

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Jeffrey H. Overton and Gina Marie Overton
Address: 925 Bethel Street, 5th Floor, Honolulu, Hawaii 96813
Project Name(*): 59-076 Puula Road
Address: 59-076 Puula Road, Haleiwa, Hawaii 96712

Registration No. 4482 (Conversion)

Effective date: October 25, 2000
Expiration date: November 25, 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 contact 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.

CONTINGENT FINAL: (green)

The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.

- No prior reports have been issued.
This report supersedes all prior public reports.

X FINAL: (white)

The developer has legally created a condominium and has filed complete information with the Commission.

- No prior reports have been issued.
This report supersedes all prior public reports.
This report must be read together with

SUPPLEMENTARY: (pink)

This report updates information contained in the:

- Preliminary Public Report dated:
Final Public Report dated:
Supplementary Public Report dated:

And Superseded all prior public reports.

- Must be read together with
This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892/0197/12/11/97/2112/98

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Report:

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:

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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: Jeffrey H. Overton and Gina Marie Overton Phone: (808) 523-5866
Name* (Business)
925 Bethel Street, 5th Floor
Business Address
Honolulu, Hawaii 96813

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

Real Estate Broker*: Coldwell Banker Pacific Properties, Ltd. Phone: (808) 596-0456
Name (Business)
1777 Kapiolani Blvd.
Business Address
Honolulu, HI 96814

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, HI 96813

General Contractor*: Not Applicable Phone: _____
Name (Business)
Business Address

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

Attorney for Developer: Ching Yuen & Morikawa William W.L. Yuen, AAL, ALC Phone: (808) 524-8880
Name (Business)
1001 Bishop Street,
Pacific Tower Suite 2700
Business Address
Honolulu, HI 96813

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

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>100 %</u>
Bylaws	65%	<u>100 %</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 Exhibit A attached.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

Fee Simple: apartments and the common elements, which include 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 rents 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: 59-076 Puula Road Tax Map Key (TMK): (1) 5-9-10:02
Haleiwa, Hawaii 96712
 Address TMK is expected to change because _____

Land Area: 2.001 square feet acre(s) Zoning: Country

Fee Owner: Jeffrey H. Overton and Gina Marie Overton
 Name
925 Bethel Street, 5th Floor
 Address
Honolulu, Hawaii 96813

Lessor: N/A
 Name

 Address

C. **Building 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 Unit A: 3; Unit B: 1

Exhibit B contains further explanations.

3. **Principal Construction Material:**

- Concrete Hollow Tile Wood
 Other _____

4. **Uses Permitted by Zoning:**

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

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

Yes No

5. Special Use Restrictions:

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

Pets: See Exhibit C attached.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	<u>3/2</u>	<u>1832</u>	<u>1450</u>	<u>lanai/workshop/storage/garage</u>
<u>B</u>	<u>1</u>	<u>2/1</u>	<u>960</u>	<u>276</u>	<u>lanai/laundry area</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:

Exterior perimeter walls as shown on Condominium File Plan.

Permitted Alterations to Apartments:

See Exhibit D attached.

7. Parking Stalls:

Total Parking Stalls: 5 *Each Apartment has been assigned a concrete driveway or concrete pad for vehicle turnabout and parking.

	<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>varies</u>	<u>varies</u>	_____	_____	_____	_____	<u>5</u>
Guest	<u>0</u>	<u>0</u>	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	<u>0</u>	<u>0</u>	_____	_____	_____	_____	_____
Other	<u>0</u>	<u>0</u>	_____	_____	_____	_____	_____
Total Covered & Open:	<u>5</u>		<u>0</u>		<u>0</u>		<u>5</u>

Unit A contains a two-car garage. Unit B does not contain a garage.
 Each apartment will have the exclusive use of a concrete driveway or concrete pad.
 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 Recreational Area

Laundry Area Tennis Court Trash Chute/Enclosures

Other: The Septic System, the Water System and the Electrical and Communications System all as shown on the Condominium File Plan and described in the Declaration.

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: Violation will be cured by _____.
 (Date)

See Exhibit E attached.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installments

(For conversions of residential apartments in existence for at least five years):

See Exhibit F attached.

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.

