CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer MICHAEL M. DIXON
Address P.O. Box 461, Haleiwa, Hawaii 96712

Project Name(*): 59-029 Holawa Street
Address: 59-029 Holawa Street, Haleiwa, Hawaii 96712

Registration No. 5371 (Conversion)

Effective date: June 8, 2004
Expiration date: July 8, 2005

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. A Final Public Report will be issued by the developer when complete information is filed.

X **FINAL: (white)** The developer has legally created a condominium and has filed complete 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: (pink)** This report updates information contained in the:
[ ] Preliminary Public Report dated:
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

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

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

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Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report as Exhibit "H"

[ ] 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.

[X] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

SPECIAL ATTENTION

The Developer has disclosed the following:

(a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

(b) 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. Moreover, there is no public sewer system servicing the Project.

(c) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (pages 12 and 15).

This public report does not constitute approval of the Project by the Real Estate Commission or any other governmental agencies, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer / Attorney for Developer / General Contractor	
Real Estate Broker / Escrow Company / Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21

EXHIBIT A: Developer's Reserved Rights
EXHIBIT B: Permitted Alterations to Apartments
EXHIBIT C: Common Elements
EXHIBIT D: Limited Common Elements
EXHIBIT E: Encumbrances Against Title
EXHIBIT F: Summary of the Provisions of the Sales Contract
EXHIBIT G: Summary of the Provisions of the Escrow Agreement
EXHIBIT H: Disclosure Abstract
EXHIBIT I : Letter from the City and County of Honolulu

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: MICHAEL M. DIXON
Name*
P.O. Box 461
Business Address
Haleiwa, Hawaii 96712

Phone: 808-216-4004
(Business)

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):
N/A

Real Estate Broker*: None Selected (See page 20)
Name
Business Address

Phone: 808-
(Business)

Escrow: Hawaii Escrow & Title, Inc.
Name
700 Bishop Street
Business Address
Honolulu, HI 96813

Phone: (808) 532-2977
(Business)

General Contractor*: None
Name
Business Address

Phone: NA
Business)

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

Phone:
(Business)

Attorney for Developer: Jeffrey S. Grad, Esq.
Name
841 Bishop St., Ste. 1800
Business Address
Honolulu, HI 96813

Phone: (808) 521-4757
(Business)

* 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
[X] Recorded - Bureau of Conveyances: Document No. 2004-090892
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]:

Amendment to Declaration recorded in said Bureau as Document No. 2003-203841, and as Land Court Document No. 2997469

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
[X] Recorded - Bureau of Conveyances Condo Map No. 3763
[ ] 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
[X] Recorded - Bureau of Conveyances: Document No. 2004-090893
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 [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	100%
Bylaws	65%	65%
House Rules	---	n/a

* 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.

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

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

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

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s):_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same
terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s):_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: 59-029 Holawa Street
Honolulu, Hawaii

Tax Map Key (TMK): (1) 5-9-001-110

[ ] Address [x] TMK is expected to change because each condominium unit will be assigned a new number

Land Area: 28,370 [X] square feet [ ] acre(s) Zoning: R-5 Residential District

Fee Owner: MICHAEL M. DIXON
Name*
P. O. Box 461
Business Address
Haleiwa, Hawaii 96712

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 4 Floors Per Building One , except for Unit D , 2 floors

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [X] Wood

   [x] Other Glass and allied materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning	
[x] Residential	4	[x] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No
[ ] Ohana		[ ] Yes	[ ] No
[ ] Industrial		[ ] Yes	[ ] No
[ ] Agricultural		[ ] Yes	[ ] No
[ ] Recreational		[ ] Yes	[ ] No
[ ] Other-shed		[ ] Yes	[ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

5. Special Use Restrictions:

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

[ ] Pets:_____

[ ] Number of Occupants:_____

[ ] Other:_____

[x] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit A	1	3/2	1039	354	deck/lanai
Unit B	1	1/1	280	42	loft
Unit C	1	3/2	1009	459	lanai
Unit D	1	4/2	1589 (include basement)		

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 Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B"

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.

