

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer 248 Sand Island LLC
Address P.O. Box 131, Honolulu, Hawaii 96810

Project Name (*): 248 Sand Island Industrial Park
Address: 248 Sand Island Access Road, Honolulu, Hawaii 96819

Registration No. 4610
Effective date: May 15, 2001
Expiration date: June 15, 2002

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:

X 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.

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

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each apartment is designated a LIMITED COMMON ELEMENT and is not 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 illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

2. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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: 248 Sand Island LLC Phone: (808) 841-8684
 Name* (Business)

P. O. Box 131
 Business Address
Honolulu, Hawaii 96810

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

Richard Weiser Managing Member

Real Estate Broker*: Scott Mitchell, Colliers Monroe Friedlander Phone: (808) 523-9702
 Name (Business)

220 South King Street
 Business Address
Honolulu, Hawaii 96813

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
 Name (Business)

235 Queen Street
 Business Address
Honolulu, Hawaii 96813

General Contractor*: Not yet selected Phone: N/A
 Name (Business)

Business Address

Condominium Managing Agent*: Self-managed by AOA Phone: N/A
 Name (Business)

Business Address

Attorney for Developer: Galen C. K. Leong, Ashford & Wriston Phone: (808) 539-0400
 Name (Business)

1099 Alakea Street, Suite 1400
 Business Address
Honolulu, Hawaii 96813

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

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

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

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

The Declaration for this condominium is:

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

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

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

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

Developer has reserved the right to make changes to the Project, including but not limited to the size of the limited common element areas, at any time prior to the issuance of the Final Public Report. If any change is made, Buyer shall have the right to cancel Buyer's sales contract upon the issuance of the Final Public Report.

[] 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 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: 248 Sand Island Access Road Tax Map Key (TMK): (1) 1-2-021-013
Honolulu, Hawaii 96819

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

Land Area: 5.4304 [] square feet [X] acre(s) Zoning: I-2

Fee Owner Real Estate Delivery, Inc.
 Name
1132 Bishop Street, 18th Floor
 Address
Honolulu, Hawaii 96813

Lessor Developer has an agreement with
 Name
Fee Owner to acquire the property.
 Address
See explanation on Page 20.

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 6 Floors Per Building: 1

Exhibit _____ contains further explanations. *Each building is a shed.*

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other corrugated fiberglass roof, wood framing and mesh sides

4. Uses Permitted by Zoning:

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

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

Yes No

5. Special Use Restrictions:

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

[] Pets: _____

[] Number of Occupants: _____

[X] Other: Uses limited to those allowed or approved under City and County of Honolulu ordinances for Industrial zoned lands.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>--</u>	<u>6</u>	<u>--</u>	<u>--</u>	<u>16 sf</u>	<u>Sheds</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartment: 6

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

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

Boundaries of Each Apartment:

The boundaries of each apartment are the perimeter walls of the shed.

Permitted Alterations to Apartments:

Each apartment owner has the right to remove the shed on each owner's lot but must replace the same with another building of some kind. The provisions for replacing a shed and building on each owner's lot are contained in Exhibit "C".

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls: *Developer does not plan to designate any parking stalls in the Project. There is ample space for each owner to provide for parking within the limited common element area appurtenant to each owner's apartment. No parking will be allowed on the common driveway, which must be kept clear of obstructions at all times.*

Total Parking Stalls: None designated.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	_____	_____	_____	_____	_____	_____	=====

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

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: *Driveway shown on condominium map*

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations:

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):
Not Applicable

11. Conformance to Present Zoning Code:

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	_____	_____
Structures	<u> X </u>	_____	_____
Lot	<u> X </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 "A".

as follows:

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 "D" describes the encumbrances against the title contained in the title report dated April 4, 2001 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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Mortgages and Financing Statements (See Exhibit "D").

At the present time, the property is affected by blanket liens in favor of First Hawaiian Bank as described in Exhibit "D". When Developer acquires the property, these blanket liens will be released but will be replaced by one or more new blanket liens. If any of the existing liens or future liens is foreclosed, Buyer will be entitled to a refund of Buyer's deposits, less escrow cancellation fees, if any.

