

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer APOPO HALE (ML) LLC
Address P.O. Box 25757, Honolulu, Hawaii 96825

Project Name (*): Apopo Hale
Address: 4910-4935 Aliali Road, Kapaa, Kauai 96746

Registration No. 5531 Effective date: April 7, 2005
Expiration date: May 7, 2006

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

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. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding 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.

This Public Report does not constitute the 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.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT 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: Apartment Boundaries	
EXHIBIT B: Alterations to Apartments	
EXHIBIT C: Architect's Statement	
EXHIBIT D: Common Interest for Apartments	
EXHIBIT E: Encumbrances on Title	
EXHIBIT F: Estimated Initial Maintenance Fees and Budget	
EXHIBIT G: Summary of Escrow Agreement and Sales Contract	

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: APOPO HALE (ML) LLC Phone: (808) 394-6508
 Name* (Business)
P.O. Box 25757
 Business Address
Honolulu, Hawaii 96825

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):

The sole member of Apopo Hale (ML) LLC, a Hawaii limited liability company, is ML Pacific, Inc., a Hawaii corporation. The President and sole shareholder of ML Pacific, Inc. is Michael Lum.

Real Estate Broker*: Properties Unlimited, Inc. Phone: (808) 487-3855
 Name (Business)
4510 Salt Lake Blvd., Suite B-4
 Business Address
Honolulu, Hawaii 96818

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

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

Condominium Managing Agent*: RE3 LLC, Real Estate Services Phone: (808) 245-5758
 Name (Business)
3-3586 Kuhio Hwy., #2
 Business Address
Lihue, Kauai, Hawaii 96766

Attorney for Developer: D. Scott MacKinnon, Esq./Stacey C. G. Hee Phone: (808) 529-7300
McCorriston Miller Mukai MacKinnon LLP (Business)
 Name
P.O. Box 2800
 Business Address
Honolulu, HI 96803-2800

* 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. 2004-225860
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]:

First Amendment of Declaration of Condominium Property Regime of Apopo Hale recorded as Document No. 2005-044705.

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. 3882
 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]:

First Amendment of Declaration of Condominium Property Regime of Apopo Hale recorded as Document No. 2005-044705.

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. 2004-225861
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]:

None.

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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
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.

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

1. The right to successively amend the Declaration (including the Bylaws and, when applicable, the Condominium Map), without the consent, approval or joinder of the persons then owning or leasing the apartments, to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12, Hawaii Revised Statutes, as amended. See Paragraph Q of the Declaration for more detail.
2. The right to choose and employ the first managing agent for the condominium project. See Section 7.2C of the Bylaws.

[] 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: 4910-4935 Aliali Road Tax Map Key (TMK): (4) 4-6-034-013
Kapaa, Kauai 96746

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

Land Area: 4.438 [] square feet [X] acre(s) Zoning: R-6

Fee Owner: APOPO HALE (ML) LLC
 Name
P.O. Box 25757
 Address
Honolulu, Hawaii 96825

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 27 Floors Per Building: 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Plaster board and plywood

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>26</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: See Section 9.1H of the By-Laws and the House Rules.

Number of Occupants: See Section B.2 of the House Rules.

Other: In addition, please see the Declaration, Bylaws (especially Section 9.1 regarding use restrictions), House Rules and Design Guidelines for the Project. Copies of these documents have been filed with the Real Estate Commission and are available upon request.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators:	<u>0</u>	Stairways:	<u>2 per Apartment</u>	Trash Chutes:	<u>0</u>
------------	----------	------------	------------------------	---------------	----------

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>8</u>	<u>4/1.5</u>	<u>1,162</u>	<u>0</u>	<u> </u>
<u>AR</u>	<u>5</u>	<u>4/1.5</u>	<u>1,162</u>	<u>0</u>	<u> </u>
<u>B</u>	<u>9</u>	<u>3/1.5</u>	<u>1,043</u>	<u>0</u>	<u> </u>
<u>BR</u>	<u>4</u>	<u>3/1.5</u>	<u>1,043</u>	<u>0</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Number of Apartments: 26

*** 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.

All floor area figures are approximate.

