

**CONDOMINIUM PUBLIC REPORT**

Prepared &  
Issued by:

Developer Universal Development, LLC  
Address 1060 Young Street, Suite 318, Honolulu, Hawaii 96814

Project Name (\*): 1060 KINAU  
Address: 1060 Kinau Street, Honolulu, Hawaii 96814  
Registration No. 5157 Effective date: August 8, 2003  
Expiration date: September 8, 2004

Preparation of this Report:

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

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

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

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

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

Type of Report:

       **PRELIMINARY:**           The developer may not as yet have created the condominium but has  
**(yellow)**                           filed with the Real Estate Commission minimal information sufficient for a  
Preliminary Public Report. A Final Public Report will be issued by the  
developer when complete information is filed.

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

       **SUPPLEMENTARY:**       This report updates information contained in the:  
**(pink)**                           [ ]       Preliminary Public Report dated: \_\_\_\_\_  
[ ]       Final Public Report dated: \_\_\_\_\_  
[ ]       Supplementary Public Report dated: \_\_\_\_\_

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

(\*) Exactly as named in the Declaration  
*This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.*      FORM: RECU-30 286/986/189/1190/892/0197/1098/0800/0203

**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 part of the unit, but 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: UNIVERSAL DEVELOPMENT, LLC Phone: 521-7577
Name\* (Business)
1060 Young Street, Suite 318, Honolulu, Hawaii 96814
Business Address

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):

Albert Y. Fujisawa, Member and Manager
Paul S. Mori, Member
Alan Y. Dote, Member

Real Estate Broker\*: Fujisawa & Associates, LLC Phone: (808) 521-7577
Name (Business)
1060 Young Street, Suite 318
Business Address
Honolulu, Hawaii 96814

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

General Contractor\*: City Construction, Inc. Phone: (808) 455-2544
Name (Business)
96-1272 Waiihona Street, Suite 9
Business Address
Pearl City, Hawaii 96782

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

Attorney for Developer: Ken Harimoto Phone: (808) 526-9546
Name (Business)
1188 Bishop Street, Suite 3302
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. 2003-145111  
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. 3614
- 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. 2003-145112  
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<br/>Set by Law</u> | <u>This Condominium</u> |
|-----------------------------|-------------------------------|-------------------------|
| Declaration (and Condo Map) | 75%*                          | <u>75%</u>              |
| Bylaws                      | 65%                           | <u>65%</u>              |
| House Rules                 | —                             | <u>N/A</u>              |

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

2. Developer:

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

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



**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: 1060 Kinau Street Tax Map Key (TMK): (1) 2-4-13:29  
Honolulu

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

Land Area: 9,822  square feet  acre(s) Zoning: A-2 Apartment

Fee Owner: Universal Development, LLC  
 Name  
1060 Young Street, Suite 318  
 Address  
Honolulu, Hawaii 96814

Lessor: Not Applicable  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

**C. Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2. Number of Buildings: 4 Floors Per Building: 2  
 Exhibit A contains further explanations.
3. Principal Construction Material:  
 Concrete                       Hollow Tile                       Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

|   | <u>No. of<br/>Apts.</u> | <u>Use Permitted By Zoning</u>          |                          |    |
|---|-------------------------|---|--------------------------|----|
| <input checked="" type="checkbox"/> Residential | <u>4</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: Article V, Section 3(f)

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

Other: The apartments may be rented for residential purposes, but not for vacation or transient rentals.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: \_\_\_\_\_ Stairways: A1,A2, A3 & A4 Trash Chutes: \_\_\_\_\_

| <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 Area</u>             |
|------------------|-----------------|----------------|------------------------------|----------------------------|----------------------------------|
| <u>A1</u>        | <u>1</u>        | <u>4/2</u>     | <u>1,513.4</u>               | <u>397.4/104/2,368</u>     | <u>Garage/Lanai/Privacy Area</u> |
| <u>A2</u>        | <u>1</u>        | <u>4/2</u>     | <u>1,513.4</u>               | <u>397.4/104/2,325</u>     | <u>Garage/Lanai/Privacy Area</u> |
| <u>A3</u>        | <u>1</u>        | <u>4/2</u>     | <u>1,513.4</u>               | <u>397.4/104/2,325</u>     | <u>Garage/Lanai/Privacy Area</u> |
| <u>A4</u>        | <u>1</u>        | <u>4/2</u>     | <u>1,513.4</u>               | <u>397.4/104/2,803</u>     | <u>Garage/Lanai/Privacy Area</u> |

Total Number of Apartments: 4

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

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

Boundaries of Apartments:

Each single-family dwelling, including the Privacy Area constituting a part of the apartment, constitutes a separate apartment.

