

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KPP, LLC
Address 1287 Kalanani Street, #104, Honolulu, Hawaii 96817-4960

Project Name (*): KAOPA PARK PLACE
Address: Kahako Street, Kailua, Hawaii 96734

Registration No. 4885
(conversion)

Effective date: August 2, 2002
Expiration date: September 2, 2003

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) 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 unit is designated a **LIMITED COMMON ELEMENT** and 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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EXHIBIT A: Description of buildings and apartments; boundaries, permitted alterations
EXHIBIT B: Common elements
EXHIBIT C: Encumbrances against title
EXHIBIT D: Estimate of initial maintenance fees and maintenance fee disbursements
EXHIBIT E: Summary of sales contract
EXHIBIT F: Summary of escrow agreement

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: KPP, LLC Phone: (808) 848-0900
Name* (Business)
1287 Kalani Street, #104
Business Address
Honolulu, Hawaii 96817-4960

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):

Member: Kailua Bluffs Development Company

Real Estate Broker*: Prudential Locations, LLC Phone: (808) 735-4200
Name (Business)
3465 Waiialae Avenue, 4th Floor
Business Address
Honolulu, Hawaii 96816

Escrow: Island Title Corporation Phone: (808) 531-0261
Name (Business)
1132 Bishop Street, Suite 400
Business Address
Honolulu, Hawaii 96813

General Contractor*: N/A Phone: _____
Name (Business)
Business Address _____

Condominium Managing Agent*: Meridian Properties, Inc. Phone: (808) 942-2224
Name (Business)
1600 Kapiolani Blvd., Suite 210
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Alfred M. K. Wong Phone: (808) 543-9800
Name (Business)
841 Bishop Street, Suite 1540
Business Address
Honolulu, Hawaii 96813

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

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2002-102830</u>	
			Book _____	Page _____
<input type="checkbox"/>	Filed -	Land Court:	Document No. _____	

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

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. <u>3452</u>		
<input type="checkbox"/>	Filed -	Land Court Condo Map No. _____		

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

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

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2002-102831</u>	
			Book _____	Page _____
<input type="checkbox"/>	Filed -	Land Court:	Document No. _____	

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

First Amendment to and Restatement of By-Laws of the Association of Apartment Owners of Kaopa Park Place, dated June 21, 2002 and recorded in the Bureau of Conveyances as Document No. 2002-108463.

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>67%</u>
House Rules	—	<u>Board of Directors</u>

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

2. **Developer:**

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

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

As may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the project, or any institutional lender lending funds on the security of the project or any of the apartments.

[] 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: *Kahako Street Tax Map Key (TMK): 1/4-2-101:16-35
Kailua, Hawaii 96734

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

Land Area: 189,445 [x] square feet [] acre(s) Zoning: R-5

*Each individual apartment has been assigned an address.

Fee Owner: KPP, LLC
 Name
1287 Kalanī Street, #104
 Address
Honolulu, Hawaii 96817-4960

Lessor: N/A
 Name

 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 20 Floors Per Building: 2

Exhibit "A" contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>40</u>	<input checked="" 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 type="checkbox"/> Industrial	_____	<input 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 type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: Pet owners shall indemnify the Association and hold it harmless against any loss or liability of any kind arising from such pet
 Number of Occupants: _____

Other: Apartment shall be used for residential purposes only; no timesharing, transient or hotel purposes permitted
 There are no special use restrictions.

6. Interior (fill in appropriate numbers):

in individual

Elevators: 0 Stairways: apartments Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
(downslope)A	<u>9</u>	<u>3/1&1/2</u>	<u>890</u>	<u>520</u>	<u>garage, lanai, walk</u>
(downslope)B	<u>9</u>	<u>3/1&1/2</u>	<u>890</u>	<u>520</u>	<u>garage, lanai, walk</u>
(upslope)A	<u>11</u>	<u>3/2</u>	<u>924</u>	<u>560</u>	<u>garage, lanai, entry</u>
(upslope)B	<u>11</u>	<u>3/2</u>	<u>924</u>	<u>560</u>	<u>garage, lanai, entry</u>

Total Number of Apartments: 40

* 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: See Exhibit "A" attached hereto.

