

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer J2G2, LLC

Address 3618 Anela Place, Honolulu, Hawaii 96822

Project Name(\*): Gulston-Alencastre Residence

Address: 3052 Gulston Street and 1548 Alencastre Street, Honolulu, HI 96816

Registration No. 4335

Effective date: March 3, 2000

Expiration date: April 3, 2001

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:      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.  
(yellow)

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

     SUPPLEMENTARY:    This report updates information contained in the:  
(pink)                    [ ] 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. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and does **not** represent a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

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 County codes, ordinances and subdivision laws have necessarily been complied with.

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

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## General Information On Condominiums

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

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

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

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

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

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

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

## Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: J2G2, LLC Phone: (808)988-9544  
Name 3618 Anela Drive (Business)  
Business Address Honolulu, Hawaii 96822

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

Joseph J. Mastrantonio

George C. Christensen

Judith E. Kalbrener

Gail F. Weiner

Real Estate Broker: The Honolulu Group, Ltd. Phone: (808)951-3200  
RE/Max Honolulu (Business)  
Name 1357 Kapiolani Blvd., Ste. 870  
Business Address Honolulu, HI 96814

Escrow: First Hawaii Title Corp. Phone: (808)521-3411  
Name 201 Merchant Street, Ste. 2000 (Business)  
Business Address Honolulu, Hawaii 96813

General Contractor: Project Construction, Inc. Phone: (808)988-9544  
Name 3618 Anela Place (Business)  
Business Address Honolulu, Hawaii 96822

Condominium Managing Agent: N/A -- This project will Phone: \_\_\_\_\_  
Name be self-managed (Business)  
Business Address \_\_\_\_\_

Attorney for Developer: Sandra J. Loomis Phone: (808)377-5214  
Name P. O. Box 240937 (Business)  
Business Address Honolulu, Hawaii 96824

**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. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2601080

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. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 1333

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. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2601081

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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



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: 3052 Gulston & 1548 Alencastre Streets Tax Map Key (TMK): (1)3-3-52-008  
Honolulu, Hawaii 96816

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

Land Area: 8,220.0  square feet  acre(s) Zoning R-5

Fee Owner: J2G2, LLC  
 Name  
3618 Anela Place  
 Address  
Honolulu, Hawaii 96822

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: 2 Floors Per Building 1 one-story garage and 1 four-floor building containing two two-level apartments  
 Page 20 contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>2</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 type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes  No

5. Special Use Restrictions:

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

Pets: No more than two (2) domestic animals per apartment

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

Other: No transient or hotel purposes

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0                      Apt. Two: 1  
 Stairways: Apt One: 1      Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Apt. One	<u>1</u>	<u>3/ 2 1/2</u>	<u>1,780</u>	<u>241</u>	<u>Deck</u>
				<u>380</u>	<u>Garage</u>
Apt. Two	<u>1</u>	<u>3/2</u>	<u>2,198</u>	<u>264</u>	<u>Deck</u>

Total Number of Apartments: 2

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

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

**Boundaries of Each Apartment:** Each apartment consists of the walls, roofs, windows, doors, ceilings, floors, slabs, footings, foundations, and entire structure of each of the aforesaid two (2) residential dwellings, including the spaces contained therein; provided, however, that any and all walls, roofs, ceilings, floors, footings and foundations which may connect the two (2) apartments and which are necessary for the support of either apartment shall be and are part of the common elements and shall not be part of any apartment; provided, further, however, that the interior finished surfaces of any such walls, floors, and ceilings which connect the two apartments shall be part of the respective apartment in which they lie and are not a part of the common elements.

**Permitted Alterations to Apartments:** Each apartment owner may alter the structure and any other improvements located within their apartment's limited common land area as provided in Section N of the Declaration of Condominium Property Regime.

7. Parking Stalls:

Total Parking Stalls: 4

	<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>2*</u>	<u>2*</u>	_____	_____	_____	_____	<u>4</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>4</u>		<u>0</u>		<u>0</u>		<u>4</u>

\*See Exhibit "H"

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 H 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 to this project. See page 20, paragraph 2 for an explanation of the condition of the "existing" structure prior to construction of the apartments.

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>yes</u>	_____	_____
Structures	<u>yes</u>	_____	_____
Lot	<u>yes</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 B.

as follows:

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

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

as follows:

Each apartment shall have fifty percent (50%) undivided fractional interest in the common elements of the project.