Boundaries of Each Apartment: See Exhibit A.

Permitted Alterations to Apartments: : See 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 X elected to provide the information in a published announcement or advertisement.

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 non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit _____.

as follows:

The Common Elements of the Project include but are not limited to the following: (a) The land in fee simple; (b) All yards, grounds, trees, gardens, walkways, gates, landscaping and refuse facilities not located within an apartment; (c) All roads, driveways, access lanes, paved areas and loading areas; (d) All parking stalls and parking areas; (e) The Storage Building as shown on the Condominium Map; (f) All walls, retaining walls or fences serving the Project or more than one apartment; (g) All mailboxes; (h) All wastewater systems (currently either a cesspool or a septic system) located on the Project; (i) All vents, shafts, sewer lines, electrical equipment, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), water, cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution (if any); (j) Any and all other equipment, apparatus and installations existing for common use by more than one (1) apartment, and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use; and (k) All water sprinkler systems.

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

All parts of the Condominium except the Apartments are called "*Common Elements*". Some Common Elements, called "*Limited Common Elements*", are designated and set aside for the exclusive use of certain Apartments. Except as otherwise specifically provided in the Declaration, those Apartments have the exclusive right to use the Limited Common Elements set aside for their use.

These Common Elements are Limited Common Elements: (a) Each residential apartment shall have for its exclusive use the yard areas as noted in the Declaration and as shown on the Condominium Map; (b) Each residential apartment shall have for its exclusive use one mailbox bearing the same number as such apartment; (c) Each residential apartment shall have for its exclusive use two parking stalls as noted in the Declaration; (d) All walls or fences which are used by or serve more than one (1) apartment shall be a limited common element to each of the two or more apartments located adjacent to the fence on all sides; (e) All wastewater systems (currently either a cesspool(s) or a septic system) which are attached to and used exclusively by an apartment or attached to and shared by two or more apartments shall be a limited common element to each apartment or each of the apartments to which the wastewater system is attached; and (f) Diverter walls (if any) attached to and located at the base of the apartment shall be a limited common element to such apartment.

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 D .

As follows:

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

Exhibit E describes the encumbrances against the title contained in the title report dated November 16, 2004 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Mortgage, Security Agreement and Financing Statement recorded on June 1, 2004 in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-110350 Lender (mortgagee) has the right to foreclose and to eliminate a buyer's rights under any sales contract. Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements: None

2. Appliances: None

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

Construction of this Project was completed in 1979.

H. **Project Phases:**

The developer has 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): None

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:

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated November 1, 2004
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Design Guidelines. See Exhibit H for a summary of the Design Guidelines.

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: Design Guidelines
-

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 online. 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. 5531 filed with the Real Estate Commission on November 8, 2004.

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**

Rebuilding or Expansion of Apartment Units. The apartments were built in compliance with all building and zoning regulations in effect at the time that the apartments were built. The building and zoning regulations may have changed. Therefore, there may be additional requirements that would be applicable if an apartment were rebuilt, renovated or expanded. For example, the apartments are not currently equipped with anything to secure the roof to the apartment (continuous load path from roof to the foundation of the apartment) and the Kauai County Building Code currently requires that such equipment be used in order to secure the roof to the building in the event that there is a hurricane. Therefore, if an apartment is rebuilt, renovated or expanded, you may be required to comply with any additional requirements that have been imposed pursuant to the current building and zoning regulations.

Future Alterations, Additions and/or Renovations to the Apartment Units. The Design Guidelines provide specific restrictions on the types and the Declaration provides specific restrictions on the amount of alterations, additions or renovations that an owner may make to his/her apartment.

Common Interest: As stated above, each apartment will have appurtenant to it a percentage interest in all common elements of the Project. This interest is the apartment's "common interest." The amount of the common interest will be the same proportionate share in all common profits and expenses that such apartment has in the project, including voting. This common interest will not change if the size of an apartment is increased or decreased. However, it should be noted that an apartment may not be increased in excess of the number of square feet allowed in the Declaration.