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

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

Limitations may include restriction 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 apartments 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 G .

as follows:

2. Limited Common Elements: Limited Common Elements are those elements which are reserved for the exclusive use of the owner 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 H.

as follows:

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

described in Exhibit ____.

as follows:

<u>Unit</u>	<u>Common Interest</u>
A	0.50
B	0.50

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

Exhibit I describes the encumbrances against the title contained in the title report dated July 27, 2000

and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

Blanket liens (except for improvement district or utility assessment) 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 the 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	Buyer's deposit is refunded and the sale is canceled.

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:**

Unit A was constructed in 1993

Unit B was constructed in 1996

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

- | | |
|---|--|
| <input type="checkbox"/> not affiliated with the Developer. | <input type="checkbox"/> the Developer or the Developer's affiliate. |
| <input checked="" type="checkbox"/> self-managed by the Association of Apartment Owners | <input type="checkbox"/> 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 assessment, 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 J contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartment:**

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

- | | | |
|---|--|--|
| <input type="checkbox"/> None | <input type="checkbox"/> Electricity | (_____ Common Elements only _____ Common Elements & Apartments) |
| <input type="checkbox"/> Gas | (_____ Common Elements only _____ Common Elements & Apartments) | |
| <input checked="" type="checkbox"/> Water | <input type="checkbox"/> Sewer | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Other | _____ | |

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit K contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 17, 2000

Exhibit L 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.

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

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

- A) The Developer delivers to the buyer a copy of
 - 1) Either the Contingent Final Public Report. **OR** the Supplementary Public Report which has superseded the Contingent 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.

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 (DCCA). Supporting documents for this registration are on file with the DCCA for a period of ten years and one day from the effective date of the last public report. After that time, the DCCA will destroy the supporting documents except for the last public report. 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. 4482 filed with the Real Estate Commission on August 22, 2000.

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

- YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. Additional Information Not Covered Above

NONE.

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.

Jeffrey H. Overton and Gina Marie Overton
Printed Name of Developer

By: Jeffrey H. Overton 10/13/00
Date

By: Gina Marie Overton 10/13/00
Duly Authorized Signatory* Date

Same as above
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 RIGHTS TO CHANGE
THE DECLARATION, CONDOMINIUM MAP, AND BYLAWS

Prior to the time that all Apartments in the Project have been sold and recorded, Developer shall have the right, without the approval, consent or joinder of any Apartment Owner: (a) to make alterations in the Project (and/or to amend the Declaration and the Condominium File Plan accordingly) which change the configuration of, decrease or increase the size of, or change the location of any unsold Apartment and the Limited Common Elements appurtenant thereto; or (b) to make other alterations in the Project (and/or to amend the Declaration and the Condominium File Plan accordingly) which make minor changes in any Apartment in the Project or the Common Elements which do not affect the physical location, design or size of any Apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Article X of the Declaration.

Prior to the time that all Apartments of the Project have been sold and recorded, Developer reserves the right to amend the Declaration, the By-laws and the Condominium File Plan, without the approval, consent or joinder of any purchaser of an Apartment or any of the persons then owning or leasing any Apartment, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the Apartments, by any institutional lender lending funds the repayment of which will be secured by an interest in the Project or any of the Apartments, or by the governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of the Project in any such jurisdiction; provided, however, that except as otherwise provided herein, no such amendment which would change the Common Interest appurtenant to an Apartment or substantially change the design, location or size of an Apartment shall be made without the consent to such amendment by all parties having an interest in such Apartment.

Prior to the time all Apartments have been sold and recorded, Developer, its successors and assigns shall have the right to designate easements for access purposes, for electrical, gas, communications and other utility purposes, and for sewer, drainage and water facilities over, under, across, along and through the Land, if necessary, and to grant to the State of Hawaii, the City and County of Honolulu, the Board of Water Supply of the City and County of Honolulu, any other appropriate governmental agency, and/or any public utility or other corporation, easements for any such purposes over, under, across, along and through the Land under the usual terms and conditions required by the grantee of such easement rights; provided, however, that such easement rights must be exercised in such manner as to not unreasonably interfere with the use of the Land by the Apartment Owners and those claiming by, through or under the Apartment Owners.

EXHIBIT B

DESCRIPTION OF BUILDINGS AND OTHER IMPROVEMENTS

The Project consists of two (2) apartments, Unit A and Unit B (collectively the "Apartments"), as shown on the Condominium File Plan. Each Apartment consists of an entire detached dwelling unit and all space enclosed by the roof and exterior perimeter walls as shown on the Condominium File Plan. Each Apartment has the floor plan and elevation plan filed as a part of the Condominium File Plan.

