

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Shawn Olaf Kelly and Marla Lydia Kelly
Address: 6206 Milolii Place, Honolulu, Hawaii 96825

Project Name(\*): 68-023A/68-023B/68-023C/68-023D Au Street
Address: 68-023 Au Street, Waialua, Hawaii 96791

Registration No. 4299 Effective date: January 7, 2000
(Partial Expiration date: February 7, 2001
Conversion)

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a Condominium Project, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a Limited Common Element and is not a legally subdivided lot. The heavy dashed lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

## TABLE OF CONTENTS

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

### 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: Shawn Olaf Kelly/Marla Lydia Kelly Phone: (808) 396-1661  
Name\* (Business)  
6206 Milolii Place  
Business Address  
Honolulu, Hawaii 96825

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

Real Estate Broker\*: Premier Realty 2000, Inc. Phone: (808) 955-7653  
Name (Business)  
1750 S. King Street  
Business Address  
Honolulu, HI 96819

Escrow: Fidelity National Title & Phone: (808) 536-0404  
Name Escrow Company of Hawaii, Inc. (Business)  
201 Merchant Street, Ste 2100  
Business Address  
Honolulu, Hawaii 96813

General Contractor\*: Dale A. Moore Phone: (808) 638-1107  
Name (Business)  
59-235 Ke Nui Road  
Business Address  
Haleiwa, HI 96712

Condominium Managing Agent\*: Shawn Olaf Kelly Phone: (808) 396-1661  
Name (Business)  
6206 Milolii Place  
Business Address  
Honolulu, HI 96825

Attorney for Developer: Bradley R. Pulice Phone: (808) 535-8402  
Name (Business)  
Stanton Clay Chapman Crumpton & Iwamura  
Business Address  
700 Bishop Street, Suite 2100  
Honolulu, HI 96813

The developer is not a licensed condominium managing agent and does not have the required bond as specified under Chapter 514A, Hawaii Revised Statutes. ~~The developer will not be able to operate as a condominium~~  
\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

10/98

cont'd. - managing agent until he is properly licensed and registered with the real estate commission. If the developer does not obtain the condominium managing agent (CMA) license or a license CMA is not appointed then the project will be considered self managed.

**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. 99-175463  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 2993  
 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:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 99-175464  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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>75%</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:  
See attached Exhibit A.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple:** Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold:** Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
 Canceled  Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 68-023A Au Street Tax Map Key (TMK): (1) 6-8-011-005  
Waialua, HI 96791

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 14,827 [X] square feet [ ] acre(s) Zoning: A-1

Fee Owner: Shawn Olaf Kelly/Marla Lydia Kelly (husband and wife as tenants by entirety)  
Name  
6206 Milolii Place  
Address  
Honolulu, Hawaii 96825

Lessor: \_\_\_\_\_  
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: 4 Floors Per Building B, C&D 2 A:1

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	<u>No. of</u>	<u>Use Permitted</u>		<u>No. of</u>	<u>Use Permitted</u>
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>3</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>shed</u>	<u>1</u>	<input checked="" 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: 2 lawful pets per unit maximum

Number of Occupants: \_\_\_\_\_

Other: \_\_\_\_\_

There are no special use restrictions.

6. **Interior (fill in appropriate numbers):**

Elevators: None Stairways: 3 Trash Chutes: none

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
68-023A	<u>1</u>	<u>N/A</u>	<u>80</u>	<u>_____</u>	<u>Tool Shed</u>
68-023B	<u>1</u>	<u>1/1</u>	<u>778</u>	<u>-</u>	<u>_____</u>
68-023C	<u>1</u>	<u>2/1</u>	<u>780</u>	<u>160</u>	<u>Lanai</u>
68-023D	<u>1</u>	<u>2/1.5</u>	<u>950</u>	<u>-</u>	<u>_____</u>

Total Number of Apartments: 4

\*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:**

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each dwelling.

**Permitted Alterations to Apartments:**

2 apartments - see page 18 and Exhibit B.

7. Parking Stalls:

Total Parking Stalls: 8

	<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)	<u>6</u>	<u>2</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>8</u>
Guest	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Unassigned	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Extra for Purchase	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Other: <u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Total Covered & Open:	<u>8</u>	<u>    </u>	<u>0</u>	<u>    </u>	<u>0</u>	<u>    </u>	<u>8</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):

The present condition of all structural components, mechanical and electrical installation material to the use and enjoyment of the condominium appears to be good.

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 C.