Cesspools/Septic systems. There are wastewater systems (e.g., cesspools or septic systems) located on the Project and overuse of such wastewater systems may cause the wastewater systems to overflow. Some apartments have as the designated wastewater system a cesspool or cesspools which have been designated as a limited common element appurtenant to such apartment. Other apartments located on the Project will have as the designated wastewater system a septic system designated as a limited common element appurtenant to such apartment. Whether an apartment has a cesspool(s) or a septic system designated as a limited common element appurtenant to such apartment, the owner of the apartment to which this cesspool(s) or septic system is appurtenant is responsible for the maintenance and repair of the cesspool(s) or septic system appurtenant to their apartment. In the event that there is more than one cesspool designated as a limited common element to an apartment, then the owner of that apartment is responsible for the maintenance and repair of all of the cesspools appurtenant to his/her apartment.

Modifications to Wastewater System. The developer is in the process of modifying the wastewater systems so that the Project's system will be brought into compliance with certain applicable laws and regulations. As part of this modification, the developer will replace some but not all of the cesspools with septic systems. Whether a particular apartment has a septic system or cesspool(s) shall be specified in the buyer's sales contract.

Future Upgrades to Wastewater System. While upgrades to the Project's wastewater system are being made by the developer in order to bring the wastewater system into compliance with current laws and regulations, the developer cannot guarantee that any laws or regulations applicable to the Project's wastewater system or any other part of the Project will not change in the future. In the event that any laws or regulations applicable to the Project's wastewater system change in the future and such changes require upgrades to be made to such system, the cost of such upgrades shall be the responsibility of the owner of the apartment to which the system to be upgraded is appurtenant. For example, if your apartment has a cesspool appurtenant to the apartment and the law later requires that all cesspools be replaced with a septic system, then you will be required to pay for the cost of replacing the cesspool with a septic system.

Lead Warning Statement: Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "[e]very 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 hazardous from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint

hazards is recommended prior to purchase."

Asbestos. Because of the age of the Project, there may be asbestos present in the apartment or on the Project. Asbestos materials are hazardous to one's health, particularly if asbestos fibers are released into the air and inhaled. Buyer should make appropriate inquiry into the possible existence of asbestos on the Property because the Developer makes no representation or warranty regarding the existence of or absence of asbestos or asbestos containing material in the apartment or on the Project.

Hazardous Materials. 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, organizing compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other "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. The Developer has in its possession and will make available to Buyer a Phase 1 Environmental Site Assessment dated May 12, 1997 prepared by Muranaka Environmental Consultants, Inc. (the "Phase 1 ESA"); however Phase 1 ESA is being provided for informational purposes only and may not be relied upon by Buyer.

Because of the possible presence of such substances, it is strongly recommended that Buyer have the apartment inspected to determine the extent (if any) of such environmental 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.

Deed Restrictions. Buyer should carefully read the Apartment Deed. The Apartment Deed may contain a provision which entitles the Developer to a right of first refusal in the event that the Buyer decides to sell the apartment and/or a provision which entitles the Developer to a right to share in the appreciation of the apartment's value if the Buyer decides to sell the apartment within a certain time period.

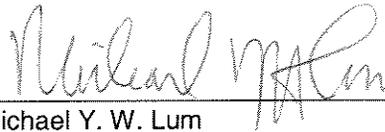
In addition to any restrictions placed in the Apartment Deed by the Developer, in the event that Buyer finances the purchase of the apartment through a program subsidized by the County of Kauai, the County of Kauai may impose additional shared appreciation requirements or other buy-back restrictions and limitations on the Buyer's subsequent transfer of the apartment.

Disturbances from Adjacent Property. Buyer understands and acknowledges that the Project is located near land that has been or may currently be used for and in connection with agricultural operations or a refuse transfer station which may from time to time cause noise, dust, vapors, odors, disturbances from animals, such as pigs, wild chickens, roosters, horses, rodents or insects and other substances and phenomena of every description to be discharged, emitted, or transmitted over and around the Project which may bother or be a nuisance to Buyer and any person occupying or using the Project.