Unit A is located on the makai portion of the Land, and is closest to Puula Road. Unit A consists of an existing three-story detached dwelling, as shown on the Condominium File Plan. Unit A contains a bedroom, a bath and a walk-in closet on the third floor, two bedrooms, a bath, a living room, a dining room, a kitchen, closets, and a laundry room on the second floor and a two-car garage, two storage rooms and a work shop on the first floor. Unit A is constructed primarily of wood.

Unit B is located mauka of Unit A, on the mauka portion of the Land. Unit B consists of an existing one-story detached dwelling, as shown on the Condominium File Plan. Unit B contains two bedrooms, a bath, a living room, a kitchen/dining room, closets, a lanai and a laundry area. Unit B is constructed primarily of wood.

Subject to the provisions of Article IX (Alteration of Project) of the Declaration, each Apartment has the approximate net floor area in square feet as set forth below, based on measurements taken from the interior surface of all perimeter walls as shown on the floor plan filed as a part of the Condominium File Plan, except that no reduction is made to account for interior walls, stairways and the like located within the perimeter walls:

<u>UNIT</u>	<u>APPROX. FLOOR AREA (SQ. FT.)</u>	<u>LANAI and OTHER AREA (SQ. FT.)</u>	<u>COMMON INTEREST</u>	<u>PARKING</u>
A	1832	1450	0.50	GARAGE / CONCRETE DRIVEWAY
B	960	276	0.50	CONCRETE PAD

All floor areas set forth below have been rounded to the next lowest full square foot.

Each Apartment has immediate access to the yard surrounding each Apartment, which is designated as a Limited Common Area on the Condominium File Plan. Unit A contains a two-car garage while Unit B does not contain a garage. Each Apartment has been assigned a concrete driveway or concrete pad to be used as a vehicle turnabout and for parking. There are no guest parking stalls.

EXHIBIT C

SPECIAL USE RESTRICTIONS - PETS

Each Apartment Owner is permitted to have no more than two (2) dogs or cats. If an Apartment Owner keeps dogs in the Limited Common Element appurtenant to such Apartment Owner's Apartment, the Apartment Owner must keep the dogs in an fenced, enclosed area or on a leash and shall use all reasonable efforts to keep the dogs from running at large in the Common Elements. Each Apartment Owner may keep an unlimited number of pets, other than dogs and cats, as long as those pets shall not include those described as pests under section 150A-2, Hawaii Revised Statutes, or animals prohibited from importation under section 141-2, 150A-5 or 150A-6, Hawaii Revised Statutes. Each Apartment Owner must control their pets and keep them from making excessive noise or causing other problems on the Project. If the Apartment Owner has agreed in writing to allow his tenants to keep a pet in the Apartment, the Apartment Owner's tenants may keep only those types of pets which may be kept by the Apartment Owners. Any Apartment Owner who keeps a pet, not prohibited in the By-laws, as of the effective date of an amendment to the By-laws which prohibits pets, may, upon the death of the pet, replace the animal with another and continue to do so for as long as the Apartment Owner continues to reside in the Apartment.

EXHIBIT D

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, nor may any Apartment Owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of one hundred percent (100%) of the Apartment Owners being first obtained; provided that an Apartment Owner may make any nonmaterial structural additions to the exterior of his Apartment, including, without limitation, the installation of solar energy devices, or additions to or alterations made within such Apartment or within a Limited Common Element appurtenant to and for the exclusive use of the Apartment. "Nonmaterial structural additions to his Apartment," as used in this section, means a structural addition to the Apartment which does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any other Apartment Owner of the use or enjoyment of any part of the Project or directly affect any other Apartment Owner. For purposes of this section, "solar energy device" means any new identifiable facility, equipment, apparatus, or the like which makes use of solar energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for its generation; provided that if the equipment sold cannot be used as a solar device without its incorporation with other equipment, it must be installed in place and ready to be made operational in order to qualify as a "solar energy device".

EXHIBIT E
DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
Phone: (808) 523-4414 • Fax: (808) 527-6743

JEREMY HARRIS
MAYOR



RANDALL K. FUJIKI, AIA
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR
2000/CLOG-3078(AS)

July 18, 2000

Mr. William W. L. Yuen
Ching, Yuen & Morikawa
Pacific Tower, Suite 2700
1001 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Yuen:

Subject: Condominium Conversion Project
59-076 Puula Road, Tax Map Key: 5-9-10: 02

This is in response to your letter dated May 17, 2000 requesting verification that the structures at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the three-story, single-family detached dwelling and the one-story, single-family detached dwelling with five all-weather surface off-street parking spaces met all applicable code requirements when they were constructed in 1992 and 1996, respectively, on this 2.001-acre, Country district zoned lot.