Permitted Alterations to Apartments:

Section 4.03 of the Declaration provides that:

An apartment owner shall have the right to make additions or modifications to the dwelling constituting his apartment, including, altering the footprint, dimensions, and square footage of the dwelling, and to erect fences and walls along the perimeter of the privacy area constituting a part of his apartment, subject, however, to all other terms of this Declaration, to all building codes, zoning restrictions, and other ordinances, rules and regulations, statutes, and laws, including laws relating to nuisances, and provided that the apartment owner has obtained all required consents of his mortgagees of record. The Association may require the apartment owner to provide satisfactory evidence that he has complied with the requirements of this Declaration.

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: 8

|                             | <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<br>(for each unit) | <u>2</u>        | <u>        </u> | <u>8</u> |
| Guest                       | <u>        </u> | <u>0</u> |
| Unassigned                  | <u>        </u> | <u>0</u> |
| Extra for Purchase          | <u>        </u> | <u>0</u> |
| Other:                      | <u>        </u> | <u>0</u> |
| Total Covered & Open:       | <u>8</u>        | <u>        </u> | <u>0</u>        | <u>        </u> | <u>0</u>        | <u>        </u> | <u>8</u> |

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

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

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool                       Storage Area                       Recreation Area

Laundry Area                       Tennis Court                       Trash Chute/Enclosures

\_\_\_\_\_

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>      | <u>          </u>     | <u>          </u> |
| Structures | <u>  X  </u>      | <u>          </u>     | <u>          </u> |
| Lot        | <u>  X  </u>      | <u>          </u>     | <u>          </u> |

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

Limitations may include restrictions on extending, enlarging, or continuing the nonconformity, and restrictions on altering and repairing structures. In some cases, a nonconforming 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:

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

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

as follows:

| <u>Apartment</u> | <u>Common Interest</u> |
|------------------|------------------------|
| A1               | 25%                    |
| A2               | 25%                    |
| A3               | 25%                    |
| A4               | 25%                    |

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 8, 2003 and issued by  Fidelity National Title Insurance Company, 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>  |
|-----------------------------|--|
| Mortgage (Land Acquisition) | The Mortgagee will grant Partial Releases of the Apartments when sales are closed pursuant to Sales Contracts. |
| Mortgage (Construction)     | The Mortgagee will grant Partial Releases of the Apartments when sales are closed pursuant to Sales Contracts. |

**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:

Contractor's one-year warranty against defects in construction.

2. Appliances:

Respective Manufacturer's Warranties will be assigned to Buyers.

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

Construction commenced on or about June 23, 2003 and is expected to be completed in February, 2004.

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

- 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  F  contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated  May 7, 2003 .  
Exhibit  G  contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

**B. Buyer's Right to Cancel Sales Contract:**

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

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

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

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-1 07, 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. 5157 filed with the Real Estate Commission on July 17, 2003.

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

YELLOW paper stock                       WHITE paper stock                       PINK paper stock

**C. Additional Information Not Covered Above**

**SPECIAL ATTENTION**

Ownership of the land upon which the Condominium Project is located includes a 1/12 interest in and to the roadway lot providing access to each of the Apartment of the Project from Kinau Street, a public highway. To the Developer's knowledge, information and belief, there is no formal agreement between the owners of all of the undivided interests in the Roadway Lot, the purchaser should be aware of the fact that ownership of such undivided interest carries with it the right to use said roadway, but also includes all obligations of ownership, including, without limitation to the generality of the foregoing, the obligation to maintain and repair the roadway, including periodic repaving. Reference is hereby made to Paragraph 26 of the Declaration.

- 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-1.6] (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.