- 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.

APOPO HALE (ML) LLC,
a Hawaii limited liability company

By ML Pacific, Inc., a Hawaii corporation
Its sole member



Michael Y. W. Lum
Its President

April 4, 2005
Date

Department of Finance, County of Kauai

Planning Department, County of Kauai

****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

APARTMENT BOUNDARIES AND DESCRIPTIONS

1. Apartment Boundaries

a. *Included in the Apartment:* An apartment shall be deemed to include the outside finished surfaces of the roof, the outer finishes of the perimeter walls of the building, the underside of the foundations, the spaces within the underside of the foundation and the girders, beams, floor slabs and supports of the building in which the apartment is situated. Further, each apartment shall also be deemed to include all the doors and door frames, windows and window frames, louvers (if any), shutters (if any), all stairways attached to and serving only the apartment to which such stairway is attached and all fixtures originally installed therein.

b. *Not included in the Apartment.* An apartment shall not be deemed to include any pipes, wires, conduits or other utility or service lines running through or otherwise located within each such apartment which are utilized for or serve more than one apartment.

2. Apartment Descriptions.

a. *Type A:* Each Type A is a one-story residential building that contains 9.5 rooms: four bedrooms, 1.5 bathrooms, a kitchen, a dining room, a living room and a storage room. This type of apartment has a net living area of 1,162 square feet and its common interest is 4.053724%.

b. *Type A (reversed):* Each Type A (reversed) is a one-story residential building that contains 9.5 rooms: four bedrooms, 1.5 bathrooms, a kitchen, a dining room, a living room and a storage room. This type of apartment has a net living area of 1,162 square feet and its common interest is 4.053724%.

c. *Type B:* Each Type B is a one-story residential building that contains 7.5 rooms: three bedrooms, 1.5 bathrooms, a kitchen, a living room and a dining room. This type of apartment has a net living area of 1,043 square feet and its common interest is 3.638584%.

d. *Type B (Reversed):* Each Type B (Reversed) is a one-story residential building that contains 7.5 rooms: three bedrooms, 1.5 bathrooms, a kitchen, a living room and a dining room. This type of apartment has a net living area of 1,043 square feet and its common interest is 3.638584%.

IMPORTANT NOTE: THE FLOOR AREAS FOR THE APARTMENTS AS SHOWN IN THIS EXHIBIT ARE ALL APPROXIMATE. THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACTUAL AREA OF ANY PARTICULAR APARTMENT. THE AREAS OF PARTICULAR APARTMENTS ARE LIKELY TO VARY.

Exhibit B

ALTERATIONS TO APARTMENTS

1. **GENERALLY.** It is intended that the exterior of the buildings will have a uniform appearance. Therefore, all alterations to an apartment or to the Project must be made in accordance with the Design Guidelines adopted for the Project and the provisions of the Declaration, Bylaws and House Rules, including without limitation.

2. **PERMITTED ALTERATIONS TO AN OWNER'S APARTMENT.**

a. **Nonmaterial alterations.** Nonmaterial structural additions to the common elements, including, without limitation, the installation of solar energy devices, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval only by the Board of Directors of the Association.

b. **Other alterations.** Unless otherwise provided in the Declaration (see discussion in this Exhibit below), the owner of an apartment may make alterations or additions within the owner's apartment or to the limited common elements appurtenant thereto, with only the written approval by the Board of Directors of the Association, by the holder of first mortgage lien affecting such apartment (if the lien holder requires such approval), by the appropriate agencies of the State of Hawaii and the County of Kauai if such agencies so require, by the Board of Directors (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered.

c. **Other requirements for alterations.**

i. An owner must show that the rebuilding, restoration, alterations, additions or construction will not result in an increase to the use of the utilities or wastewater system and the owner agrees to make any upgrades to the wastewater system required by or at the time of such rebuilding, restoration, alterations, additions or construction at the owner's sole cost and expense.

ii. If the Board of Directors reasonably determines that the proposed alterations or additions are substantial in nature, the Board of Directors may require that the owner of the apartment provide evidence satisfactory to the Board of Directors of sufficient financing to complete such alterations or additions or, in lieu thereof, require that the owner obtain a performance and lien payment bond, naming as obligees the Board of Directors and the Association and collectively all apartment owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction.