- 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 C describes the encumbrances against the title contained in the title report dated November 18, 1999

and issued by First Hawaii Title Corporation

Blanket Liens:

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

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

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

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

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults  
or Lien is Foreclosed Prior to Conveyance

Mortgage

Foreclosure of the mortgage may cause the buyer's interest in the property covered by the sales contract to be cancelled. Buyer may be entitled to a refund of 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:

None

2. Appliances:

None

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

Construction of Apartment One and Apartment Two was completed in December 1999.

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):

IV. CONDOMINIUM MANAGEMENT

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

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

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

- [ ] not affiliated with the Developer [ ] the Developer or the Developer's affiliate.
[XX] 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 \_\_p\* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). \*Note: Developer has not conducted a reserve study in accordance with section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, 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:

- [X] 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 Not Applicable
- Specimen Sales Contract  
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated December 23, 1999  
Exhibit F 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. 4335 filed with the Real Estate Commission on January 10, 2000.

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

[ ] YELLOW paper stock      [X] WHITE paper stock      [ ] PINK paper stock

**C. Additional Information Not Covered Above**

\*\*\*\*\*  
SPECIAL NOTICES:

1. The two apartments of this project are designated on the Condominium Map as House "A" and House "B" and are referred to in this report as apartment type or number one or two, respectively. The street address for House "A" (Apartment One) is 1548 Alencastre Street, Honolulu, Hawaii. The street address for House "B" (Apartment Two) is 3052 Gulston Street, Honolulu, Hawaii.

2. Portions of the Apartment designated as Apartment Two existed prior to the development of this project. The existing structure had been almost completely destroyed by a fire prior to the time the Developer obtained title to the property. The remains of the building did not comply with any building code in existence at the time of its construction. The Apartment has been completely renovated to bring the building and its improvements in compliance with all existing building codes and ordinances.

3. The apartments in this project are built on **one** legally subdivided lot. The land of the project is a common element which is owned jointly by all apartment owners in the project. **The land area under and adjacent to each dwelling unit is designated as the limited common element for that unit and does not represent a legally subdivided lot.** The dashed lines on the Condominium Map are for illustration purposes only.

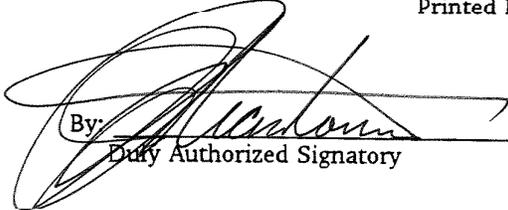
4. All costs pertaining to the maintenance of each apartment and its respective limited common element, including the cost of landscaping, maintenance, repair, replacement and improvement shall be borne by the respective apartment owner. Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase certain hazard insurance to cover the improvements of the project. Premiums shall be common expenses. The Developer anticipates that the Association will elect to permit individual apartment owners to obtain separate policies of hazard insurance and name the Association as an additional insured. In such case, the premiums will be the responsibility of the individual apartment owners and not a common expense.

\*\*\*\*\*

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.

J2G2, LLC

Printed Name of Developer

By:   
Duly Authorized Signatory

March 1, 2000

Date

Joseph J. Mastrantonio, Member-Manager

Printed Name & Title of Person Signing Above

Distribution:

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

EXHIBIT "A"

DESCRIPTION OF COMMON ELEMENTS

The "common elements" include specifically but are not limited to:

- (a) The Land in fee simple;
- (c) All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any; and
- (d) Any and all other apparatus and installations of common use, including any walls, floors, ceilings, roofs, footings and foundations which connect the two apartments or are necessary for the support of either apartment, and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT "A"

EXHIBIT "B"

DESCRIPTION OF LIMITED COMMON ELEMENTS

Certain parts of the common elements are designated and set aside for the exclusive use of each apartment, as follows:

(a) The land area under and surrounding each respective apartment, including the yard, grounds, landscaping and any amenities located thereon, including parking areas not included in an apartment, as outlined in a broken red line on the Condominium Map, is appurtenant to and for the exclusive use of that apartment, provided, however, that the land area directly underneath that portion of Apartment One which overhangs and connects to Apartment Two is appurtenant to Apartment Two.

(b) All pipes, wires, conduits, and other utility and service lines not contained within an apartment but used exclusively by and servicing only such apartment, is appurtenant to and for the exclusive use of that apartment.