N/A

7. Parking Stalls:

Total Parking Stalls: -4-

Regular		Compact		Tandem		
Covered	Open	Covered	Open	Covered	Open	TOTAL

Assigned	____	4	____	____	____	____	4
Guest	____	____	____	____	____	____	____
Unassigned	____	____	____	____	____	____	____
Extra for Purchase	____	____	____	____	____	____	____
Other: ____	____	____	____	____	____	____	____
Total Covered & Open:	-4-		-0-		-0-		-4-

Each apartment will have the exclusive use of at least -1- 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:

[X] 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

[X] 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):

See Exhibit "H"

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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. See page 20 Disclosure regarding Private Sceptic System or Cesspool.

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:

[X] described in Exhibit C.

[ ] 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.

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

[X] described in Exhibit D.

[ ] as follows:

NOTE: Reference in said Exhibit "D" to "Dwelling Areas" is not intended to mean 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 _____.

[X] as follows:

Unit A	-	25%
Unit B	-	25%
Unit C	-	25%
Unit D	-	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 E describes the encumbrances against the title contained in the title report dated May 7 , 2004 and issued by Hawaii Escrow and Title, 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit, less escrow cancellation fee.

Г. **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:

   Developer is giving no warranties to Purchaser on the materials and workmanship of the Units.

2. Appliances:

   N/A

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

All the four Units were constructed in 1954

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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] 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 ___H___ 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:

[X] None [ ] Electricity (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Gas (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Water [ ] Sewer [ ] Television Cable

[ ] Other_____

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated May 3, 2004
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. The Condominium Property Regime Law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107), are available on line. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5371 filed with the Real Estate Commission on May 11, 2004.

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C. Additional Information Not Covered Above

DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER:

The Developer does not presently intend to use a real estate broker for the sale of apartments in the Project.

In the event the Developer chooses to use a real estate broker for the sale of an apartment, prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

LEAD WARNING STATEMENT

Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paid hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

DISCLOSURE REGARDING PRIVATE SEPTIC SYSTEM OR CESSPOOL.

Each of Units C and D has the benefit of a cesspool which does not meet the current requirements under State Laws. Such cesspools are considered to be legally nonconforming under the State Laws and may continue to be utilized.

However, if a material change is proposed with respect to either of Unit which is serviced by such cesspool, the State Department of Health may require that an Owner seeking such change be required to expand the Owner's existing Private Septic System or install a new system on the limited common element appurtenant to such Unit. Paragraph 19.2 of the Declaration addresses this possibility.

Although it is possible that two or more of the Unit Owners may wish to share in any such expansion or installation of a new system, that is not mandatory. If two or more of the Owners do not agree to share, then the Owner seeking to make a material change could proceed nonetheless. However, such Owner would be responsible for all of the costs and effort involved in expanding the existing system or installing new system, including obtaining governmental permits, and complying with the conditions imposed in Paragraph 19.2 to indemnify and hold other owners in the Project harmless from any damage or costs arising from such work.

A prospective owner is urged to review the requirements for private septic systems with the State Department of Health. The rules include, among other things: requirements for State-qualified systems, limitation to one qualified system per 10,000 square feet of land, and a limitation to five bedrooms as to the number of bedrooms which may be serviced by a single system. The number of bedrooms which may be allowed within a Unit in the future is limited by such restriction and the allocation allowed within 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 (SHL 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.

MICHAEL M. DIXON
Printed Name of Developer

By: _____ May 3, 2004
Duly Authorized Signatory* Date

MICHAEL M. DIXON
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

A. In Paragraph 20 of the Declaration, the Developer (also called the "Declarant") has reserved the following rights to change the Declaration and Condominium Map, without the consent of the consent of apartment owners. The relevant portions of Paragraph 20 is as follows:

"20.1 Amendments Generally. Except as otherwise expressly provided herein or in the Act, this Declaration and the Condominium Map may be amended only by the affirmative vote or written consent of all of the Apartment Owners, evidenced by an instrument in writing, signed and acknowledged by each of them, which amendment shall be effective upon recordation in the Recording Office; provided, however, that notwithstanding the foregoing provision, at any time prior to the first recording of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory hereto, the Declarant may amend this Declaration (including all exhibits), the Condominium Map and the Bylaws in any manner, without the consent or joinder of any Apartment purchaser or any other party. Notwithstanding the lease, sale or conveyance of any of the Apartments, Declarant may amend this Declaration (and when applicable, any exhibits to this Declaration and the Condominium Map) to file the "as-built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict the layout, location, Apartment numbers, and the dimensions of the Apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the Apartments as built or any change in the Apartment number.