Universal Development, LLC

Printed Name of Developer

By

Duly Authorized Signatory\*

July 14, 2003

Date

Albert Y. Fujisawa, Manager

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 project is comprised of four (4) single family dwellings, each constituting an apartment.

Apartment A1 consists of a two-story structure, without a basement, and contains a living room, dining area, kitchen, powder room, storage area, a stairway leading to the second floor, entry lanai and garage on the first floor, and four (4) bedrooms, each containing a closet, two (2) bathrooms, a hallway, and a stairway leading to the first floor on the second floor, and contains a net living area of approximately 1,513.4 square feet, together with the garage, containing an area of approximately 397.4 square feet and the entry lanai containing an area of approximately 104.0 square feet. As is set forth in Exhibit "C" attached hereto, said apartment includes and is located upon a Privacy Area containing an area of 2,368 square feet.

Apartment A2 consists of a two-story structure, without a basement, and contains a living room, dining area, kitchen, powder room, storage area, a stairway leading to the second floor, entry lanai and garage on the first floor, and four (4) bedrooms, each containing a closet, two (2) bathrooms, a hallway, and a stairway leading to the first floor on the second floor, and contains a net living area of approximately 1,513.4 square feet, together with the garage, containing an area of approximately 397.4 square feet and the entry lanai containing an area of approximately 104.0 square feet. As is set forth in Exhibit "C" attached hereto, said apartment includes and is located upon a Privacy Area containing an area of 2,325 square feet.

Apartment A3 consists of a two-story structure, without a basement, and contains a living room, dining area, kitchen, powder room, storage area, a stairway leading to the second floor, entry lanai and garage on the first floor, and four (4) bedrooms, each containing a closet, two (2) bathrooms, a hallway, and a stairway leading to the first floor on the second floor, and contains a net living area of approximately 1,513.4 square feet, together with the garage, containing an area of approximately 397.4 square feet and the entry lanai containing an area of approximately 104.0 square feet. As is set forth in Exhibit "C" attached hereto, said apartment includes and is located upon a Privacy Area containing an area of 2,325 square feet.

Apartment A4 consists of a two-story structure, without a basement, and contains a living room, dining area, kitchen, powder room, storage area, a stairway leading to the second floor, entry lanai and garage on the first floor, and four (4) bedrooms, each containing a closet, two (2) bathrooms, a hallway, and a stairway leading to the first floor on the second floor, and contains a net living area of approximately 1,513.4 square feet, together with the garage, containing an area of approximately 397.4 square feet and the entry lanai containing an area of approximately 104.0 square feet. As is set forth in Exhibit "C" attached hereto, said apartment includes and is located upon a Privacy Area containing an area of 2,803 square feet.

**END OF EXHIBIT "A"**

## **EXHIBIT B**

The Declaration provides that:

One freehold estate is hereby designated in all of the remaining portions and appurtenances of the project, herein called the "common elements," which, except as expressly made part of an apartment, includes:

- (5.01) The land in fee simple; and
- (5.02) 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.

**END OF EXHIBIT B**

**EXHIBIT "C"**

**Description of Privacy Areas**

**Note: The following metes and bounds descriptions are provided solely to augment the lines delimiting these areas on the Condominium Map. The four (4) Privacy Areas do not constitute separate subdivided lots.**

LAND SITUATED ON THE NORTHERLY SIDE OF KINAU STREET AT HONOLULU,  
OAHU, HAWAII.

Being a portion of Lot 1 as shown on Tax Map Key: 1<sup>st</sup> Div. 2-4-13:29

**FOR APARTMENT A1:**

Beginning at the southerly corner of this parcel of land on the northerly side of Kinau Street, thence running by azimuths measured clockwise from True South:

- |    |          |            |   |
|----|----------|------------|---|
| 1. | 111° 12' | 65.65 feet | along the northerly side of Kinau Street;   |
| 2. | 201° 12' | 36.08 feet | along Lot A (TMK: 2-1-13:32);   |
| 3. | 291° 12' | 65.65 feet | along the remainder of Lot 1;   |
| 4. | 21° 12'  | 36.08 feet | along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 2368 square feet. |

SUBJECT, HOWEVER, to Easement 1 for utility purposes in favor of Apartments A2, A3, and A4, and being more particularly described as follows:

**EASEMENT 1  
(5.00 Feet Wide for Utility Purposes)**

Beginning at the southerly corner of this easement on the northerly side of Kinau Street, being also the initial point of the above described parcel of land, thence running by azimuths measured clockwise from True South:

- |    |          |            |  |
|----|----------|------------|--|
| 1. | 111° 12' | 5.00 feet  | along the northerly side of Kinau Street;  |
| 2. | 201° 12' | 36.08 feet | along the remainder of Lot 1;  |
| 3. | 291° 12' | 5.00 feet  | along the remainder of Lot 1;  |
| 4. | 21° 12'  | 36.08 feet | along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 180 square feet. |

TOGETHER with Easement M-1 (4.00 feet wide) for maintenance purposes affecting Apartment 2.

**FOR APARTMENT A2:**

Beginning at the southerly corner of this parcel of land on the northwesterly side of a private driveway (TMK: 2-4-13:79), thence running by azimuths measured clockwise from True South:

1. 111° 12' 65.65 feet along the remainder of Lot 1;
2. 201° 12' 35.42 feet along Lot A (TMK: 2-4-13:32);
3. 291° 12' 65.65 feet along the remainder of Lot 1;
4. 21° 12' 35.42 feet along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 2325 square feet.

SUBJECT, HOWEVER, to Easement 2 for utility purposes in favor of Apartments A3 and A4, and being more particularly described as follows:

**EASEMENT 2**  
(5.00 Feet Wide for Utility Purposes)

Beginning at the southerly corner of this easement on the northwesterly side of a private driveway (TMK: 2-4-13:79), being also the initial point of the above described parcel of land, thence running by azimuths measured clockwise from True South:

1. 111° 12' 5.00 feet along the remainder of Lot 1;
2. 201° 12' 35.42 feet along the remainder of Lot 1;
3. 291° 12' 5.00 feet along the remainder of Lot 1;
4. 21° 12' 35.42 feet along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 177 square feet.

SUBJECT, ALSO, to Easement M-1 (4.00 feet wide) for maintenance purposes in favor of Apartment A1 and being more particularly described as follows:

**EASEMENT M-1**  
(4.00 Feet Wide for Maintenance Purposes)

Beginning at the westerly corner of this easement, being also the westerly corner of the above described parcel of land, thence running by azimuths measured clockwise from True South:

1. 201° 12' 4.00 feet along Lot A (TMK: 2-4-12: 32) ;
2. 291° 12' 65.65 feet along the remainder of Lot 1;
3. 21° 12' 4.00 feet along the remainder of Lot 1;
4. 111° 12' 65.65 feet along the remainder of Lot 1 to the point of beginning and containing an Area of 263 square feet.

TOGETHER with Easement 1 for utility purposes affecting Apartment A1.

**FOR APARTMENT A3:**

Beginning at the southerly corner of this parcel of land on the northwesterly side of a private driveway (TMK: 2-4-13:79), thence running by azimuths measured clockwise from True South:

1. 111° 12' 65.65 feet along the remainder of Lot 1;
2. 201° 12' 35.42 feet along Lot A (TMK: 2-4-13:32);
3. 291° 12' 65.65 feet along the remainder of Lot 1;
4. 21° 12' 35.42 feet along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 2325 square feet.

SUBJECT, HOWEVER, to Easement 3 for utility purposes in favor of Apartment A4, and being more particularly described as follows:

**EASEMENT 3**  
(5.00 Feet Wide for Utility Purposes)

Beginning at the southerly corner of this easement, being also the initial point of the above described parcel of land, thence running by azimuths measured clockwise from True South:

1. 111° 12' 5.00 feet along the remainder of Lot 1;
2. 201° 12' 35.42 feet along the remainder of Lot 1;
3. 291° 12' 5.00 feet along the remainder of Lot 1;
4. 21° 12' 35.42 feet along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 177 square feet.