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 D.

as follows:

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

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

described in Exhibit \_\_\_\_\_.

as follows:

Each dwelling shall have appurtenant thereto an undivided 25% interest in all common elements of the project, and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting on all matters requiring action by dwelling owners.

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 E describes the encumbrances against the title contained in the title report dated November 30, 1999 and issued by Fidelity National Title Insurance Company

**Blanket Liens:**

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyers interest may be determined by mortgagee but buyer shall be entitled to return of his deposit, less escrow cancellation fee.

**F. Construction Warranties:**

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

**1. Building and Other Improvements:**

The purchaser understands that dwellings 68-023B and 68-023D was constructed in 1988 and that dwellings 68-023A and 68-023C was constructed in 1999. The seller is selling dwellings 68-023A, 68-023B, 68-023C and 68-023D together with the appliances and other personal property in (as is condition). The seller is giving no warranties to purchaser with respect to the construction, materials or workmanship of 68-023A, 68-023B, 68-023C and 68-023D. The seller is transferring the appliances, electrical and pumping fixtures in normal working conditions \*

**2. Appliances:**

Purchaser shall have the direct benefit of any manufacturers or dealers warranties covering the furnishings and appliances in the apartments. Dwellings 68-023A and 68-023C were constructed in 1999. Dwellings 68-023B and 68-023D were constructed in 1988.

\*\*

consistent with their age. The purchasers apartment deed shall constitute the purchasers acceptance of the apartment and the condition thereof including the personal property therein.

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

Dwelling 68-023A, Tool Shed, was constructed in 1999  
Dwelling 68-023B, was constructed in 1988  
Dwelling 68-023C, was constructed in 1999  
Dwelling 68-023D, was constructed in 1988

**H. Project Phases:**

The developer  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):



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 August 8, 1999

Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

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

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

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4299 filed with the Real Estate Commission on November 12, 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

Special Notation--Dwellings 68-023A, 68-023B, 68-023C and 68-023D:

The specimen sales contract provided that the developer states in part that the apartment (dwellings 68-023A, 68-023B, 68-023C and 68-023D) is being sold in "as is condition". This means that the seller shall not correct any defects in the apartment. The existence of any defect shall not excuse the purchasers obligation to perform all of this obligations under his contract.

The specimen sales contract further states that the purchaser will not have the right to file any lawsuit for damages against the seller for any defects in the apartment.

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.

SHAWN OLAF KELLY

Printed Name of Developer

By: Shawn O Kelly 1-4-00  
Duly Authorized Signatory\* Date

SHAWN OLAF KELLY

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"

DEVELOPER'S RESERVED RIGHTS

The developer has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraph 21 of the Declaration provides:

In addition to any other rights reserved herein, the Declarant hereby reserves the right for itself and its agents, to do the following:

21.1 To maintain development facilities and conduct sales of Dwelling until Deeds are issued to Dwelling purchasers with respect to all Dwellings in the Project. Such right shall include, but not be limited to, maintaining model apartments, operating a sales and construction office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales; provided, however, that the Declarant shall not use any Dwelling with respect to which a Dwelling deed has been issued (other than to the Developer) and provided, further, that in exercising such right, the Declarant shall not interfere with the rights of any Dwelling Owner to the use of, or access to, his Dwelling or any of the common elements appurtenant thereto.

21.2 To enter upon the Land and the Project and carry on such construction and demolition activities as may be necessary in connection with such alterations, modifications and restorations, including, but not limited to, parking and storage of construction equipment and materials, provided that the Declarant shall not interfere with the rights of any Dwelling Owner to the use of, or access to, his Dwelling or any of the common elements appurtenant thereto.

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS

Paragraph 19.1 of the Declaration states:

19.1 Changes to Dwellings. Notwithstanding anything to the contrary contained in this Declaration:

Each Dwelling Owner, with the consent of any holder of any mortgage affecting the owner's Dwelling, shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all liens affecting his Dwelling, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Dwelling or portion thereof or to make improvements upon the Dwelling Lot appurtenant to the Dwelling (collectively, the foregoing are referred to "changes") subject to the following conditions:

a. All building plans for any such changes shall be prepared by a licensed architect or professional engineering and conform with County ordinances.

b. No change to a Dwelling will be made outside the Dwelling Lot to which the Dwelling is appurtenant; no change will reduce the distance between improvements placed on each of the Dwelling Lots to less than what the distance had been as originally shown on the Condominium Map (unless all owners consent), and no change to a Dwelling will be made if the effect of such change would be to exceed the Dwelling's proportionate share of the allowable floor area or Lot area coverage for the Land, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made. The proportionate share for each Dwelling shall be the same as its interest in the common interest.