Permitted Alterations to Apartments: See Exhibit "A" attached hereto.

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

Total Parking Stalls:	<u>80</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u>	<u>Covered</u>	<u>Open</u>	TOTAL
	<u>Open</u>			
Assigned (for each unit)	<u>80</u>	-----	-----	<u>80</u>
Guest	-----	-----	-----	-----
Unassigned	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----
Other: _____	-----	-----	-----	-----
Total Covered & Open:	<u>80</u>	<u>0</u>	<u>0</u>	<u>80</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

Each apartment has a 2-car garage which is included with ownership

Commercial parking garage permitted in condominium project. of the apartment.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: _____

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

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

Based upon the letter of the Architect, Robert Alan Luersen, the present condition of the structural components material to the use and enjoyment of such improvements is satisfactory. There are no mechanical installations. Based upon the letters of Milton T. Bertelman of M.B. Electric, Inc. the present condition of the electrical installations material to the use and enjoyment of the apartments are satisfactory.

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 "B" .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

All common elements of the project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

There are twenty lots in the project. There is a duplex building containing two apartments on each lot. The common elements of each building such as the roof, exterior walls and structural elements, and the yard areas of each lot are limited common elements for the exclusive use of the two apartments situated on the lot.

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

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

described in Exhibit _____.

as follows:

Each of the 40 apartments shall have an undivided 2-1/2% interest in all the common elements of the project. The Common interest is based on each apartment having an identical common interest.

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

Exhibit "C" describes the encumbrances against the title contained in the title report dated June 14, 2002 and issued by First American Title Insurance Company

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage in favor of Central Pacific Bank	Purchaser's funds will be refunded in full

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:

All of the apartments were completed in 1990.

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

* Note: Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserves rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

C. **Utility Charges for Apartments:**

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 10, 2002
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. 4885 filed with the Real Estate Commission on June 24, 2002.

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

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C. Additional Information Not Covered Above

None

EXHIBIT "A"

DESCRIPTION OF BUILDINGS AND APARTMENTS:

The 20 buildings in the project are numbered 16 through 35. The numbers are based on the last two numbers of the tax map key for each parcel on which the building is located. Buildings 16 through 26 are located on the upslope of Kahako Street, Kailua, Hawaii 96734, a public street, and Buildings 27 through 35 are located on the downslope of the same street. The apartments are indicated by the number of the building, followed by the letter A or B.

The A apartments in Buildings 27 through 35 consist of two (2) levels. On the entry level, there is an enclosed 2-car garage and utility room containing approximately 396 square feet, a covered walk of 61 square feet, and a kitchen/living room/dining room/foyer containing approximately 410 square feet. On the lower level, there are three (3) bedrooms, a hall, and one and a half bathrooms containing an area of approximately 480 square feet, and a covered lanai of approximately 63 square feet. The net total area of an A apartment in Buildings 27 through 35 is approximately 1,410 net square feet and the gross total area is approximately 1,476 gross square feet.

The B apartment in Buildings 27 through 35 is identical to the A apartment, with a reverse floor plan.

The A apartments in Buildings 16 through 26 also consist of two (2) levels. On the entry level, there is an enclosed 2-car garage and utility room containing approximately 421 square feet, a foyer and stair of approximately 29 square feet and a covered entry of approximately 20 square feet. The upper level consists of a kitchen, dining room, living room, three (3) bedrooms, and two (2) bathrooms containing approximately 924 square feet, and a lanai and stair consisting of approximately 90 square feet. The net total area of an A apartment in Buildings 16 through 26 is approximately 1,484 net square feet and the gross total area is approximately 1,542 gross square feet.

The B apartment in Buildings 16 through 26 is identical to the A apartment, with a reverse floor plan.

BOUNDARIES OF EACH APARTMENT:

Each apartment shall include the walls and partitions which are not load-bearing and which are within its perimeter walls; doors and door frames; windows and window frames; the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto; and all fixtures originally installed therein. Notwithstanding the designation of the limits of the apartments, the square footage of each respective apartment is measured from undecorated or unfinished surfaces of the interior face of perimeter walls, and such measurement is referred to as the "net square feet". Measurements made to the outsides of exterior walls and to the centerline of party walls are referred to as "gross square feet", and no reduction is made to account for interior load bearing walls, ducts, vent shafts and the like, located within the perimeter walls.