(c) One (1) mailbox is appurtenant to and for the exclusive use of each apartment, and shall be designated with the street address of the apartment thereon.

NOTE: The land area appurtenant to each unit does not represent a legally subdivided lot

END OF EXHIBIT "B"

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes due and payable, refer to Director of Finance, County of Kauai.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in that certain Deed dated January 17, 1940, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.
4. That certain Mortgage dated July 27, 1999 in favor of CENTRAL PACIFIC BANK, a Hawaii corporation, as mortgagee, and J2G2, LLC, a Hawaii limited liability company, as mortgagor, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2563628.
5. That certain Financing Statement, dated July 29, 1999 in favor of CENTRAL PACIFIC BANK, a Hawaii corporation, as secured party, and J2G2, LLC, a Hawaii limited liability company, as Debtor, and recorded in the Bureau of conveyances of the State of Hawaii as Document No. 990121792.
6. Any lien, or right to a lien, for service, labor or material theretofore furnished, imposed by law and not shown by the public records.
7. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

Declaration of Condominium Property Regime and By-Laws recorded as aforesaid on December 30, 1999 as Document Nos. 2601080 and 2601081, respectively. The Condominium Map was filed as Map No. 1333.

END OF EXHIBIT "C"

EXHIBIT D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
One	\$75.00 x 12	= \$900.00
Two	\$75.00 x 12	= \$900.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

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

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance \$150.00 x 12 = \$1,800.00

Reserves(\*)

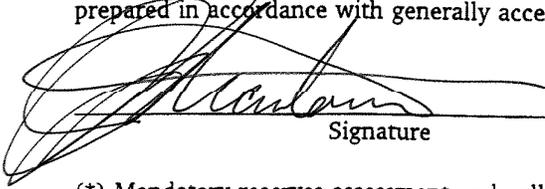
Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, Joseph J. Mastrantonio, as agent for/and/or employed by J2G2, LLC, the ~~condominium managing agent~~ developer for the Gulston-Alencastre Residence 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

January 4, 2000  
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 "E"

SUMMARY OF PROVISIONS OF SPECIMEN SALES CONTRACT

Developer intends to use the most recent edition of the Hawaii Association of Realtors' form of Deposit Receipt, Offer and Acceptance (DROA) as the sales contract. The specimen sales contract contains, among other things, the following additional provisions:

1. The Seller makes no warranties express or implied with respect to the apartment.

2. All of the rights of Buyer under the sales contract are and shall be subject and subordinate to the lien of any mortgage securing the repayment of the interim loan made to finance the project.

3. (a) All payments to be made by Buyer shall be placed on deposit with Escrow and all checks shall be made payable to Escrow.

(b) All funds received by Escrow may be deposited in an interest bearing account or accounts in a federally insured bank or savings and loan institution, and all interest earned from such account or accounts shall be credited to Seller's account, except as otherwise set forth in the sales contract.

4. If Buyer, within thirty (30) days from the mailing or delivery to Buyer by the Seller of a copy of any Supplementary Public Report, shall fail to acknowledge receipt thereof, or shall fail to give his written approval or acceptance of any said Supplementary Public Report, if the same differs from the Final Public Report in any material respect, then Seller in any such case may, at its sole option, terminate the sales contract and upon such termination, Seller shall cause Escrow to refund to Buyer all payments previously made by Buyer, without interest, and less Escrow's cancellation fee, and Seller shall have no further liability; provided, however, that if Seller shall not exercise this option and Buyer shall have failed to notify Seller in writing within said thirty (30) day period of Buyer's refusal to approve or accept any material changes set forth in such Supplementary Public Report, then and in such event, Buyer's approval and acceptance of any such material changes shall be conclusively presumed to have been given, and the sales contract shall continue as a binding obligation on both parties.

5. Buyer shall be entitled to a refund of all payments to be made pursuant to the sales contract without interest, if there is any material change in the project subsequent to the execution of the sales contract, which directly, substantially, and adversely affects the use or value of (1) Buyer's apartment or appurtenant limited common elements, or (2) those amenities of the project available for Buyer's use. This right of rescission may be waived according to the terms set forth in Hawaii Revised Statutes Section 514A-63.

6. (a) Should Buyer fail to perform any of Buyer's obligations under the sales contract, Seller may (1) bring an action against Buyer for

deposits as liquidated damages. Buyer shall be responsible for expenses incurred.