c. All such changes shall be at the expense of the Dwelling owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Dwelling owner's use of his/her Dwelling Lot.

d. During the entire course of such construction, the Dwelling Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

e. The owner of the changed Dwelling shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Dwelling affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project;

f. The owner of any changed Dwelling shall have the right and duty without the consent or joinder of any other person to amend and shall be required to amend this Declaration and the Condominium Map to accomplish any such changes. If required by the Act, then promptly upon completion of such changes, the owner of the changed Dwelling shall duly record any amendment to this Declaration with the Bureau of Conveyances of the State of Hawaii, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Dwelling Owners and all future Dwelling Owners and their mortgagees, by accepting an interest in a Dwelling, shall be deemed to have given each Dwelling Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Dwelling on the Declaration so that each Dwelling Owner shall hereafter have a Power of Attorney from all the other Dwelling Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Dwelling (including his common interest) and shall be irrevocable.

g. Each and every conveyance, lease and mortgage or other lien made or created on any Dwelling and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Lot shall reserve to all Dwelling Owners the rights set forth in this paragraph.

19..2 Changes to Other Than Dwellings. Except as to changes to a Dwelling, changes to the Project or any building thereof or constructing of any additional building or structural alteration or addition to any building, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association of Dwelling Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to vote of all the Dwelling Owners and accompanied by the written consent of the holders of all liens affecting any of the Dwellings, and in accordance with complete plans and specifications therefor first approved in writing by the Board,

and promptly upon completion of such restoration, replacement or construction, the Association shall duly file such amendment in said Office, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

EXHIBIT "C"

COMMON ELEMENTS

Paragraph 4 of the Declaration designates the common elements of the project including but not limited to:

One freehold estate is hereby also designated in all common elements of the Project, which include all portions of the project other than the Dwellings (except as herein specifically included), including specifically but not limited to:

4.1 The Land in fee simple;

4.2 The driveway located within the Project as shown on the Condominium Map as "Existing Concrete Driveway;

4.3 All sewer lines, sewage treatment equipment and facilities (if any) which serves more than one Dwelling.

4.4 Any and all apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, and, in general, all other installations and apparatus existing for common use;

4.5 All other portions of the Land and improvements not specifically heretofore designated as Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Paragraph 5 of the Declaration designates the common elements of the project including but not limited to:

Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of each Dwelling, and each Dwelling shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping maintenance, repair, replacement and improvement, shall be borne immediately by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

5.1 The site of each Dwelling, called on the Condominium Map a "Dwelling Lot", consisting of the land beneath the Dwelling and adjacent thereto, as shown and delineated as a "Dwelling Lot" on said Condominium Map. "Dwelling Lot A" is for the exclusive use of Dwelling 68-023A. "Dwelling Lot B" is for the exclusive use of Dwelling 68-023B. "Dwelling Lot C" is for the exclusive use of Dwelling 68-023C. "Dwelling Lot D" is for the exclusive use of Dwelling 68-023D.

5.2 The foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roof, and stairways for the building containing Dwelling 68-023B and Dwelling 68-023D shall be appurtenant to and reserved for the exclusive use of Dwelling 68-023B and Dwelling 68-023D.

5.3 Common elements of the project which are rationally related to less than all of the Apartments shall be limited to the use of such Apartments.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference be made to the Director of Finance for information, Tax Map Key(s) 6-8-011-005(1)
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Setback (20 fee wide) for future road widening purposes, along Waialua Beach Road, as shown on File Plan No. 863.
4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the instruments dated April 6, 1972 and May 3, 1973, recorded in the Bureau of Conveyances of the State of Hawaii in Book 8269 at Page 290 and Book 9216 at Page 186.
5. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby

Amount: \$172,000.00  
Dated: December 31, 1997  
Loan No.: 82-09-01550102  
Mortgagor: Shawn Olaf Kelly and Maria Lydia Kelly,  
          husband and wife  
Mortgagee: International Savings and Loan Association,  
          Limited, which is organized and existing  
          under the laws of the State of Hawaii  
Recorded: January 6, 1998, in the Bureau of Conveyances  
          of the State of Hawaii, Document No. 98-  
          001034.

6. A financing statement recorded in the Bureau of Conveyances, showing

Debtor: Shawn Olaf Kelly and Maria Lydia Kelly,  
Secured Party: International Savings and Loan Association,  
          Limited  
Date: None Shown  
Recorded: January 6, 1998, in the Bureau of Conveyances  
          of the State of Hawaii, Document No. 98-  
          001035.