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:**

At the present time, the sheds have not yet been constructed. Improvements to the common driveway have not been constructed and will not commence to be constructed until Developer acquires the property. Completion of all contemplated improvements is estimated to be March 31, 2002.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

Exhibit ____ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

Exhibit "G" discloses the present status of the proposed common area maintenance fee calculations.

C. **Utility Charges for Apartments:**

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

- None Electricity (Common Elements only ___ Common Elements & Apartments)
 Gas (___ Common Elements only ___ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated April 6, 2001
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. 4610 filed with the Real Estate Commission on *April 9, 2001*.

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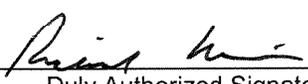
C. **Additional Information Not Covered Above**

Acquisition of the Property by Developer is Pending.

The present fee simple owner of the Property, Real Estate Delivery, Inc., entered into a Purchase Agreement dated August 29, 2000, to sell the Property to The Weiser Companies, Inc. The Purchase Agreement was amended on January 26, 2001, to extend the closing date of the sale to June 15, 2001. Since the date of the Purchase Agreement, the Developer as an entity was formed and The Weiser Companies, Inc. will assign all of its right, title and interest in the Purchase Agreement to the Developer at closing. If Developer does not acquire the Property, buyers will receive a full refund of all deposits.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

248 Sand Island LLC
 Printed Name of Developer

By:  5/10/01
 Duly Authorized Signatory* Date

Richard Weiser, Managing Member
 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"

The Common Elements

The portions of the Project designated as the "common elements" include specifically but are not limited to:

- a) The land described herein in fee simple;
- b) All pipes, wires, conduits or other utility or service lines running through one apartment or Lot Area appurtenant to an apartment which are utilized for or serve more than one apartment and any other appurtenant installations for common services
- c) The Driveway shown on the Condominium Map.

The Common Interest

Each apartment shall have appurtenant thereto an undivided interest in all common elements of the Project, called the "common interest", and the same proportionate share in the common profits and expenses of the Project and for all other purposes, including voting, as follows:

Apartment 1:	8.9986 %
Apartment 2:	8.9986 %
Apartment 3:	8.9986 %
Apartment 4:	8.3615 %
Apartment 5:	25.3235 %
<u>Apartment 6:</u>	<u>39.3192 %</u>
Total	100.0000 %

EXHIBIT "B"

The Limited Common Elements

Certain parts of the common elements, herein called the "limited common elements", are designated and set aside for the use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

- (a) Lot Area 1: The land over which Apartment 1 is constructed and the area surrounding Apartment 1 is designated as Lot Area 1 and shall be a limited common element appurtenant to and for the exclusive use of such apartment, as shown on the Condominium Map, and comprises approximately 19,698 square feet (0.452 acre).
- (b) Lot Area 2: The land over which Apartment 2 is constructed and the area surrounding Apartment 2 is designated as Lot Area 2 and shall be a limited common element appurtenant to and for the exclusive use of such apartment, as shown on the Condominium Map, and comprises approximately 19,698 square feet (0.452 acre).
- (c) Lot Area 3: The land over which Apartment 3 is constructed and the area surrounding Apartment 3 is designated as Lot Area 3 and shall be a limited common element appurtenant to and for the exclusive use of such apartment, as shown on the element appurtenant to and for the exclusive use of such apartment, as shown on the Condominium Map, and comprises approximately 19,698 square feet (0.452 acre).
- (d) Lot Area 4: The land over which Apartment 4 is constructed and the area surrounding Apartment 4 is designated as Lot Area 4 and shall be a limited common element appurtenant to and for the exclusive use of such apartment, as shown on the Condominium Map, and comprises approximately 18,315 square feet (0.420 acre).
- (e) Lot Area 5: The land over which Apartment 5 is constructed and the area surrounding Apartment 5 is designated as Lot Area 5 and shall be a limited common element appurtenant to and for the exclusive use of such apartment, as shown on the Condominium Map, and comprises approximately 55,397 square feet (1.272 acres).
- (f) Lot Area 6: The land over which Apartment 6 is constructed and the area surrounding Apartment 6 is designated as Lot Area 6 and shall be a limited common element appurtenant to and for the exclusive use of such apartment, as shown on the Condominium Map, and comprises approximately 86,049 square feet (1.975 acres).