SUBJECT, ALSO, to Easement M-2 (4.00 feet wide) for maintenance purposes in favor of Apartment A2 and being more particularly described as follows:

EASEMENT M-2  
(4.00 Feet Wide for Maintenance Purposes)

Beginning at the westerly corner of this easement, being also the westerly corner of the above described parcel of land, thence running by azimuths measured clockwise from True South:

1. 201° 12' 4.00 feet along Lot A (TMK: 2-4-12:32);
2. 291° 12' 65.65 feet along the remainder of Lot 1;
3. 21° 12' 4.00 feet along the remainder of Lot 1;
4. 111° 12' 65.65 feet along the remainder of Lot 1 to the point of beginning and containing an Area of 263 square feet.

TOGETHER with Easement 1 for utility purposes affecting Apartment A1 and Easement 2 for utility purposes affecting Apartment A2.

**FOR APARTMENT A4:**

Beginning at the southerly corner of this parcel of land on the northwesterly side of a private driveway (TMK: 2-4-13:79), thence running by azimuths measured clockwise from True South:

1. 111° 12' 65.65 feet along the remainder of Lot 1;
2. 201° 12' 42.69 feet along Lot A (TMK: 2-4-13:32);
3. 291° 12' 65.65 feet along the Lot 2 (TMK: 2-4-13:49);
4. 21° 12' 42.69 feet along a private driveway (TMK: 2-4-13:79) to the point of beginning and containing an Area of 2803 square feet.

SUBJECT, HOWEVER, to Easement M-3 (4.00 feet wide) for maintenance purposes in favor of Apartment A3 and being more particularly described as follows:

EASEMENT M-3  
(4.00 Feet Wide for Maintenance Purposes)

Beginning at the westerly corner of this easement, being also the westerly corner of the above described parcel of land, thence running by azimuths measured clockwise from True South:

1. 201° 12' 4.00 feet along Lot A (TMK: 2-4-13:32);
2. 291° 12' 65.65 feet along the remainder of Lot 1;

3.      21° 12'                      4.00 feet      along the remainder of Lot 1;
4.      111° 12'                      65.65 feet      along the remainder of Lot 1 to the point of  
beginning and containing an Area of 263  
square feet.

TOGETHER with Easement 1 for utility purposes affecting Lot 1, Easement 2 for utility purposes affecting Lot 2, and Easement 3 for utility purposes affecting Lot 3.

**END OF EXHIBIT C**

**EXHIBIT "D"**

**ENCUMBRANCES**

The property underlying the Project is subject to the following encumbrances:

1. For real property taxes due and owing, reference is made to the Director of Finance, City and County of Honolulu.
2. The reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. That certain Declaration for Holding Tank Facility dated November 1, 2002, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-082674.
4. Any facts, rights, interests, or claims which may exist or arise by reason of the following facts disclosed by survey map dated October 27, 2002 and letter dated January 31, 2003, prepared by Wesley T. Tengan, Licensed Professional Land Surveyor No. 6958:
  - (a) Rock wall extends approximately 0.4 ft. to 0.2 ft. for a length of 2.1 ft. into Heahea Street.
  - (b) End of rock wall extends approximately 0.9 ft. into Parcel 79.
5. That certain mortgage dated February 10, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-030984, in favor of Finance Factors, Limited, a Hawaii corporation.
6. That certain undated Financing Statement recorded in said Bureau of Conveyances as Document No. 2003-030985, by and between Universal Development, LLC, a Hawaii limited liability company, as Debtor, and Finance Factors, Limited, a Hawaii corporation, as Secured Party.
7. That certain Mortgage with Assignment of Rents, Security Agreement and Fixture Filing dated May 27, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-106051, in favor of Finance Factors, Limited, a Hawaii corporation.
8. That certain undated Financing Statement recorded in said Bureau of Conveyances as Document No. 2003-106052, by and between Universal Development, LLC, a Hawaii limited liability company, as Debtor, and Finance Factors, Limited, a Hawaii corporation, as Secured Party.
9. That certain Declaration of Condominium Property Regime dated July 14, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-145111, together with Condominium Map No. 3614.
10. By-Laws of the Association of Apartment Owners of 1060 Kinau dated July 14, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-145112.

**EXHIBIT E**  
**ESTIMATE OF INITIAL MAINTENANCE FEES**  
**AND**  
**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

The four (4) apartments of the Project consist of separate dwellings, each located on a Privacy Area constituting a part of the apartment. There are no limited common elements. It is recommended that each apartment owner maintain insurance on his respective apartment. Real Property Taxes will be assessed, separately against each apartment.