Tax Map Key 5-9-10: 2 was established by Subdivision 96/Sub-23. Both dwellings are located on the parcel.

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

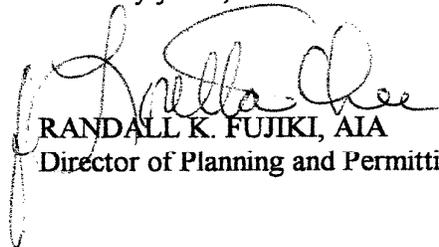
No variances or special permits were granted to allow deviations from any applicable codes.

Mr. William W. L. Yuen
July 18, 2000
Page 2

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership: it does not create a separate lot of record.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at 527-6341.

Sincerely yours,



RANDALL K. FUJIKI, AIA
Director of Planning and Permitting

RKF:ft
g:\cso\puulard.cnv

EXHIBIT F

Stephen H. Yuen, AIA

1302 Koko Head Avenue
Honolulu, HI 96816

Mr. Chris Sadayasu
Ching, Yuen & Morikawa
Pacific Tower, Suite 2700
1001 Bishop Street
Honolulu, HI 96813

Subject: Structural use expectancy report for two residential buildings at
59-076 Puu'a Road, Haleiwa, HI 96712 TMK 5-9-10:2

Dear Mr. Sadayasu:

Per your request, we offer our opinions regarding the condition and expected useful life of the structural components and mechanical and electrical installations of the referenced buildings. The mechanical installations of a residential building in Hawaii consists of mainly the plumbing pipes. Our report does not cover the conditions of the portable appliances. We have made a site visual inspection on June 13, 2000.

Our structural assessment indicates that both building A and B are mainly wood construction. According to the construction plans and permit records, Building A was constructed in 1993 and Building B was constructed in 1996. The main destructive factors for wood structures are termites, dry rot, soil conditions and natural forces. The damages arise from termites and dry rot are preventable through proper maintenance, such as tenting painting and roofing replacement. Well-maintained wood structures can have life expectancy of one hundred years or more. As far as we can see, both buildings have been maintained adequately. There are areas requiring re-painting on the older structure, such as the decks and railings. However, both termite and dry rot damages are minimal on not observable on both structures. According to the owner, Building A was treated for ground termite infestation in 1999 using a Sentricon termite colony elimination system, which remains functional and is checked monthly under service contract. There was no indication of ground termites at Building B at that time.

The life expectancy of a structure is also dependant upon the soil conditions. It affects the stability of the foundations. Painting of the CMU wall is also a good maintenance measure to prevent water penetration and deterioration of the concrete blocks. Building A has CMU walls on portions of the first floor. Building B has CMU supporting walls in

the front and rear foundation. One indication of unstable soil condition would be cracking of the CMU walls. Only one wall was found to have a minor crack on the south wall of Building A, and one post foundation for the lanai was observed to have settled. The installation of rain gutters on portions of Building A has subsequently alleviated this condition. All other walls on both structures were observed without cracking, indicating that soil conditions are relatively stable. It is our opinion that there are no foreseeable problems for these structures if present soil conditions are maintained.

The main natural forces affecting a structure on Oahu are hurricanes or high winds. This structural report indicates that the buildings were both built in compliance with the Building Code in 1993 and 1996, which required the inclusion of structural member ties to protect against high wind effects. Therefore, the life expectancy of these structures can at least be assured that the buildings were constructed to meet the minimum standards required to reasonably protect against high wind damage associated with storms and hurricanes.

The electrical wiring of both buildings is similar. The main service is 100 amp with copper wiring and plastic insulation (romex). The usual problem for the electrical wiring is the drying and cracking of the insulation sheathing. The interior wiring are run through portions of attic space, which can become very hot and will hasten the sheathing drying process. We did not perform a complete electrical wire check for either building. It is our opinion that usually the wiring will last at least 50 to 60 years.

