESTMENTS, LLC, a Hawaii limited liability company, dated December 30, 1999 and recorded in the Bureau of Conveyances as Document No. 2000-068161.
4. Assignment of Leases in favor of AMERICAN CAPITAL FUNDING & INVESTMENTS, LLC, a Hawaii limited liability company dated December 30, 1999 and recorded in the Bureau of Conveyances as Document No. 2000-068162.
5. Financing Statement in favor of AMERICAN CAPITAL FUNDING & INVESTMENTS, LLC, a Hawaii limited liability company and recorded as Document No. 2000-068163.
6. Condominium Map No. 3481.
7. Declaration of Condominium Property Regime of "**ALDER VILLA**" dated July 3, 2002 and filed in the Bureau of Conveyances, State of Hawaii as Document No. 2002-158700.
8. The By-Laws of the Association of Apartment Owners of "**ALDER VILLA**" dated September 5, 2002 and recorded in the Bureau of Conveyances, State of Hawaii as Document No. 2002-158701.
9. Any matters which would be shown by a modern metes and bounds survey, including any possible encroachments or discrepancies in boundaries or area.

END OF EXHIBIT "B"

EXHIBIT "C"

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>
Building 1: Unit No. 1-A	117.66 x 12 months = 1,412
Building 1: Unit No. 1-B	119.00 x 12 months = 1,428
Building 2: Unit No. 2-A	102.67 x 12 months = 1,232
Building 2: Unit No. 2-B	102.67 x 12 months = 1,232
Building 3: Unit No. 3-A	119.00 x 12 months = 1,428
Building 3: Unit No. 3-B	119.00 x 12 months = 1,428

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	60 x 12 =	720
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer		

Maintenance, Repairs and Supplies

Building (automatic gate, plumbing, sump pump, etc.)	75 x 12 =	900
Grounds (maintenance service)	125 x 12 =	1,500

Management

Management Fee		
Payroll and Payroll Taxes		
Office Expenses (condo bi-annual registration)	15 x 12 =	180

Insurance (multiperil liability, hurricane, fidelity bond)	250 x 12 =	3,000
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Reserves(*) Asphalt pavement sealcoat, Ground termite treatment	125 x 12 =	1,500
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Taxes and Government Assessments

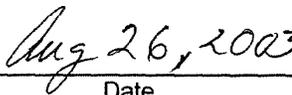
Audit Fees (tax preparation)	20 x 12 =	240
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Other	TOTAL	680 x 12 = 8,160
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~~TOTAL~~ President of Motosue Development Corp., the general partner of WILFRED Y. MOTOSUE, / ALDER PARTNERS L.P., a Hawaii Registered Limited Partnership I, _____, ~~as agent for and/or employed by~~ _____, the ~~condominium managing agent/~~ developer for the "ALDER VILLA" _____ 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

(*) 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 §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §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.

EXHIBIT "D"

SUMMARY OF THE PROVISIONS
OF THE ESCROW AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

END OF EXHIBIT "D"

EXHIBIT "E"

SUMMARY OF SALE CONTRACT

The pertinent provisions of the sales contract for this project are as follows:

1. Deed:

Seller agrees to convey a good and marketable title to the property, free and clear of encumbrances except certain matters of record which do not materially affect the value of the property.

2. Binding Effect:

The contract also provides that, if it is executed and accepted prior to the completion of construction of the Apartment described herein, it will not be binding upon the Purchaser until; (a) An effective date for a Final Public Report superseding all prior reports, if any, has been issued by the Commission and true copy of such report (or a supplementary public report, if applicable) has been delivered to the Purchaser, either personally or by registered or certified mail; (b) The Purchaser has had full opportunity to read the report(s); and (c) The Purchaser executes the form of Receipt for Public Report and Notice of Right to Cancel delivered together with the aforesaid report(s) and waives his right to cancel.

Further the contract also provides that unless Purchaser has previously waived his right to cancel, he shall have the right to cancel this Contract prior to the earlier of (a) the conveyance of the Apartment to him, or (b) midnight of the 30th day following the date of delivery of the Final Public Report.

Upon such cancellation, Purchaser shall be entitled to a prompt and full refund of all monies paid, less escrow cancellation fees and other costs of purchase, up to a maximum of \$250.00.

Upon such refund, all rights of Seller and Purchaser under this Contract shall terminate and neither shall have any further liabilities hereunder. If Purchaser shall fail to make any payment when required or fails to perform any other obligation required of Purchaser under the Contract, Seller may, at Seller's option, cancel said contract and all sums paid by Purchaser shall belong absolutely to Seller as liquidated damages.

3. Closing Date: The contract provides that the closing of a sale shall be 46 days after the date of completion as defined by Sec 507-43 Hawaii Revised Statutes, or if completed then not earlier than thirty (30) days after acceptance of contract by seller, or such later date as the seller may set. Although the contract does not so state, the law provides that sales contract, for owner-occupants, the sales contract may (but not required to) be conditioned upon Purchaser obtaining adequate financing or a commitment for adequate financing by a date which is not earlier than fifty (50) days after the Seller executes and accepts the sales contract.

4. Default: In the event of default in the making of any payments, or failure to close, the seller may (1) cancel the contract and retain all deposits or payments made prior to default, or (2) decide not to cancel but charge a late fee of 10% of the amount then due and not paid.

5. Assignment of Contract: The Purchaser may assign the sales contract, prior to pre-closing, only with the prior written consent of the Seller, who may withhold the consent as Seller's discretion.

END OF EXHIBIT "E"

DISCLOSURE ABSTRACT
"ALDER VILLA"
(condominium Project)

September 4, 2003

I. PROJECT NAME: "ALDER VILLA"

Address: 915 Alder Street
Honolulu, Hawaii 96814

II. DEVELOPER; DEVELOPER'S AGENT; PROJECT MANAGER:

Developer: Alder Partners L.P.,
a Hawaii Registered Limited Partnership
1513 Young Street, Suite 201
Honolulu, Hawaii 96814
Ph: (808) 946-9592

Developer's Agent: Realty Trade Center
1513 Young Street, Suite 201
Honolulu, Hawaii 96826
Ph: (808) 946-9592

Contractor: Construction One, Inc.
1513 Young Street, Suite 201
Honolulu, Hawaii 96826
Ph: (808) 946-9592

Escrow: Karen Spellmeyer
Escrow Officer
First Hawaii Title Corporation
98-211 Pali Momi, Suite 600
Aiea, Hawaii 96701
Ph: (808) 487-1595 Ext 22

III. MAINTENANCE FEES: See Exhibit "C" of this Public Report.

IV. WARRANTIES:

A. Apartments: One year warranty on Construction of units starting from date of closing.

B. Appliances:
Each apartment is furnished with refrigerator, range/oven, stacked washer/ dryer, microwave oven/ducted hood fan combination, water heater and garbage disposal.

Manufacturer warranties on the above will be passed on by Developer and will vary depending on the appliances.

V. MIXED USED PROJECT; Residential & Hotel:

YES [] (Number of Apartments in each category) NO [X]
A. Residential N/A B. Hotel N/A

VI. COMMERCIAL OR NON-RESIDENTIAL DEVELOPMENT:

YES [] NO [X]

EXHIBIT "F"