20.2 Amendments Required by Law, Lenders, Title Insurers, Etc. Any other provision of this Declaration notwithstanding, for so long as the Declarant retains any interest in an Apartment in the Project, the Declarant shall have the right (but not the obligation) to amend this Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to an Apartment or substantially change the design, location or size of an Apartment shall be made without the consent of all persons having an interest in such Apartment. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this Paragraph 20.2 and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints Declarant and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an, interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

20.3 Mortgagee Approval. Any other provision of this Declaration notwithstanding, the approval of eligible holders of first mortgages (as defined below) on Apartments to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated shall be required to materially amend any provision herein, or to add any material provisions hereto, which establish, provide for, govern or regulate any of the following: (a) voting; (b) assessments, assessment liens or subordination of such liens; (c) reserves for maintenance, repair and replacement of the common elements; (d) insurance or fidelity bonds; (e) right to use of the common elements; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any Unit (except where the amendment merely reflects that a Unit has been constructed according to alternate plans shown on the Condominium Map); (i) the interests in the common elements or limited common elements; (j) convertibility of Units into common elements or of common elements into Units; (k) leasing of Units: (1) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit; (m) establishment of self-management of the Project by the Association where professional management has been required by any agency or corporation which has an interest or prospective interest in the Project; and (n) any provision that expressly benefits holders, insurers, or guarantors of first mortgages on apartments in the Project. To qualify as an "eligible holder of a first mortgage", a holder, insurer or guarantor of a first mortgage on a Unit in the Project must have made a written request to the Association for timely written notice of proposed amendments to the condominium instruments. The request must state the name and address of the holder, insurer or guarantor and the number of the Unit covered by the mortgage. In the event that an eligible holder of a first mortgage fails to appear at a meeting of the Association at which amendments of a material nature to this Declaration are proposed and considered, or fails to file a written response with the Association within thirty (30) days after it receives proper notice of the proposed amendment, delivered by certified or registered mail, with a "return receipt" requested, then and in any such event such amendments shall conclusively be deemed approved by such eligible holder of a first mortgage.

In addition to the foregoing, no amendment to this Declaration which would allow any action to terminate the condominium property regime created hereby for reasons other than substantial destruction or condemnation shall be made without the prior written approval of not less than sixty-seven percent (67%) of the eligible holders of first mortgages.

20.4 Notwithstanding the foregoing, an Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to his Unit in accordance with Paragraph 19.1 of this Declaration. Promptly upon completion of such changes, the Unit Owner shall duly record with the Recording Office an amendment to his Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as build by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including its appurtenant common interest) and shall be irrevocable."

B. The Declaration also includes other reserved rights in favor of the Developer. They include, among others, the following:

Subparagraph 7.1(d) " (d) Rights reserved in favor of the Declarant (i)to relocate easements for utility purposes from that certain 3-foot wide easement (485 square feet) to the Driveway Limited Common Element and (ii) to create an underground easement within Dwelling Unit A Limited Common Element for a waterline along the boundary between Holawa Street and Dwelling Unit A Limited Common Element. (Said rights being for the benefit of Dwelling Units B, C and D. The exercise of such rights may be subject to the consent and approval by the owner of the land located southerly side of the Project.)"

Paragraph 7.5 "Right to Grant Utility Easements. Declarant reserves the right to grant (including the right to convey, transfer, cancel, relocate and otherwise deal with a grant) to any public or governmental authority rights-of-way and other easements, which are for the benefit of the Project; provided that such does not materially interfere with the use nor materially impair the value of any Unit, over, across, under and through the common elements (including Limited Common Elements) for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof. The rights reserved to Declarant in this paragraph shall continue for so long as Declarant owns any interest in any of the Units. When the Declarant is no longer an Owner of a Unit in the Project, the rights reserved to Declarant in this paragraph shall terminate as to Declarant and shall automatically vest in the Association."