3. **PROHIBITED ALTERATIONS.**

a. Unless otherwise permitted by the Condominium Project Act, Chapter 514A of the Hawaii Revised Statutes, as amended from time to time, no apartment owner shall do any work which could jeopardize the soundness or safety of the Project or any apartment in the Project, reduce the value thereof, or impair any easement or hereditament, nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the apartment owners, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained.

b. If a buyer becomes the owner of a 3-bedroom apartment, then this owner may not make any addition or alterations to the apartment or within the limited common element yard area appurtenant to the apartment unless such addition or alteration is (i) permitted by all applicable laws, rules or ordinances, and will not result in (x) an increase in the total number of bedrooms in the apartment to more than five bedrooms, or (y) an increase in the total area of the limited common element yard area appurtenant to the apartment which is covered by the apartment or items referred to as "hardscapes" by more than 800 square feet; provided, further, that the area of the limited common element yard area used for any additional enclosed living area is limited to 400 square feet, and the area of the limited common element yard area used for any additional lanai, deck, patio, walkways, or other things sometimes referred to as "hardscapes" is limited to 400 square feet, in the aggregate. The area(s) of the limited common element yard area on which an addition(s) or alteration(s) of the apartment may be made from time to time is to be aggregated so that it may never exceed a reduction in 800 square feet as measured against the original area of the limited common

element yard area appurtenant to the apartment. For example, if an owner alters his apartment in a manner that increases the total coverage of the limited common element yard area by the apartment by 200 square feet and the additional 200 square feet is used as an enclosed living area, then any future owners who intend to build an additional enclosed living area may only increase the coverage of the limited common element yard area by the apartment by 200 square feet; however a future owner would still be able to increase the coverage of the limited common element yard area used for "hardscapes" by 400 square feet.

However, the limitations on the area of the limited common element yard area which is available for additions or alterations shall not prevent an owner from constructing a second story to the existing building containing the apartment if permitted by applicable law.

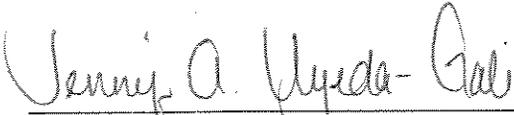
c. If a buyer becomes the owner of a 4-bedroom apartment, then the permitted alterations are generally the same as for a buyer who purchases a three-bedroom apartment, except that a buyer who purchases a 4-bedroom apartment from the developer may not make any addition or alterations to the apartment or within the limited common element yard area appurtenant to the apartment unless such addition or alteration is (i) permitted by all applicable laws, rules or ordinances, and will result in (x) an increase in the total number of bedrooms in the apartment to more than five bedrooms, or (y) an increase in the area of the limited common element yard area appurtenant to an apartment which is covered by the apartment or items referred to as "hardscapes" by more than 700 square feet; provided, further, that the area of the limited common element yard area used for any additional enclosed living area is limited to 300 square feet, and the area of the limited common element yard area used for any additional lanai, deck, patio, walkways, or other things sometimes referred to as "hardscapes" is limited to 400 square feet, in the aggregate. The area(s) of the limited common element yard area on which an addition(s) or alteration(s) of the apartment may be made from time to time is to be aggregated so that it may never exceed a reduction in 800 square feet as measured against the original area of the limited common element yard area appurtenant to the apartment. However, the limitations on the area of the limited common element yard area which is available for additions or alterations shall not prevent an Owner from a second story to the existing building containing Owner's apartment if permitted by law.