PERMITTED ALTERATIONS TO APARTMENTS:

The owner of an apartment may make any alterations or additions within his or her apartment, if the structural integrity of the building is not thereby affected. Such alterations shall require only the written approval thereof, including the apartment owner's plans therefor, by the holders of all liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board (which approval by the Board shall not be unreasonably or arbitrarily withheld), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board) and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the project as so altered.

EXHIBIT "B"
COMMON ELEMENTS

The common elements for the project will include the limited common elements described in the Declaration and all other portions of the land and improvements, excluding those areas and items defined as a part of an apartment. The common elements shall also include the following:

- (a) The project land in fee simple.
- (b) All yards, grounds and landscaping, roads, and walkways.
- (c) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.
- (d) Any and all apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "C"
ENCUMBRANCES AGAINST TITLE

The Commitment for Title Insurance dated June 14, 2002 by First American Title Insurance Company reflects the following:

1. For real property taxes due and owing, reference is made to the Director of Finance, City and County of Honolulu.
Tax Key: (1) 4-2-101-16 through 35.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Rights of Native Tenants as reserved in Royal Patent No.7983.
4. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration:

Dated: August 17, 1981
Recorded: Book 15767, Page 336

5. Terms, provisions, covenants and conditions in the Unilateral Agreement and Declaration for Conditional Zoning:

Dated: June 16, 1983
Recorded: Book 17125, Page 113

AMENDMENT TO UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING

Dated: July 5, 1983
Recorded: Book 17166, Page 480

6. AS TO LOTS 16 TO 22, INCLUSIVE, 23A, 24A, 25 AND 26 ONLY:

a. EASEMENT

Shown: File Plan No. 1913
Purpose: Power line

b. EASEMENT

Dated: April 6, 1971
Recorded: Book 7524, Page 159
Purpose: Power line
In favor of: Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, now known as GTE Hawaiian Telephone Company Incorporated, both Hawaii corporations

c. Partial restriction of vehicular access

Along: Kalaniana'ole Highway
Shown on: File Plan No. 1913

7. AS TO LOTS 16 AND 17:

EASEMENT "A" (10 feet wide), area 1,145 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

8. AS TO LOTS 28 TO 33, INCLUSIVE:

Building setback line

Shown: File Plan No. 1913

9. AS TO LOTS 17 AND 18:

a. EASEMENT "D-6-A" (20 feet wide)

Shown: File Plan No. 1913
Purpose: Drainage

b. EASEMENT "B", area 2,314 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

10. AS TO LOT 17:

EASEMENT "D-7-A" (15 feet wide)

Shown: File Plan No. 1913
Purpose: Drainage

11. AS TO LOTS 18 AND 19:

EASEMENT "C" (10 feet wide), area 1,287 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

12. AS TO LOTS 23A AND 24A:

EASEMENT "D" (10 feet wide), area 1,236 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

13. AS TO LOTS 24A AND 25:

a. EASEMENT "E" (13 feet wide), area 1,016 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

b. EASEMENT "F" (12 feet wide), area 627 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

14. AS TO LOT 26:

Partial vehicular access permitted

Shown: File Plan No. 1913

15. AS TO LOT 27:

EASEMENT "G" (10 feet wide), area 1,780 square feet, more or less

Shown: File Plan No. 1913
Purpose: Sanitary sewer

16. AS TO LOTS 28 AND 29:

EASEMENT "H" (12 feet wide), area 1,320 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

17. AS TO LOT 28:

EASEMENT "N" (42 square feet, more or less)

Shown: File Plan No. 1913
Purpose: Electrical

18. AS TO LOT 31:

EASEMENT "P" (42 square feet, more or less)

Shown: File Plan No. 1913
Purpose: Electrical

19. AS TO LOTS 34 AND 35:

EASEMENT "J" (15 feet wide), area 1,679 square feet, more or less

Shown: File Plan No. 1913
Purpose: Storm drain

20. AS TO LOT 34:

EASEMENT "Q" (42 square feet, more or less)