Therefore, it is anticipated that there will be no maintenance fees for collection and disbursement by the Association of Apartment Owners of the Project.

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

**Explanation of Reserves**

**The Developer has not conducted a reserve study in accordance with section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules. The single-family dwellings constitute separate apartments. The yards and driveways are part of the respective apartments. There are no common elements which would require replacement.**

## **EXHIBIT F**

### **Summary of Terms of Sales Contract**

Binding Effect. The sales contract will become binding after buyer have received the Final Public Report for the project, buyer has signed a receipt for that report, and buyer has signed a written waiver of his or her rights to rescind the purchase. The sales contract will also become binding if the buyer does not execute a receipt and waiver within thirty days after receipt of the Final Public Report and has not notified the seller of the decision to cancel in a timely fashion as provided by law.

Payments. The sales contract provides for three payments. Payment A is the deposit payable upon the execution of the contract. Payment B becomes payable within thirty days after the buyer has been given notice of seller's acceptance of the contract. Payment C is the balance of the purchase price and is payable at closing.

Closing. If seller accepts the sales contract more than forty-five days before the project architect has certified that the apartment is ready for occupancy, the closing date will be selected by seller. The date selected will be within sixty days after the certificate of occupancy is issued. Buyer will be given written notice of that date of closing. By mutual agreement of the seller and buyer, a different closing date may be chosen, but in no event more than ninety days after seller accepts the contract.

Preclosing. The sales contract allows the seller to "pre-close," sixty days before the estimated date of closing. Pre-closing entails execution of the documents needed to close the sale and making that portion of Payment C that is not being financed through a mortgage lender.

#### Other Matters.

The risk of loss passes to the buyer upon closing.

The seller makes no warranties, express or implied, with respect to the apartment, common elements, or anything installed in or upon the premises. In particular, the seller makes no warranties of merchantability or fitness for particular purpose. Nevertheless, standard contractors' and manufacturers' warranties will be assigned without recourse to the buyer.

#### Remedies.

In the event of default by the buyer or seller, the non-defaulting party will have the rights available under general contract principles for breach of contract. The sales contract also expressly states that seller's remedies may include (1) termination of the contract, (2) retention of all payments then to date by the buyer, plus interest, as liquidated damages, and (3) damages as provided by law in lieu of liquidated damages.

**THIS IS MERELY A BRIEF SUMMARY OF THE TERMS OF THE SALES CONTRACT.  
YOU ARE ADVISED TO READ THE SALES CONTRACT FOR FULL DETAILS.**

**EXHIBIT G**  
***Summary of Terms of Escrow Agreement***

Under the terms of the escrow agreement Fidelity National Title Insurance Company, Inc., 201 Merchant Street, Honolulu, Hawaii 96813, will serve as escrow agent for the sales transaction.

As the escrow agreement indicates, the buyer's funds will not be used to finance construction.

The buyer's funds will be held by escrow and no interest will accrue on those funds.

Section 3 of the escrow agreement govern the disbursement of funds to the developer. Section 9 provides that unless a refund is due the buyer under Section 4 of the escrow agreement, the buyer's funds will be disbursed to the seller either at closing or upon the seller's certification in writing that the buyer has defaulted under the terms of the sales contract and Seller has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the buyer. Section 3 sets forth the conditions that must be satisfied before the seller is entitled to disbursements out of escrow. Those conditions include, but are not limited to, receipt by escrow of a copy of the final public report issued by the Real Estate Commission and of a receipt and notice signed by the buyer more than 48 hours beforehand.

Section 4 sets forth the conditions under which a refund of the buyer's funds must be made. Only one of the conditions in the escrow agreement (condition (a)) can apply because the final public report will issue without any prior preliminary report and because no funds will be solicited until after the final public report has issued. Under condition (a) a refund must be made if the buyer has so requested and the seller authorizes the refund.

**THIS IS MERELY A BRIEF SUMMARY OF THE TERMS OF THE ESCROW AGREEMENT. YOU ARE ADVISED TO READ THE ESCROW AGREEMENT FOR FULL DETAILS.**