Paragraph 7.6 "Reservation of Rights. The interest of an Owner of a Unit in the Project takes subject to the following:

(a) Title to the Land is subject to (and each apartment unit purchaser shall assume) the obligation to be a member of the Association consisting of Unit Owners; and

(b) Rights reserved in favor of the Declarant to relocate easements for utility purposes from that certain 3-foot wide easement (485 square feet) to the Driveway Limited Common Element and to create a waterline easement over Dwelling Unit A Limited Common Element in accordance with Subparagraph 7.1(d).

(c) Rights reserved either or both of the Owner of Dwelling Unit D and the Owner of Dwelling Unit D to place a septic system on Dwelling Unit C Limited Common Element in connection with the future development of Dwelling Unit D or Dwelling Unit C in accordance with Paragraph 7.2(d), whereupon the existing sewer easement across Dwelling Unit C Limited Common Element would be abandoned and removed.."

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS

Paragraph 19.1 of the Declaration provides a mechanism allowing future changes and alterations to be made to apartments. It reads as follows:

"19.1. Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other person, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Unit Limited Common Element appurtenant to his Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(a) All changes shall conform with applicable City and County building, land use and other applicable laws and ordinances ("County Rules") and applicable State of Hawaii laws and regulations ("State Laws") and shall also conform with the Existing Use Permit.

(b) All changes to a Unit must be made within the Dwelling Unit Limited Common Element which is appurtenant to the Unit, provided however, that

(i)no structure as defined under the LUO shall be constructed or placed within five (5) feet of any boundary line separating two Dwelling Unit Limited Common Elements;

(ii)no structure as defined under the LUO shall be constructed or placed on Dwelling Unit A Limited Common Element which is located within 11-feet of the northwesterly boundary line of such Dwelling Unit A Limited Common Element; and

(iii) no structure as defined under the LUO shall be constructed or placed on Dwelling Unit C Limited Common Element within that area which is reserved for future septic system for Dwelling Units C and Unit D unless such future septic system shall have been installed elsewhere or such future septic system shall no longer be needed if the Project is serviced by a public septic system.

(iv) So long as the Project is serviced by private septic systems, all changes shall conform with the State Department of Health rules, including the rule limiting to five bedrooms the number of bedrooms which may be serviced by a single septic system for 10,000 square feet of land. By way of illustration, not limitation, Dwelling Unit A may not be changed to add any additional bedroom, and Dwelling Unit B shall be permitted to add one additional bedroom .

(c) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportionate share of the allowable floor area or building area coverage for the Land, or number of dwelling units, as defined by the LUO in effect when the change is to be made; provided, however, for purposes hereof, the "proportionate share" for each Unit shall be a fraction having as its numerator the land area of the Unit's Dwelling Unit Limited Common Element and having as its denominator the total land area of all of the Dwelling Unit Limited Common Elements.

(d) All such changes shall be at the expense of the Owner making the change, shall be expeditiously made and completed in a manner that will not unreasonably interfere with or cause damage to any other Unit, its appurtenant Dwelling Unit Limited Common Element, or the use thereof by an Owner of another Unit.

(e) During the entire course of such construction, the Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(f) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any permanent interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by any other Owner."

Because the Project is not serviced by a public sewer system, the Project is regulated under the rules of the State Of Hawaii Department of Health rules governing private septic systems. Additionally, Paragraph 19.2 of the Declaration governs the use and installation of private septic systems. It reads as follows:

"19.2 PRIVATE SEPTIC SYSTEM OR CESSPOOL.

(a) Definition. "Private Septic System" shall mean any private wastewater disposal or treatment and disposal system (including without limitation septic tanks and injection fields or cesspools) now or hereafter located on or under the Land or any portion thereof and which is not hooked into a public sewer or septic system.

(b) Designation of Common Element. If a Private Septic System is utilized by more than a single Unit Owner but not all of the Unit Owners, then such System shall be considered to be a limited common element for those users. (Accordingly, as of the date hereof, Dwelling Units A and B share one Private Septic System; and Dwelling Units C and D share another Private Septic System.) If a Private Septic System is subsequently utilized by all of the Unit Owners, it shall be considered to be a common element.