Shown: File Plan No. 1913
Purpose: Electrical

21. AS TO LOTS 28, 31 AND 34:

EASEMENT

Dated: August 5, 1987
Recorded: Book 21007, Page 464
Purpose: Transformer vaults being within Easements N, P and Q, for utility
In favor of: Hawaiian Electric Company, Inc., a Hawaii corporation
(Also affects other property)

22. AS TO LOTS 16, 17, 18 AND 21:

Terms, provisions, covenants and conditions in the Unilateral Agreement and Declaration for Conditional Zoning:

Dated: September 14, 1989
Recorded: Book 23649, Page 126

23. EASEMENT

Dated: September --, 1988
Recorded: Document No. 90-121960
Purpose: Sewer under, across and through Easement "G"
In favor of: City and County of Honolulu, a municipal corporation of the State of Hawaii
(Also affects other property)

24. EASEMENT

Dated: September --, 1988
Recorded: Document No. 90-121961
Purpose: Drainage under, across and through Easements "H" and "J"
In favor of: City and County of Honolulu, a municipal corporation of the State of Hawaii
(Also affects other property)

25. Existing improvement(s) along the boundary, disclosed by the surveyor's map and/or report dated July 15, 1992, prepared by James R. Thompson, Registered Professional Land Surveyor, Certificate No. 3627, are as follows:

a. Corner of duplex on Lot 35 encroaches into drainage easement J by 0.14 feet.

26. Terms, provisions, covenants and conditions in the Estoppel Certificate:

Dated: June 17, 1992
Recorded: Document No. 92-121803

27. AS TO LOT 16:

Terms, provisions, covenants and conditions in the Encroachment Agreement and License:

Dated: November 27, 1995
Recorded: Document No. 95-155557
By and Between: Chun Lau, as Trustee under that certain unrecorded Revocable Trust of Chun Lau dated March 20, 1990, and Linda He Yung Lau, as Trustee under that certain unrecorded Revocable Trust of Linda He Yung Lau dated March 20, 1990, "First Party", and Kailua Bluffs Development Company, a Hawaii limited partnership, "Second Party"
Re: Portion of a tile wall and a portion of a CRM wall encroaches from Lot 15 onto Lot 16, as shown on File Plan No. 1913

28. MORTGAGE

Dated: December 19, 2001
Recorded: Document No. 2001-203728
Amount: \$5,000,000.00
Mortgagor: KPP, LLC, a Hawaii limited liability company
Guarantors: Royal Contracting Co., Ltd., a Hawaii corporation and Rlaming, LLC, a Hawaii limited liability company
Mortgagee: Central Pacific Bank, a Hawaii corporation

29. ASSIGNMENT OF NET SALES PROCEEDS

Dated: December 19, 2001
Recorded: Document No. 2001-203729
Assignor: KPP, LLC, a Hawaii limited liability company
Assignee: Central Pacific Bank, a Hawaii corporation

30. FINANCING STATEMENT AFFECTING THE PROPERTY HEREIN DESCRIBED:

Recorded: December 27, 2001
Document No. 2001-203730
Debtor: KPP, LLC,
Secured Party: Central Pacific Bank

32. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime:

Dated: May 13, 2002
Recorded: Document No. 2002-102830

NOTE: All those certain Apartment Units more particularly described in Exhibit "A" attached hereto.

33. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of Kaopa Park Place:

Dated: May 13, 2002
Recorded: Document No. 2002-102831

34. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, and/or as delineated on said Condominium Map.

NOTE: The Developer has filed with the Commission a First Amendment to and Restatement of By-Laws of the Association of Apartment Owners of Kaopa Park Place, dated June 21, 2002 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-108463.