ITEMS: (Continued)

7. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby

Amount: \$60,000.00  
Dated: December 24, 1997  
Loan No.: None Shown  
Mortgagor: Shawn Olaf Kelly and Maria Lydia Kelly,  
husband and wife  
Mortgagee: Harold Kwan, a married man  
Recorded: January 6, 1998, in the Bureau of Conveyances  
of the State of Hawaii, Document No. 98-  
001036.

8. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby

Amount: \$50,000.00  
Dated: May 4, 1999  
Loan No.: None Shown  
Mortgagor: Shawn Olaf Kelly and Maria Lydia Kelly  
Mortgagee: T. Aaron Dyer, unmarried  
Recorded: May 14, 1999, in the Bureau of Conveyances of  
the State of Hawaii, Document No. 99-076335.

9. Condominium Map No. 2993, recorded in the Bureau of Conveyances of the State of Hawaii.

10. Covenants, conditions, restrictions, easements, reservations and all other provisions set forth in that certain Declaration of Condominium Property Regime dated July 28, 1999, recorded in said Bureau of Conveyances of the State of Hawaii as Document No. 99-175463.

11. Covenants, conditions, restrictions, easements, reservations and all other provisions set forth in that certain By-Laws of the Association of Apartment Owners dated July 28, 1999, recorded in said Bureau of Conveyances of the State of Hawaii as Document No. 99-175464.

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed. Fee simple interest in the Apartment, together with the following furnishings and appliances: disposal, dishwasher and range.

2. Purchase Price and Terms. The Purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

a. up to 5% of the total purchase price upon execution of the Sales Contract;

b. That portion of the purchase price to be paid by way of a mortgage loan is to be paid on the closing date; and

c. The balance of the purchase price to be paid to escrow by Purchaser on the closing date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing one half (½) of the escrow fees, notary and recording fees, except documents to clear Seller's title, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, 40% of the cost of any required title insurance, and appraisal fees and any obligations of Purchaser to his mortgage lender, plus the special recording fee for Hawaii Hurricane Relief Fund. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.

5. Closing. Seller has agreed to cause the apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract (Section C-6), which is expected to occur within 90 days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages.

Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph C-27) or (b) Purchaser defaults under the Sales Contract (paragraph C-28). If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250.00. If Purchaser does not act within the thirty (30) day period, or if the apartment is conveyed to the receipt for the Final Public Report and to have waived his right to cancel (paragraphs C-64 and C-67).

b. The Purchaser may cancel the purchase if written notice is given to the Seller within fifteen (15) after receipt of Seller's disclosure statement (paragraph C-47) or Buyer's independent inspection report (paragraph C-51).

c. Purchaser fails to qualify for permanent financing (paragraph C-24).

d. The Purchaser may cancel the purchase if Seller fails to provide a Termite Inspection Reporting stating there is no visible evidence of active termite infestation or the treatment therefore not later than five (5) days prior to the scheduled closing date (paragraph C-59).

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Fidelity National Title Insurance Company, Inc. ("Escrow").

1. All Deposits Will be Paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

a. Developer and the Purchaser shall have requested Escrow in writing to return to Purchaser the funds of Purchaser held hereunder by Escrow; or

b. Developer shall have notified Escrow of Developer's exercise of the option to cancel to rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

c. With respect to a Purchaser whose funds were obtained prior to the issuance of the Final Report, the Purchaser has exercised his right to cancel the contract pursuant to Section 914A-62, Hawaii Revised Statutes, as amended; or

d. A Purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not more than \$250.00 or a smaller fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

a. the Real Estate Commission has issued a Final Public Report on the Project;

b. Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the Project is a conversion project, that the requirement of Section 514A-38 have been met.

c. Seller shall have given Escrow a written waiver of any option reserved in any Sales Contract to cancel such Sales Contract;

d. Purchaser's Conveyance Document has been recorded or filed for record; and

e. Escrow has received evidence (such as title insurance) satisfactory to Escrow that forty-six (46) days have elapsed since the filing of the affidavit of publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation, Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

NONE

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
  - common elements only
  - common elements and apartments
- Elevator
- Gas
  - common elements only
  - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(\*)

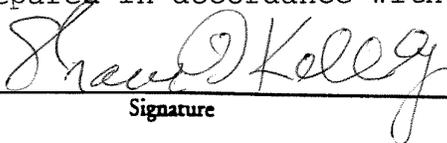
Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, Shawn Olaf Kelly, the developer for the 68-023A/68-023B/68-023C/68-023D Au Street 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.