In either such event, the portion of the Dwelling Unit Limited Common Element on which the system is now or hereafter located (together with reasonable rights of access to and from the System) shall constitute a common element or limited common element, as applicable, available for use as a Private Septic System; provided, however, that except for such use as a Private Septic System of that portion of the Dwelling Unit Limited Common Element under which the System is located or across which access is required, all other uses of such affected Dwelling Unit Limited Common Element are exclusively reserved for the benefit of the Unit to which the Dwelling Unit Limited Common Element is appurtenant.

(c) Sharing of Costs. Notwithstanding Paragraph 15 of the Declaration, the costs and expenses (including any replacement thereof) relating to a Private Septic System which is a common element or limited common element shall be treated as a common expense or limited common expense, as applicable, to be shared equally by each Unit Owner utilizing such System.

(d) Future Expansion or Installation. As of the date hereof, Dwelling Units C and D utilize a cesspool which does not meet the current requirements for septic systems under State Laws. Such cesspool is considered to be legally nonconforming under the State Laws and may continue to be utilized. However, if a material change is proposed with respect to a Unit which is serviced by a Private Septic System, the State Department of Health may require that an Owner seeking such change to expand the Owner's existing Private Septic System or replace an existing system by installing a new system on his or the adjoining Dwelling Unit Limited Common Element. Unless another of the Unit Owners agree to share in the installation or expansion or sharing of future costs relating thereto, then the Owner who desires to expand the Private Septic System or install a new System ("Expanding Owner") may do so on the following terms and conditions:

(i) All costs and expenses (including without limitation the costs of design, permitting, engineering, construction, and landscaping, and costs of any temporary treatment facility if required during such expansion) shall be paid for by the Expanding Owner;

(ii) The expansion shall be made by the Expanding Owner in such a manner as to cause minimum disruption of service of each of the existing Private Septic System and shall allow if practicable for the future hook-up of one of the other Units in the Project (the Owner of such other Unit or Units may be collectively referred to as "Non-Expanding Owner");

(iii) The Expanding Owner shall indemnify and hold the Non-Expanding Owner harmless against any loss, liability, damage or expense incurred or suffered by the Non-Expanding Owner on account of such enlargement or installation of the Private Septic System;

(iv) The expansion or installation shall be in compliance with all applicable County Rules, and shall be performed by licensed professionals;

(v) The Expanding Owner shall return the Dwelling Unit Limited Common Element in which the current Private Septic System is located to the same condition (including landscaping) as it was in prior to such expansion or installation;

(vi) The Expanding Owner shall provide reasonable assurance to the Non-Expanding Owner that the Expanding Owner has the financial ability to pay for all costs and expenses relating to such expansion or installation;

(vii) Any installation of a new Private Septic System shall be on and under the same Dwelling Unit Limited Common Element where the prior system being replaced or expanded was located.

(viii) If after the Expanding Owner expands the Private Septic System or installs a new septic system and pays the cost and expense of such expansion or installation, a Non-Expanding Owner wishes to make a change to his Unit which would require an expansion of the current Private Septic System or installation of a new System, then if the Expanding Owner shall have provided for the future hook-up of such other Unit, the Non-Expanding Owner shall have the right to hook into and utilize the expanded or newly installed Private Septic System made by the Expanding Owner (subject to any legal restrictions imposed on such System by the County or State), provided the Non-Expanding Owner shall reimburse the Expanding Owner for the Non-Expanding Owner's proportionate share of such costs of original expansion or installation made by the Expanding Owner; and provided, further, that the Expanding Owner shall not otherwise be affected in his use of his Unit and Dwelling Unit Limited Common Element.

(ix) the location of such new Private Septic System shall be governed by the provisions of Subparagraph 7.1(a).

(e) Cooperation. The Owner of each Unit shall cooperate with the Owners of the other Units with respect to the changes to a Unit and with respect to the expansion, installation and hooking into the Private Septic System.

(f) Termination if Public Sewer System. In the event that a governmental entity or public utility makes available to the Unit Owners the right to hook into its common septic system ("Public Sewer System") which could replace the Private Septic System, then at the request of a majority of the Unit Owners, the Owners of the Units shall hook up to the Public Common Sewer Facility and shall abandon the Private Septic System. All costs and expenses associated with the hook up to the Public Common Sewer Facility shall be allocated in a reasonable and fair manner, and the costs associated with the abandonment and removal of the Private Septic System shall be shared according to the sharing of other common expenses.