EXHIBIT "D"
 ESTIMATE OF INITIAL MAINTENANCE FEES
 AND
 ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

KAOPA PARK PLACE

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
164-A Kahako Street	\$184 \$2,208
164-B Kahako Street	184 2,208
158-A Kahako Street	184 2,208
158-B Kahako Street	184 2,208
150-A Kahako Street	184 2,208
150-B Kahako Street	184 2,208
144-A Kahako Street	184 2,208
144-B Kahako Street	184 2,208
136-A Kahako Street	184 2,208
136-B Kahako Street	184 2,208
130-A Kahako Street	184 2,208
130-B Kahako Street	184 2,208
122-A Kahako Street	184 2,208
122-B Kahako Street	184 2,208
116-A Kahako Street	184 2,208
116-B Kahako Street	184 2,208
108-A Kahako Street	184 2,208
108-B Kahako Street	184 2,208
102-A Kahako Street	184 2,208
102-B Kahako Street	184 2,208
98-A Kahako Street	184 2,208
98-B Kahako Street	184 2,208
99-A Kahako Street	184 2,208
99-B Kahako Street	184 2,208
103-A Kahako Street	184 2,208
103-B Kahako Street	184 2,208
111-A Kahako Street	184 2,208
111-B Kahako Street	184 2,208
119-A Kahako Street	184 2,208
119-B Kahako Street	184 2,208
127-A Kahako Street	184 2,208
127-B Kahako Street	184 2,208
133-A Kahako Street	184 2,208
133-B Kahako Street	184 2,208
141-A Kahako Street	184 2,208
141-B Kahako Street	184 2,208
149-A Kahako Street	184 2,208
149-B Kahako Street	184 2,208
157-A Kahako Street	184 2,208
157-B Kahako Street	184 2,208
TOTAL	<u>\$7,360</u> <u>\$88,320</u>

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning - none
- Electricity - individual meters
 - common elements only
 - common elements and apartments
- Elevator - none
- Gas - none
 - common elements only
 - common elements and apartments
- Refuse Collection - City & County of Honolulu
- Telephone - Hawaiian Telephone
- Water and Sewer - BWS/City

Maintenance, Repairs and Supplies

Building	\$ 500	\$ 6,000
Grounds	2,000	24,000

Management

Management Fee	1,200	14,400
Payroll and Payroll Taxes	300	3,600
Office Expenses	300	3,600

Insurance

	500	6,000
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Reserves(*) Roof Replacement	675	8,100
Painting Exterior	1,500	18,000

Taxes and Government Assessments

Audit Fees	200	2,400
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Other	<u>185</u>	<u>2,220</u>
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TOTAL	<u>\$7,350</u>	<u>\$88,320</u>
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I, Jerry Park, as agent for/and/or employed by Meridian Properties, Inc. the condominium managing agent/developer for the Kaopa Park Place, condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Signature

7/19/02
Date

EXHIBIT "E"
SUMMARY OF SALES CONTRACT

The Sales Contract provides, among other things, as follows:

Seller's Remedies Upon Default by Purchaser.

If Purchaser shall at any time default in making any payment when required, or fail to perform any other obligation required of Purchaser under the Sales Contract, the Sales Contract may, at Seller's option, be terminated by written notice to Purchaser. In the event of such cancellation after the Effective Date, Seller may retain all Deposits paid by Purchaser under the Sales Contract as liquidated damages. Seller and Purchaser acknowledge that each understands and agrees that in such event the injury to Seller will be difficult and expensive to measure in view of: Seller's financial commitments with respect to the Project; the connection between sale, cancellation or default with respect to the Residence and the sale, cancellation or default with respect to other apartments in the Project; and the nature of the real estate market in Hawaii. As a reasonable estimate of Seller's fair compensation for any damages resulting from such default, the parties agree that all sums paid by Purchaser under the Sales Contract shall belong to Seller as liquidated damages. Seller may, in addition to the aforesaid damages, pursue any other remedy, including specific performance, permitted by law or equity. Seller may impose a late charge of one percent (1%) per month on any amounts due Seller under the Contract. All costs, including reasonable attorney's fees, incurred by reason of default by Purchaser shall be borne by Purchaser.

Purchaser's Remedies Upon Default by Seller.

After the Effective Date, if the Seller shall default in selling the Property to Purchaser as provided in the Sales Contract, and the remedy of specific performance is not available to Purchaser for any reason, the parties agree that the Purchaser, if not in default, shall be entitled to a rescission and refund of all Deposits.