EXHIBIT "C"

Permitted Alterations to an Apartment or Lot Area

Each apartment owner shall have the right, upon obtaining the prior written consent of the holders of all mortgages affecting such apartment owner's apartment, to improve, renovate, remodel, make additions to, landscape, enlarge, remove, replace or restore the apartment, the Lot Area for the apartment, or portions thereof (herein collectively called the "changes"), subject to the following conditions:

- (a) All plans for any such changes shall be prepared by a licensed architect or professional engineer registered to do business in the State of Hawaii and such plans shall conform with all applicable ordinances, rules, regulations and building codes, including any Special Management Area provisions.
- (b) No change to an apartment shall be made outside of the Lot Area appurtenant to the apartment; no change (including, but not limited to, landscaping) shall be made within the building setback area designated on the Condominium Map without the prior written approval of the Association; no change will affect any common element or limited common element other than limited common elements appurtenant to such apartment, unless the apartment owner first obtains the written consent of any other affected apartment owner; and no change to an apartment will be made if the effect of such change would be to exceed the apartment's proportionate share of the allowable floor area allocated to the apartment, as defined by the zoning ordinance in effect when the change is to be made. The proportionate share of allowable floor area for each apartment shall be two (2) times the Lot Area appurtenant to the apartment.
- (c) All such changes shall be at the expense of the apartment owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other apartment owners' use of their apartment.
- (d) During the entire course of construction, the apartment owner making such change will cause to be maintained at such apartment owner's expense builder's all-risk insurance in an amount not less than 100% of the estimated cost of construction. The Association and any apartment mortgagee who so requires shall be named as additional insureds and, upon the request of the Association, evidence of such insurance shall be deposited with the Association.
- (e) Prior to commencement of the construction of a change, and as a condition thereto, the apartment owner making such change shall give reasonable assurance to the Association of the apartment owner's financial ability to complete and to pay for the change.
- (f) The owner of the changed apartment shall have the right to utilize or connect to any existing lines for electricity, phone, other communications lines, sewer and other utilities and services and, if required, to request from the Association any grant of easements and rights-of-way over, under and on the common driveway as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project, except for a temporary interruption of a reasonable duration to allow for installation or repairs of such services.
- (g) Promptly upon completion of any changes permitted under this section, the owner of the changed apartment, at such owner's sole cost and expense and without the consent or joinder of any other person except the holders of all mortgages affecting the apartment but with the prior review and consent of the Board, which shall not be unreasonably withheld or delayed (but subject to the payment by the owner of the cost to the Board for review of such amendment), shall duly record an amendment to the Declaration reflecting the changes to such apartment, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

Except as otherwise provided in this section, no apartment owner shall do any work which jeopardizes the soundness or safety of the Project, reduces the value thereof or impairs any easement or hereditament, without in every such case the consent of the owners of seventy-five percent (75%) of the common interests.

EXHIBIT "D"

Encumbrances Against Title

PARCEL FIRST:

ALL of those certain parcels of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOTS 3-B-1-C-1-A, area 0.058 acre, more or less, as shown on Map 38;
 41, area 2.3184 acres, and
 44, area 2.531 acres, more or less, as shown on Map 58,

filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 258 of Elizabeth Kailikulani Meyer;

BEING all of the land described in Transfer Certificate of Title No. 503,531.

PARCEL SECOND:

ALL of that certain parcel of land (being portion of the lands described in and covered by Land Patent Number 8194 issued on a portion of Land Commission Award Number 6450, Apana 1 to Kaunuohua for W. L. Moehonua) situate, lying and being 300 feet northwesterly of Sand Island Access Road at Mokauea, Kalihi Kai, Honolulu, City and County of Honolulu, State of Hawaii, being a PORTION OF LOKO PAHOUNUI, and thus bounded and described:

Beginning at the north corner of this piece of land, the west corner of Lot 3-B-1-B, as shown on Map 30, of the subdivision of Land Court Application 258, and on the southeast side of Kaliawa Fishery, Executive Order 1016, and running by azimuths measured clockwise from true South:

- | | | | |
|----|--------------|--------|---|
| 1. | 296° 13' 30" | 429.26 | feet along Lot 3-B-1-B-2 of the proposed subdivision of Lot 3-B-1-B, and along Lot 3-B-1-C-1-A, of the proposed subdivision of Lot 3-B-1-C-1, as shown on Map 33, of the subdivision of Land Court Application 258; |
| | 36° 50' | 93.54 | feet along remaining portion of Loko Pahounui; |
| | 126° 50' | 423.78 | feet along same; |
| | 224° 10' | 14.62 | feet along Kaliawa Fishery, Executive Order 1016 to the point of beginning and containing an area of 0.523 acre, more or less. |

ENCUMBRANCES AS TO PARCEL FIRST:

1. As to Lot 3-B-1-C-1-A: A 75-foot air easement contour, as shown on tax map.
2. As to Lot 41:
 - (a) 50-foot and 25-foot air easements contour, as shown on tax map.
 - (b) The following encroachments, as shown on the map prepared by James R. Thompson, Registered Professional Land Surveyor, with Walter P. Thompson, Inc., dated November 18, 1997, to-wit:
 - (i) Chain link fence crosses onto State of Hawaii property at west corner.
 - (ii) Wire fence meanders along property line of Lot 41 and State of Hawaii property.

- (c) Encroachment and Maintenance Agreement (Building, Roofline and Gutter) dated September 16, 1997, filed in said Office as Land Court Document No. 2405287 and also recorded in said Bureau as Document No. 97-130717.

3. As to Lot 44:

- (a) 100-foot, 75-foot, and 50-foot air easements contour, as shown on tax map.
- (b) Access in favor of Lots 41 and 3-B-1-C-1-A, as set forth by Land Court Order No. 7854, filed November 17, 1947.
- (c) Encroachment and Maintenance Agreement (Meandering Fence) dated December 18, 1997, filed in said Office as Land Court Document No. 2430272 and also recorded in said Bureau as Document No. 97-183944.

4. Grant of Easement and right of way in favor of the State of Hawaii for the free and unobstructed passage of aircraft in and through the air space over Lots 44, 41, 3-B-1-C-1-A, besides other land, as set forth by instrument dated December 18, 1947, filed in said Office as Land Court Document No. 98209, and also recorded in said Bureau in Liber 2099 at Page 302, as amended by instruments dated October 15, 1958, filed in said Office as Land Court Document No. 226377, and also recorded in said Bureau in Liber 3519 at Page 139, and dated January 1, 1993, filed in said Office as Land Court Document No. 2023371, and also recorded in said Bureau as Document No. 93-076159.

ENCUMBRANCES AS TO PARCEL SECOND:

1. 50-foot and 75-foot air easements contour, as shown on tax map.
2. Grant dated February 19, 1948, in favor of the State of Hawaii granting an easement and right-of-way for the free and unobstructed passage of aircraft through the air space, recorded in said Bureau in Liber 2109 at Page 163; as amended by instrument dated January 1, 1993, recorded in said Bureau as Document No. 93-076160.
3. Encroachment and Maintenance Agreement (Fence) dated August 27, 1997, filed in said Office as Land Court Document No. 2402630, and also recorded in said Bureau as Document No. 97-122649; as amended by that certain Instrument dated December 24, 1997, filed in said Office as Land Court Document No. 2429664, and also recorded in said Bureau as Document No. 97-182616.
4. Lack of Joinder or Consent by David Sau Hoy Young, unmarried, Albert S. N. Young, as Trustees under that certain Trust Agreement dated December 12, 1989, and known as the "Albert S. N. Young Trust", a short form of which is filed in said Office as Land Court Document No. 1696252, and also recorded in said Bureau as Document No. 90-000243, Elsie N. Young, as Trustee under that certain Trust Agreement dated December 12, 1989, and known as the "Elsie N. Young Trust", a short form of which is filed in said Office as Land Court Document No. 1696253, and also recorded in said Bureau as Document No. 90-000244, and Pioneer Electric, Inc., a Hawaii corporation.