There are many unexpected occurrences that will shorten the life expectancy of these structures, such as fire, flood, abuses, future remodel and etc. As mentioned previously, routine maintenance must be carried out. Especially the electrical wiring systems should be checked periodically as part of routine maintenance to prevent electrical fire. It is noted that any future remodel of these structures should be designed and checked by a licensed professional. The life expectancies as noted in this report are only rough estimates and no warranty is expressed or implied herein.

Please do not hesitate to call if you have any questions about this report. Thank you very much for using our services.

Sincerely,


Stephen H. Yuen, AIA

cc: Mr. Jeffrey Overton

EXHIBIT G

DESCRIPTION OF COMMON ELEMENTS

Developer designated a freehold estate in all portions of the Project except the Apartments, as common elements (the "Common Elements"), including, but not limited to:

(a) The Land in fee simple.

(b) The Septic System as shown on the Condominium File Plan. The Septic System shall include without limitation, the transmission lines, the connections, the septic tank, the leach field, and any replacements or improvements.

(c) The Water System as shown on the Condominium File Plan. The Water System shall include without limitation, all pipes, connections, meters and any replacements or improvements.

(d) The Electrical and Communications System as shown on the Condominium File Plan. The Electrical and Communications System shall include without limitation, poles, electrical, telephone and CATV lines and connections and other transmission facilities for power, light, telephone and CATV and any replacements or improvements.

(e) Any and all other apparatus and installations of common use for utilities and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT H

DESCRIPTION OF LIMITED COMMON ELEMENTS

Developer designated and reserved certain parts of the Common Elements, as limited common elements (the "Limited Common Elements"), for the exclusive use of certain Apartments. Each Apartment shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements. The Limited Common Elements shall consist of:

(a) The concrete pad or concrete driveway as shown on the Condominium File Plan as being appurtenant to an Apartment shall be for the exclusive use of such Apartment for turnabout and parking purposes. The Project contains no guest parking stalls.

(b) The portion of the driveway and coral road as shown on the Condominium File Plan which would normally be used for the purposes of ingress to and egress from each Apartment shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Apartment.

(c) The yard and landscaping surrounding each Apartment, designated on the Condominium File Plan.

EXHIBIT I

**SCHEDULE B
EXCEPTIONS**

1. Real Property Taxes, Second Installment, Fiscal Year July 1, 2000 - June 30, 2001. (see tax statement attached)

Tax Key: (1) 5-9-010-002 Area Assessed: 2.001 AC

2. AS TO PARCEL SECOND:-

(A) Easement for road and utility purposes in favor of Lots 55 and 56 of Lani-A-Kea Tract.

(B) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : September 27, 1956
RECORDED : Liber 3167 Page 484

The foregoing includes, but is not limited to the matters relating to the following:

RESERVING AND EXCEPTING, as to the above-described 40-foot Roadway in favor of the Hawaiian Avocado Co., Ltd., its successors and assigns, the right of ingress and egress over said Puula Road, and the right at any time to lay down, construct, install, reconstruct, repair and maintain public utilities in and upon said premises.

(C) GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : November 2, 1951
RECORDED : Liber 2525 Page 85
GRANTING : a perpetual right and easement for utility purposes

SCHEDULE B CONTINUED

(D) Rights of others who own undivided interest(s) in the land described in Schedule C.

3. -AS TO PARCEL FIRST:-

(A) GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC.

DATED : February 6, 1975

RECORDED : Liber 10485 Page 363

GRANTING : a perpetual right and easement for utility purposes

(B) GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC.

DATED : December 20, 1996

RECORDED : Document No. 97-043078

GRANTING : a perpetual right and easement for utility purposes

4. MORTGAGE

LOAN/ACCOUNT NO. 6346233

MORTGAGOR : JEFFREY H. OVERTON and GINA MARIE OVERTON, husband and wife

MORTGAGEE : NEW AMERICA FINANCIAL, INC., a Texas corporation

DATED : January 8, 1999

RECORDED : Document No. 99-005485

AMOUNT : \$425,000.00

SCHEDULE B CONTINUED

ABOVE MORTGAGE ASSIGNED

TO : BANKERS TRUST COMPANY AS TRUSTEE

DATED : February 9, 1999

RECORDED : Document No. 2000-004145

5. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title, and all other provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime of 59-076 Puula Road dated August 11, 2000, recorded as Document No. 2000-114529, as amended by the Amendment to Declaration of Condominium Property Regime of 59-076 Puula Road dated September 20, 2000, recorded as Document No. 2000-134590, Condominium File Plan No. 3147, and the By-laws of the Association of Apartment Owners of 59-076 Puula Road dated August 11, 2000, recorded as Document No. 2000-114530; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.