In the event that Purchaser claims after the Closing Date that there has been any violation of federal or state securities laws or disclosure laws (including disclosure required by Hawaii Revised Statutes Chapter 514A pertaining to condominiums) or of the terms of the Sales Contract, Purchaser agrees that Purchaser's sole remedy shall be rescission of the Sales Contract and Purchaser shall be entitled to recover the Total Purchase Price and closing costs actually paid, together with interest at the rate specified in Hawaii Revised Statutes Section 514A-69 from the Closing Date until the date of repayment. Purchaser agrees that any other expenses of Purchaser including, but not limited to condominium maintenance fees, real property taxes, principal and interest payments on mortgages and mortgage loan fees shall constitute the reasonable use value of the Residence from the Closing Date until the date of repayment and shall not be recoverable from Seller.

REPRESENTATIONS. PURCHASER ACKNOWLEDGES THAT:

(a) SELLER OR SELLER'S AGENTS HAVE MADE NO REPRESENTATIONS OR REFERENCES CONCERNING RENTALS OF THE APARTMENTS AND THAT NO RENTAL MANAGEMENT ARRANGEMENTS ARE AVAILABLE BY THE SELLER OR ANY PERSON CONNECTED WITH SELLER. PURCHASER SHALL BE SOLELY RESPONSIBLE FOR THE USE OF PURCHASER'S APARTMENT INCLUDING THE RENTAL OR OTHER DISPOSITION THEREOF.

(b) NEITHER SELLER NOR SELLER'S AGENTS MAKE ANY REPRESENTATION REGARDING EITHER ECONOMIC BENEFITS TO BE DERIVED FROM RENTALS OR TAX TREATMENT OF THE PURCHASER OF AN APARTMENT. THE TAX TREATMENT AND ECONOMIC BENEFITS VARY WITH INDIVIDUAL CIRCUMSTANCES AND SELLER AND SELLER'S AGENTS RECOMMEND THAT THE PURCHASER CONSULT WITH PURCHASER'S OWN ATTORNEY, ACCOUNTANT OR OTHER TAX COUNSEL FOR ADVICE REGARDING TAX TREATMENT.

(c) UNTIL SUCH TIME WHEN SELLER SHALL HAVE SOLD ALL APARTMENTS IN THE PROJECT, PURCHASER AGREES THAT PURCHASER SHALL NOT ENTER INTO OR OFFER TO ENTER INTO ANY ARRANGEMENT WITH ANY OTHER APARTMENT OWNER IN THE PROJECT WHEREBY ANY RENTAL POOL OF APARTMENTS OR ANY OTHER SHARING OF RENTAL INCOME OF APARTMENTS IS ESTABLISHED.

(d) THE SELLER MAY, AS A CONDITION OF THE CLOSING, REQUIRE OF THE PURCHASER, ANY BROKERS INVOLVED IN THE SALE OR AGENTS OF SUCH BROKERS, OR ANYONE ELSE CONNECTED IN ANY WAY WITH THE OFFER TO SELL AND THE PURCHASER OF THE APARTMENT, THE EXECUTION AND DELIVERY TO SELLER OF SUCH WAIVERS, AFFIDAVITS OR OTHER DOCUMENTS AS MAY FROM TIME TO TIME BE REQUIRED BY SELLER TO SATISFY SELLER THAT THE OFFER TO SELL AND THE PURCHASE OF THE APARTMENT IS NOT IN VIOLATION OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS.

(e) IN THE EVENT THAT THE OFFER TO SELL, OR THE PURCHASE OF THE APARTMENT, OR THE ACTIVITIES OF THE PURCHASER WITH RESPECT TO THE APARTMENT ARE DETERMINED BY THE SELLER IN SELLER'S SOLE DISCRETION TO GIVE RISE TO ANY VIOLATION (WHETHER BY PURCHASER OR SELLER OR ANY THIRD PARTIES) OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS, OR ARE ALLEGED TO GIVE RISE TO ANY SUCH VIOLATION BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER GOVERNMENTAL AGENCY, FEDERAL OR STATE, OR IN THE COURSE OF ANY LEGAL PROCEEDINGS, THE PARTIES UNDERSTAND AND AGREE THAT THE INJURY TO SELLER BY VIRTUE OF SUCH VIOLATION OR THE ALLEGATION THEREOF WILL BE UNCERTAIN AS TO NATURE AND AMOUNT AND DIFFICULT AND EXPENSIVE TO ASCERTAIN. THEREFORE, IN SUCH EVENT, THE PARTIES AGREE THAT SELLER