MARC VENTURA, being first duly sworn, deposes and says: That he is Registered Professional Architect No. 7489 in the State of Hawaii, has read the foregoing Opinion Statement, knows the contents thereof and the same is true.



MARC VENTURA
Registered Professional Architect
No. 7489

Subscribed and sworn to before me
this 14th day of October, 2004.



NOTARY PUBLIC, STATE OF HAWAII
JENNIFER A. UYEDA-GALI

My commission expires: **12/17/2004**

Exhibit D

Common Interest for Apartments

Apartment Number	Common Interest (%)
1	4.053724%
2	4.053724%
3	3.638584%
4	3.638584%
5	3.638584%
6	3.638584%
7	3.638584%
8	3.638584%
9	4.053724%
10	3.638584%
11	3.638584%
12	3.638584%
13	4.053724%
14	4.053724%
15	3.638584%
16	4.053724%
17	4.053724%
18	4.053724%
19	3.638584%
20	4.053724%
21	3.638584%
22	4.053724%
23	4.053724%
24	4.053724%
25	3.638584%
26	4.053724%

Exhibit E

ENCUMBRANCES ON TITLE

The Preliminary Title Report prepared by Title Guaranty of Hawaii, Inc. and submitted to the Commission discloses the following as encumbrances against title to the lands of the Project:

1. Any and all Real Property Taxes that may be due and owing.
2. The terms and conditions of that certain Grant dated October 24, 1978 to Citizens Utilities Company and GTE Hawaiian Telephone Company Incorporated, now known as Verizon Hawaii recorded in the Bureau of Conveyance of the State of Hawaii in Liber 13397 at Page 461 granting easements to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., over, under, upon, across and through the land.

The interest of Citizens Communications Company, formerly known as Citizens Utilities Company, has been assigned to Kauai Island Utility Co-op, a Hawaii cooperative association, by instrument dated November 1, 2002, recorded in said Bureau as Document No. 2002-194848.

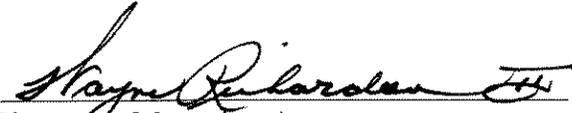
3. Mortgage, Security Agreement and Financing Statement recorded on June 1, 2004 in said Bureau as Document No. 2004-110350.*
4. UCC-1 Financing Statement recorded in said Bureau as Document No. 2004-112430.*
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR APOPO HALE, dated November 1, 2004, recorded in said Bureau as Document No. 2004-225860, as amended.
6. Condominium Map No. 3882 and any amendments thereto.
7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF APOPO HALE dated November 1, 2004, recorded in said Bureau as Document No. 2004-225861.
8. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.**
9. Any unrecorded leases and matters arising from or affecting the same.**
10. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land.**

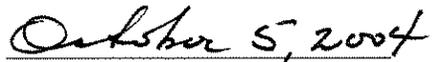
* To be released at closing as discussed in Section III.E of the Public Report.

** Apartments will be conveyed to Buyer free and clear of these items.

Exhibit F

I, Wayne Richardson, III (R) (GRI) (MBA) (ePRO), President & Principal Broker of RE3 LLC, Real Estate Services, as the condominium managing agent for the Apopo Hale condominium project, hereby certify that the estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