EXHIBIT J

**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 = Yearly Total</u>
A	\$213.35 x 12 = \$2,560.00
B	\$213.35 x 12 = \$2,560.00

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12 months</u>	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning		
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator		N/A
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection		
Telephone		N/A
Water and Sewer	\$22.50	\$270.00
Maintenance, Repairs and Supplies		
Building		
Grounds	\$250.00	\$3,000.00
Management		
		N/A
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	\$154.17	\$1,850.00
Reserves(*)		
Taxes and Government Assessments		
Audit Fees		
Other		
TOTAL	\$426.67	\$5,120.00

I, Jeffrey H. Overton, as developer for the 59-079 Puula Road condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Jeffrey H. Overton
Signature

10/13/00
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 K

SUMMARY OF SALES CONTRACT

Buyer must pay a down payment of ten percent (10%) of the Purchase Price to escrow at the time Buyer executes the Reservation Agreement and Sales Contract (the "Sales Contract"). Seller will deliver a true and correct copy of the final public report to Buyer. If Seller does not execute the Sales Contract within ten (10) days after Buyer executes the Sales Contract, Seller will return the down payment.

Buyer must provide Seller with evidence of the Buyer's ability to pay the remainder of the purchase price within five (5) days of executing the Sales Contract and paying the down payment to escrow.

If Buyer cancels the Sales Contract within thirty (30) days of receiving a copy of the final public report, Seller will refund the down payment less any escrow cancellation fees or other costs. The escrow cancellation fees and other costs shall not exceed \$250.00.

If any of the following events occur, Seller may void the Sales Contract and refund all monies paid by Buyer or Buyer's check may be returned to the Buyer, less any cancellation fee imposed by Escrow based on work performed by escrow, of a minimum of \$25.00, but not to exceed \$250.00, and any other actual expenses incurred by Seller:

(a) Buyer's check for the payment of the down payment is returned for insufficient funds;

(b) Buyer fails to furnish to Seller a financial statement or a loan application within the 5-day period;

(c) Buyer fails to obtain a binding written commitment for Buyer's loan or fails to close and fund Buyer's loan by the closing date; and

(d) Any material discrepancies are discovered between the financial information furnished by Buyer and Buyer's actual financial condition.

At the time Buyer executes the Sales Contract and pays the down payment to escrow, Buyer and Seller shall establish a closing date no later than thirty (30) days from the date Buyer executes the Sales Contract and pays the down payment to escrow. Seller reserves the right to extend the closing date to obtain a release of Seller's mortgage with respect to the Apartment.

If Buyer fails to close, Seller shall have the option to:

(a) instruct escrow to record the deed and disburse the sales proceeds to Seller; or

(b) terminate the Sales Contract and retain the down payment as liquidated damages.

If Seller fails to obtain a release of Seller's mortgage within sixty (60) days of the execution of the Sales Contract Buyer may terminate the Sales Contract and is entitled to a refund of any monies paid, less any escrow cancellation fees.

If Seller's mortgagee commences foreclosure proceedings on Seller's mortgage, the Sales Contract shall be deemed cancelled and Buyer shall be entitled to a refund of any monies paid, less any escrow cancellation fees.

EXHIBIT L

SUMMARY OF ESCROW AGREEMENT

Escrow will hold all payments made by Buyer to the Seller under a Reservation Agreement and Sales Contract (the "Sales Contract"). Escrow will call for any payments that are due under the Sales Contract upon written notice from the Seller.

If Buyer shall cancel the Sales Contract, Escrow will refund Buyer's funds to Buyer less Escrow's cancellation fee of a minimum of \$25.00 and a maximum of \$250.00.

If Buyer shall default under the Sales Contract and Seller has certified to Escrow that Seller has canceled the Sales Contract, Escrow shall treat the funds paid into Escrow by Buyer as the funds of Seller, less Escrow's cancellation fee of a minimum of \$25.00 and a maximum of \$250.00.

All funds shall remain in Escrow until conveyance of the Apartment. At that time, Escrow shall use a portion of the funds for payment of all escrow fees and shall disburse the remainder to Seller. Escrow's fee for the sale of each Apartment will be based on the sales price of each Apartment as determined by Escrow's fee schedule attached to the Escrow Agreement.