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

4.1 The Land in fee simple, subject to those encumbrances referred to in Exhibit "A" attached to the Declaration;

4.2 The limited common elements described in Paragraph 5 of this Declaration;

4.3 All pipes, wires, ducts, conduits or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit;

4.4 All pipes, wires, ducts, conduits or other utility or service lines running through a Unit which are utilized by or serve more than one Unit.

4.5 The wall or walls now or hereafter located along the seaward boundary of the Land as set forth in lease between (i)Declarant and the owner of the adjoining land and (ii) State of Hawaii, ("State Lease") subject to the rights of the owner of such adjoining land. (Declarant may either retain the rights under such lease or assign them to the Owners of Dwelling Units C and D, to which such rights are considered to be limited common elements.)

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates the following as limited common elements for the Project:

5.1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of certain of the Units, and each Unit shall have appurtenant thereto exclusive easements for the use of all such limited common elements set aside and reserved for such Unit's exclusive use. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Unit to which it is appurtenant.

5.2 The limited common elements so set aside and reserved for the exclusive use of Dwelling Unit A is as follows:

(a) The site on which Dwelling Unit A is located, consisting of the land area beneath and immediately adjacent to Dwelling Unit A, as shown and delineated on the Condominium Map as "Dwelling Unit Limited Common Element 8-A (5658 SF.)" (inclusive of any easements) (including the airspace above and beneath such site) is for the exclusive benefit of Dwelling Unit A.

5.3 The limited common elements so set aside and reserved for the exclusive use of Dwelling Unit B is as follows:

(a) The site on which Dwelling Unit B is located, consisting of the land beneath and immediately adjacent to Dwelling Unit B, as shown and delineated on the Condominium Map as "Dwelling Unit Limited Common Element B (5658 SF)" (inclusive of any easements) (including the airspace above and beneath such site) is for the exclusive benefit of Dwelling Unit B;

5.4 The limited common elements so set aside and reserved for the exclusive use of Dwelling Unit C is as follows:

(a) The site on which Dwelling Unit C is located, consisting of the land beneath and immediately adjacent to Dwelling Unit C, as shown and delineated on the Condominium Map as "Dwelling Unit Limited Common Element C (8329 SF)" (inclusive of any easements) (including the airspace above and beneath such site) is for the exclusive benefit of Dwelling Unit C.

5.5 The limited common element so set aside and reserved for the exclusive use of Dwelling Unit D is as follows:

(a) The site on which Dwelling Unit D is located, consisting of the land beneath and immediately adjacent to Dwelling Unit D, as shown and delineated on the Condominium Map as "Dwelling Unit Limited Common Element D (5035 SF)" (inclusive of any easements) (including the airspace above and beneath such site) is for the exclusive benefit of Dwelling Unit D.

5.6 That certain 18-foot wide common element (Driveway) shown on the Condominium Map as "Limited Common Element for Units B, C & D (3690 square feet)" is for the exclusive use of Dwelling Units B, C and D.("Driveway Limited Common Element") Declarant shall have the right to install a gate or wall at the entrance thereof, and upon doing so, such gate shall be considered a limited common element and the costs for the repair, maintenance and replacement thereof shall be considered a limited common expense shared by the Owners of Dwelling Units B, C and D.

5.7 The wall or walls now or hereafter located along the seaward boundary of the Land shall be a limited common element for the exclusive use of Dwelling Unit C and Dwelling Unit D (subject, however, to the rights of the owner of land adjoining the Project, under the State Lease) and all costs and expenses allocable to Declarant under such State Lease relating to the repair, maintenance or replacement thereof shall be borne by the Owner of Dwelling Unit C and Owner of Dwelling Unit D.