ENCUMBRANCES AS TO PARCELS FIRST AND SECOND

1. Real Property Mortgage, Security Agreement and Financing Statement dated May 1, 1990, by Sen Plex Corp., a Hawaii corporation, as mortgagor, in favor of First Hawaiian Bank, a Hawaii corporation, as mortgagee, filed in said Office as Land Court Document No. 1727447, and also recorded in said Bureau as Document No. 90-065151

Said mortgage was amended or affected by the following documents

<u>Date</u>	<u>Land Court Document No.</u>	<u>Bureau Document No.</u>
August 27, 1986	2332650	96-124153
January 28, 1997	2362655	97-013129
January 28, 1997	2362656	97-013130
January 31, 1997	2364280	97-016721

2. Real Property Mortgage; Security Agreement; Assignment of Rents; and Financing Statement dated August 27, 1996, by Sen Plex Corp., also known as Sen Plex Corporation, a Hawaii corporation, as mortgagor, in favor of First Hawaiian Bank, a Hawaii corporation, as mortgagee, filed in said Office as Land Court Document No. 2332649, and also recorded in said Bureau as Document No. 96-124152.
3. Mortgage, Security Agreement and Financing Statement dated October 27, 1988, by Sen Plex Corp., also known as Sen Plex Corporation, a Hawaii corporation, as mortgagor, in favor of First Hawaiian Bank, a Hawaii corporation, as mortgagee, filed in said Office as Land Court Document No. 1589038;

Said mortgage was amended or affected by the following documents:

<u>Date</u>	<u>Land Court Document No.</u>	<u>Bureau Document No.</u>
January 28, 1997	2362657	97-013131
January 28, 1997	2362658	97-013132
January 31, 1997	2364280	97-016721

4. Financing Statement recorded on August 29, 1996, by Sen Plex Corp. (also known as Sen Plex Corporation), as debtor, and First Hawaiian Bank, as secured party, recorded in said Bureau as Document No. 96-124155.
5. Financing Statement recorded on August 29, 1996, by Shafter Land Corporation, as debtor, and First Hawaiian Bank, as secured party, recorded in said Bureau as Document No. 96-124156.
6. Financing Statement recorded on August 29, 1996, by Oahu Development Corporation, as debtor, and First Hawaiian Bank, as secured party, recorded in said Bureau as Document No. 96-124157.

* * *

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

1. Whether a purchaser will be obtaining a mortgage loan to cover part of the purchase price.
2. That the apartment will be subject to various other legal documents which the purchaser should examine.
3. That certain expenses, such as property taxes and insurance premiums shall be prorated as of the date of closing.
4. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
5. That the Seller may take any or all of the following actions if Buyer fails to pay the balance of the purchase price or complete the purchase:
 - a. Bring an action for damages for breach of contract.
 - b. Retain the initial deposit and all additional deposits as liquidated damages.
 - c. Hold Buyer responsible for any costs incurred in accordance with the sale contract.
6. The Sales Contract is not assignable without the Developer's consent.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "F"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

1. Escrow will let purchasers know when payments are due.
2. Escrow will arrange for purchasers to sign all necessary documents.
3. The Escrow Agreement says under what conditions a refund will be made to the purchaser:

a. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(i) Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held hereunder by Escrow; or

(ii) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(iii) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised such purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(iv) The purchaser has exercised such purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

4. If a purchaser defaults under a Sales Contract, purchaser's funds will be held by Escrow as the funds of the Developer.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

EXHIBIT "G"

Maintenance Fees

All costs associated with the maintenance of each apartment and its respective limited common elements are the sole responsibility of each apartment owner.

Section 514A-86, Hawaii Revised Statutes, requires that the Association of Apartment Owners purchase and maintain fire insurance to cover the improvements of the project, and that fire insurance premiums shall be a common expense.

The developer anticipates that the Association will elect to require each owner to obtain separate fire and liability insurance for his apartment and name the Association as an additional insured. In such case, insurance premiums will be the individual responsibility of each apartment owner.

The developer does not yet have sufficient figures to develop a maintenance fee estimate. The items which will be common expenses will be electricity for the common driveway shown on the Condominium Map, water and sewer charges which will be allocated to apartment owners based on estimated usage, management fees and reserves for the repair and maintenance of the common driveway and its facilities. Developer also estimates that an initial start up fee for maintenance will be approximately \$800 per apartment.