MAY OBTAIN AN INJUNCTION FROM ANY COURT OF COMPETENT JURISDICTION ENJOINING ANY ACTS OF PURCHASER WHICH ARE OR MAY BE OR ARE ALLEGED TO GIVE RISE TO A VIOLATION OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS. SELLER MAY, IN ADDITION TO OR AS AN ALTERNATIVE TO OBTAINING INJUNCTIVE RELIEF, PURSUE ANY OTHER REMEDIES CAUSED BY SUCH VIOLATIONS, AS ADMITTED IN LAW OR IN EQUITY. ALL COSTS, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BY SELLER IN CONNECTION WITH PURCHASER'S ACTIONS IN VIOLATION OR ALLEGED TO BE IN VIOLATION OF FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS SHALL BE BORNE BY THE PURCHASER.

(f) IN THE EVENT THAT THE PURCHASER, OR ANYONE CLAIMING THROUGH OR UNDER THE PURCHASER OR THE PURCHASER'S APARTMENT, ALLEGES THAT THE OFFER TO SELL OR THE PURCHASE OF THE APARTMENT GIVES RISE TO ANY VIOLATION OF ANY FEDERAL OR STATE DISCLOSURE LAWS OR REGULATIONS (INCLUDING, BUT NOT LIMITED TO, THE HORIZONTAL PROPERTY ACT), THEN THE PARTIES UNDERSTAND AND AGREE THAT THE INJURY CAUSED BY SUCH VIOLATION SHALL BE DIFFICULT OR IMPOSSIBLE TO ACCURATELY ESTIMATE AND EXPENSIVE TO ASCERTAIN. THEREFORE IN THE EVENT OF SUCH VIOLATION OR THE ALLEGATION THEREOF, THE PARTIES AGREE AND THE PURCHASER COVENANTS THAT THE PURCHASER SHALL NEITHER SEEK NOR HAVE ANY REMEDY OTHER THAN TO SUE FOR A REFUND TO PURCHASER OF THE PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF TWELVE PER CENT (12%) PER ANNUM FROM THE FINAL CLOSING UNTIL THE DATE OF REPAYMENT. THE PARTIES FURTHER AGREE THAT SAID AMOUNT SHALL BE DEEMED LIQUIDATED DAMAGES, AND NOT A PENALTY, AND PURCHASER AGREES THAT ADDITIONAL CHARGES PAID BY PURCHASER WITH RESPECT TO THE APARTMENT, INCLUDING, BUT NOT LIMITED TO, MAINTENANCE FEES, REAL PROPERTY TAXES, AND MORTGAGE FEES AND INTEREST, SHALL BE ABSORBED BY PURCHASER AS THE REASONABLE USE VALUE OF THE APARTMENT TO THE PURCHASER FROM THE TIME OF FINAL CLOSING TO THE DATE OF REPAYMENT.

THE ABOVE TERMS SHALL SURVIVE THE CLOSING AND OCCUPANCY BY PURCHASER AND THE DELIVERY OF THE APARTMENT DEED AND RECORDING THEREOF, NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE SALES CONTRACT.

Acceptance of Apartment; Building Not New; No Warranties.

Purchaser acknowledges that the Project was completed in 1990 and accepts said Apartment and the common elements in an "as is" condition. Purchaser further acknowledges that Purchaser has had an opportunity to inspect the Apartment and common elements and that the purchase price takes into consideration the fact that the buildings and fixtures and appliances are over twelve years old. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED,

WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE. At Seller's option, an inspection program may be instituted for correction of defects agreed upon and, if so, Purchaser agrees to inspect Purchaser's Apartment on a date and at a time to be specified by Seller and upon completion of such inspection, to sign an inspection sheet to be furnished by Seller which shall list all defects or damages to the property, if any. Purchaser agrees to accept possession of the property despite the existence of such defects or damages to the property regardless of extent, including but not limited to any defects in appliances and fixtures, which may be listed in said inspection sheet, but which do not render the property uninhabitable. Seller will cooperate with and assist Purchaser in having legitimate listed defects or damages corrected or repaired within a reasonable time thereafter. The Sales Contract shall survive the closing. Purchaser agrees to indemnify Seller for any damages or losses, including interest and attorney's fee, resulting from any refusal to make such inspection, to sign such inspection sheet or to accept possession of the property upon request by Seller and if Purchaser shall make any such refusal, Purchaser shall be deemed to be in default under the Sales Contract and Seller at its option shall be entitled to cancel the Sales Contract and keep all payments made under the Sales Contract as liquidated damages. Purchaser waives all rights of inspection and rights to Seller's cooperation and assistance if Purchaser fails to inspect Purchaser's Apartment on the date and time specified by Seller and Purchaser acknowledges that such waiver shall not in any way affect Purchaser's obligations under the Sales Contract, including without limitation the making of Payments B, C and D and performance of Purchaser's closing obligations.

EXHIBIT "F"
SUMMARY OF ESCROW AGREEMENT

Escrow Agreement dated May 10, 2002 with Island Title Corporation ("Escrow"), provides, among other things, as follows:

Disbursement of Purchaser's Funds

Escrow shall make no disbursements of purchaser's funds or proceeds from the sale of such apartments (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided herein below, until purchaser's apartment deed is recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. Upon such recording of the particular apartment deed, Escrow shall pay to Seller all funds received on account of the particular apartment sold and conveyed.

Refunds to Purchasers; Return of Documents

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

- a) Escrow receives a written request from Seller to return to the purchaser the funds of the purchaser then being held hereunder by Escrow; or
- b) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Sales Agreement pursuant to any right of recession stated therein or otherwise available to Seller; or
- c) The conditions providing for a refund under Section 514A-62 or 514A-63 of the Condominium Property Act (as amended on the date upon which the Sales Agreement become binding and effective) have been met, and written notice thereof has been provided to Seller and to Escrow.

Upon the occurrence of any of the foregoing entitling purchaser to a return of his funds, neither purchaser nor Seller shall be obligated under the Sales Agreement, and Escrow shall return said funds to purchaser, and return to Seller such purchaser's Sales Agreement. Other documents delivered to escrow relating to the sale of the apartment identified in such Sales Agreement will be returned to the person from whom or entity from which they were received.

Upon cancellation of any Sales Agreement as specified in subparagraph (c) above, Escrow shall be entitled to a cancellation fee equal to \$50.00 from the purchaser.

Unclaimed Funds

Except as otherwise provided by law, Escrow shall give each purchaser entitled to a return of his funds notice thereof by certified or registered mail, addressed to such purchaser at his address shown on the Sales Agreement or any address later made known to Escrow by such purchaser. If such purchaser shall not have claimed such refund within sixty (60) days, Escrow shall thereafter treat all funds of such purchaser as the escrowed funds of Seller and not of purchaser in accordance with the provisions of said Sales Agreement executed by and between Seller and purchaser, and shall disburse such funds as directed by Seller. After having sent Seller written notice of the foregoing acts, Escrow shall thereupon be released from further liability hereunder with respect to such funds and such purchaser.

Purchaser's Default

If the purchaser fails to make any payment on or before the due date thereto or if the purchaser does or fails to do any act which would constitute an event of default under the Sales Agreement, Escrow shall promptly give to such purchaser written notice of default and will notify Seller of the purchaser's default. If purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow (i) that Seller has elected to terminate the Sales Agreement and has so notified the purchaser; or (ii) that purchaser is otherwise in default and provides Escrow with a copy of the default notice; then, and in either event, Escrow shall thereafter treat all funds of the purchaser paid under such Sales Agreement, or any portion thereof as may be allowed by said Sales Agreement, less Escrow's cancellation fee, as funds of Seller and not of the purchaser. Thereafter, such funds shall be held free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, or order, and shall return to Seller the Sales Agreement of such purchaser; and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Sales Agreement shall be returned to the person from whom, or entity from which, such documents were received.