5.8 The fence, wall or fences or walls now or hereafter located along the northeasterly boundary of the Land shall be a limited common element for the exclusive use of Dwelling Unit B, Dwelling Unit C and Dwelling Unit D, and all costs and expenses relating to the repair, maintenance or replacement thereof shall be borne by the Owner of Dwelling Unit B, the Owner of Dwelling Unit C and the Owner of Dwelling Unit D . (Notwithstanding the foregoing, the rights in any such wall or fence shall be subject to the rights and obligations belonging to the owner of the land contiguous to the Project on the northerly side.)

5.9 The septic system or cesspool (or replacement therefor) is a limited common element for the use of those Owners making use of such system or cesspool.

5.10 Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. As to the portion of the land herein described bordering on the ocean: The effect of sections 205-31 to 205-37, inclusive, Hawaii Revised Statutes, as now or hereafter amended, pertaining to shoreline setbacks.

   Any adverse claim of the State of Hawaii based upon the contention that some portion of the land hereinafter described lies seaward of the line of vegetation, pursuant to the ruling of county vs. Sotomura (1973) 55 H.176, 517 P.2D 57.

3. Covenants, conditions and restrictions, reservations, agreements, obligations and other provisions set forth in Land Patent Grant 8573 and 8173.

4. Mortgage dated November 14, 2003, in favor of Wells Fargo Home Mortgage of Hawaii, LLC, a limited liability company organized and existing under the laws of the State of Delaware, recorded as aforesaid as Document No. 2003-254257. Said Mortgage was assigned to Wells Fargo Home Mortgage, Inc., a California corporation, recorded as aforesaid as Document No. 2003-266165.

5. Matters shown on Condominium File Plan No. 3763, filed in the Bureau of Conveyances of the State of Hawaii.

6. Covenants, Conditions, Restrictions, Reservations, Agreements, Obligations, Provisions, Easements, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as set forth in the Declaration of Condominium Property Regime dated May 3, 2004, recorded in said Bureau as Document No. 2004-090892.

7. Covenants, Conditions, Restrictions, Reservations, Agreements, Obligations, Provisions, Easements, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as set forth in the By-Laws of the Association of Apartment Owners of 59-029 Holawa Street dated May 3, 2004, recorded in said Bureau as Document No. 2004-090893.

8. For Real Property Taxes that may be due and owing referenced is made to the Department of Finance, City and County of Honolulu.

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT. The Sales Contract consists of two documents: the then current form of the HAR Standard form of Deposit Receipt Offer and Acceptance ("DROA") and a document attached to the DROA which is entitled "Special Provisions to the DROA")

1. Description of the Property to be Conveyed: Fee simple title to the Apartment, together with the furnishings and appliances, if any, described in the DROA and the undivided interest in the common elements set forth in the DROA..

2. Purchase Price and Terms. The purchase price for the Apartment is set forth on page 2 of the DROA is to be paid in the method and at the times set forth in the DROA. This may include payment of (a). An initial deposit; (b). An additional cash deposit, if set forth in the DROA ; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.

3. Financing of Purchase. Paragraph C-24 of the DROA Form (if selected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.

4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the DROA, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Apartment Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 3 of the DROA which is expected to occur within 90 days of the date of the Sales Contract.

6. No Present Transfer and Subordination to Construction Loan.

(a) The Sales Contract may be subject to existing blanket loans, and any security interest now or hereafter obtained by a lender of Seller is or will be prior and senior to any rights of the Buyer arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.

(b) Seller may also assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Buyer is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

(c) Notwithstanding that the Sales Contract may be subordinate to a blanket lien, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Apartment to Buyer at closing free and clear of any blanket lien.

7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the DROA is selected; (b) Buyer defaults under the Sales Contract (paragraph 5(b) of the Special Provisions); or (c) Buyer dies prior to Closing Date (paragraph 5(a) of the Special Provisions). Pursuant to Paragraph 5(b) of the Special Provisions, if Buyer fails to close as required, then after ten (10) days following Seller's notice of Buyer's default, if Buyer has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.

8. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to $250. If Buyer does not act within the thirty (30) day period, or if the Apartment is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3 of the Special Provisions).

b. The Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Apartment or the amenities available for the Buyer's use (paragraph 7(a) of the Special Provisions).

c. Buyer fails to qualify for permanent financing if Paragraph C-24 of the DROA has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges that he or she has examined (and agrees to be bound) by the following:

(a) The Condominium Map (including floor plans, exterior elevations and site map for the Project;)
(b) Escrow Agreement;
(c) The Declaration of Condominium Property Regime and the By-Laws of the Association of Apartment Owners;
(d) Specimen form of the Apartment Deed;
(e) Disclosure Abstract; and
(e) The Final Public Report (or Supplementary Public Report, if any) an effective date having been issued by the Real Estate Commission of the State of Hawaii.

10. Paragraph 12 of the Special Provisions contains an "as is" clause whereby Seller disclaims all warranties relating to construction, design, materials or workmanship of the Apartment being bought and the Project. Buyer is cautioned to have his own inspection of the property and the Apartment. If construction of the Project was completed within one year of the date of the Sales Contract, then in accordance with subparagraph (a) the Seller may be giving a limited one year warranty as provided in such Subparagraph 12(a), which Buyer should review closely.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow & Title, Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

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

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

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

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than $25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: 59-029 HOLAWA STREET
59-029 Holawa Street
Halwiwa, Hawaii 96712

(b) DEVELOPER: MICHAEL M. DIXON
P.O. Box 461
Haleiwa, Hawaii 96712

Telephone: 80886-8843

(c) MANAGING AGENT: Self-Managed by the Association of Apartment Owners

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:

The Developer is not giving any warranty on the materials and workmanship of the Units.

4. USE OF UNITS. The 59-029 HOLAWA STREET Condominium Project will consist of four (4) units which shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the land use ordinance for the City and County of Honolulu then in effect;

5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by Michael Frederick Krijnen, Registered Professional Architect No. 7873, the Developer states:

a. Subject to normal wear and tear commensurate with its age, the building appears to be in relatively good structural condition consistent with their age.

b. Subject also to normal wear and tear, the electrical and plumbing systems are operable and in good working order consistent with its age.

c. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

d. There are no outstanding notices of uncured violations of building code or other municipal regulations.

EXHIBIT "1"

ESTIMATED OPERATING EXPENSES

For Period March 1, 2004 to February 28, 2005

As Prepared by Developer

Estimated Annual Expenses	
Ground Maintenance	
Water/Sewer	$-0-
* Electricity:	$-0-
**Fire/Liability Insurance:	$-0-
Management Fee:	$-0-
Miscellaneous:	$-0-
TOTAL ANNUAL EXPENSES	$-0-
Estimated Monthly Expenses	$-0-
Estimated Monthly Maintenance Fee for Each Apartment:	$-0-

Note: * All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges. The cost for maintenance of common driveway will be assessed among the users thereof as such maintenance and repair is needed.

** Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association may elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

MICHAEL M. DIXON

"Developer"

EXHIBIT "I"

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.co.honolulu.hi.us

JEREMY HARRIS
MAYOR

RANDALL K. FUJIKI, AIA
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

2001/CLOG- 2687(AS)

July 25, 2001

Mr. Jeffrey S. Grad
Attorney At Law
A Law Corporarion
Suite 1800, Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project
59-029 Holawa Street
Tax Map Key: (1) 5-9-001: 110 (Lot 118)

This is in response to your letter dated June 14, 2001 requesting verification that the structures on the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the four one-story single-family detached dwellings were moved, relocated or constructed prior to 1958. However, we are unable to determine if the dwellings meet setback requirements since the lot is not surveyed and staked. The four dwelling units were permitted on this 28,370-square foot R-5 Residential District zoned lot in 1958.

Investigation also revealed that an existing use permit (EUP), number 92/EU-9, was approved on December 1, 1992 for the four dwelling units on this parcel and the two dwelling units on the adjoining parcel (Lot 117). A modification to this EUP was approved on June 8, 2001 to remove Lot 117. However, conditions required in the existing use permit have not been met, including the all-weather surface driveway and parking spaces and landscaping.

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

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

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

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-family Code Enforcement Branch at 527-6341, or for questions regarding the existing use permit, contact Patrick Seguirant of our Urban Design Branch at 527-5369.

Sincerely yours,

RANDALL K. FUJIKI, AIA
Director of Planning and Permitting

RKF:ft
document 107269 rev 1

cc: Urban Design Branch

END OF EXHIBIT "I"