(b) Should Seller fail to perform any of Seller's obligations under the sales contract, Buyer may (1) bring an action against Seller for breach of contract, or (2) bring an action compelling Seller to perform under contract. Seller shall be responsible for expenses incurred.

\* \* \* \* \*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE BUYER'S RIGHTS AND OBLIGATIONS, THE BUYER MUST REFER TO THE BUYER'S CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL NOT THIS SUMMARY.

END OF EXHIBIT "E"

EXHIBIT "F"

SUMMARY OF PROVISIONS OF ESCROW AGREEMENT

1. All monies received by Escrow shall be deposited, within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sums in a special account or accounts with a financial institution or institutions in Hawaii, at the prevailing interest rate, and all interest paid thereon shall be credited to the account of the Seller.

2. Upon receipt of notice in writing from Seller that any payments are due under any sales contracts, Escrow shall give notice in writing to each Purchaser under a sales contract held by Escrow and shall call for such payment to be made to Escrow.

3. Purchaser is entitled to a refund of his funds, without interest, if:

(a) Escrow receives a written request from Seller to return to Purchaser the funds; or

(b) There is any material change in the project subsequent to the execution of Purchaser's contract, which directly, substantially, and adversely affects the use or value of (1) Purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project available for Purchaser's use. The Purchaser's right of rescission under this subsection (b) shall be waived upon (1) delivery to the Purchaser, either personally or by registered or certified mail, return receipt requested, of a disclosure document which describes the material change and contains a provision for the Purchaser's written approval or acceptance of the change, and (2) the Purchaser's written approval or acceptance of the material change, or the lapse of ninety (90) days since the Purchaser has accepted the apartment, or the occupancy of the apartment by the Purchaser; provided that if the Purchaser does not rescind the contract or execute and return the written approval or acceptance of the change as provided in the disclosure document within thirty (30) days from the date of delivery of the disclosure document, the Purchaser shall be deemed to have approved and accepted the change; provided further that the deemed approval and acceptance shall be effective only if at the time of delivery of the disclosure document, the Purchaser is notified in writing of the fact that the Purchaser will be deemed to have approved and accepted the change upon the Purchaser's failure to act within the thirty (30) day period; provided further that if, prior to delivery of the disclosure document, ninety (90) days have lapsed since the Purchaser has accepted the apartment, or the Purchaser has occupied the apartment, then the Purchaser's right of rescission under subsection (b) shall not be waived unless the Purchaser shall execute the written approval or acceptance of the change as provided in the disclosure document within thirty (30) days from the date of delivery of the disclosure document or the Purchaser is deemed to have approved and accepted the change as set forth above.

Upon refund of said funds to Purchaser as aforesaid, Escrow shall return to Seller such Purchaser's sales contract and any conveyance document theretofore delivered to Escrow, and thereupon neither the Purchaser nor

Seller shall be deemed obligated thereunder.

4. If Seller certifies in writing to Escrow that a Purchaser, whose funds are being held by Escrow, has defaulted under the terms of his sales contract and that Seller has terminated said sales contract pursuant to the terms thereof, Escrow shall notify said Purchaser by registered mail of such default and shall thereafter treat all funds of such Purchaser paid under such contract, as the escrowed funds of Seller and not of Purchaser.

5. Escrow shall arrange for and supervise the signing of all documents relating to the condominium project to be signed subsequent to the sales contracts including, among others, the applicable conveyance document.

\* \* \* \* \*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, HE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT "F"

EXHIBIT "G"

PERMITTED ALTERATIONS TO APARTMENTS

No apartment owner shall do any work which could jeopardize the soundness or safety of the project, reduce the value thereof, or impair any easement or hereditament. All other construction, restoration, replacement, addition to or alteration of either apartment or its appurtenant limited common elements by the owner of such apartment shall be permitted without restriction, except that the approval of the holder of a first lien affecting such apartment shall be obtained if the lienholder requires such approval and provided that the apartment owner making such additions or alterations strictly comply with all applicable laws, ordinances and regulations of any governmental entity, and also obtain any necessary building permits, at the apartment owner's sole expense.

END OF EXHIBIT "G"

EXHIBIT "H"

**Additional Parking Information**

Apartment One includes a detached two-car parking garage.

Apartment Two has appurtenant to it two(2) uncovered parking stalls.

END OF EXHIBIT "H"