Signature: Managing Agent


Date: October 5, 2004

Proposed

Apopo Hale

Start up Budget

Prior year budget	Prior year actual	Acc't #	Description	Proposed Monthly budget	Approved Monthly budget
\$0	\$0	600	Maintenance Fees	\$6,470	\$0
\$0	\$0	605	Capital Reserve	\$404	\$0
\$0	\$0	611	Late Fees	\$0	\$0
\$0	\$0	620	Special Assessment	\$0	\$0
\$0	\$0	630	Legal Fee Reimbursement	\$0	\$0
\$0	\$0	640	Interest Income	\$0	\$0
\$0	\$0	641	CD Interest Income	\$0	\$0
\$0	\$0	650	Commissions	\$0	\$0
\$0	\$0	690	Other Receipts	\$0	\$0
<hr/>					
\$0	\$0		Total Income	\$6,874	\$0
<hr/>					
EXPENSE					
\$0	\$0	808	Professional Services	\$0	\$0
\$0	\$49	810	Audit & Tax Fees	\$238	\$0
\$0	\$204	820	Insurance-Project	\$3,583	\$0
\$0	\$0	830	Legal Fees	\$0	\$0
\$0	\$0	835	Bad Debt Expenses	\$0	\$0
\$0	\$203	840	Management Services	\$700	\$0
\$0	\$46	845	Project/BOD/Office Expenses	\$67	\$0
\$0	\$455	850	Maint.Bldg/Grds/Other	\$900	\$0
\$0	\$617	851	Maint/Repair Sewage Plant	\$0	\$0
\$0	\$56	855	Pest Control Service	\$0	\$0
\$0	\$0	857	Roof Repair/Maintenance	\$0	\$0
\$0	\$0	858	Painting Repair/Maintenance	\$0	\$0
\$0	\$135	872	Supplies-Bldg & other	\$50	\$0
\$0	\$83	873	Accounting	\$90	\$0
\$0	\$102	874	On Site management visits	\$90	\$0
\$0	\$9	877	Taxes-Income/Excise	\$0	\$0
\$0	\$174	881	Data Processing	\$90	\$0
\$0	\$257	882	Refuse Service	\$0	\$0
\$0	\$78	883	Electricity	\$120	\$0
\$0	\$30	884	Gas	\$0	\$0
\$0	\$0	885	Telephone	\$0	\$0
\$0	\$83	886	Water/Sewer	\$425	\$0
\$0	\$2	889	CAI Association Dues	\$0	\$0
\$0	\$9	890	Other Expenses	\$10	\$0
\$0	\$0	891	Special Assessment Expense	\$0	\$0
\$0	\$0	892	Capital Expenditures	\$0	\$0
\$0	\$0	893	Reserve Expenditures	\$0	\$0
\$0	\$0	894	Contingency	\$90	\$0
<hr/>					
\$0	\$0		Total Expense	\$6,453	\$0
<hr/>					
\$0	\$0		Income less Operating Expenses	\$421	\$0
<hr/>					
\$0	\$0		Contribution to Reserves	\$404	\$0
<hr/>					
\$0	\$0		Surplus/(Deficit)	\$17	\$0

Proposed

Apopo Hale Start up Maintenance Fees

Monthly Revenue Required:	\$6,470
Assessment:	\$0
Contribution to reserves:	\$404

	Unit #	Unit type	Bedrooms/ Bathrooms	Size	Common Area %	Monthly Maintenance Fee	Reserve Contribution	Total Monthly	Assessment
1	1	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
2	2	AR	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
3	3	BR	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
4	4	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
5	5	BR	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
6	6	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
7	7	BR	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
8	8	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
9	9	BR	4/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
10	10	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
11	11	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
12	12	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
13	13	AR	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
14	14	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
15	15	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
16	16	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
17	17	AR	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
18	18	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
19	19	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
20	20	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
21	21	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
22	22	AR	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
23	23	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
24	24	A	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
25	25	B	3/2	1,043	3.6538%	\$236.40	\$14.76	\$251.16	\$0.00
26	26	AR	4/2	1,162	4.0706%	\$263.37	\$16.45	\$279.81	\$0.00
Total				28,546	100.0000%	\$6,470.00	\$404.00	\$6,874.00	\$0.00

NOTE: All figures will be rounded up to the nearest dollar for budgetary and billing purposes.

Proposed

Apopo Hale
Projection of Income and Expense for 12 months

Acct #	Description	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total	Average
600	Maintenance Fees	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$6,470	\$77,640	\$6,470
605	Capital Reserve	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$4,848	\$404
611	Late Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
620	Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
630	Legal Fee Reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
640	Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
641	CD Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
650	Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
690	Other Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Income	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$6,874	\$82,488	\$6,874

EXPENSE

808	Professional Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
810	Audit & Tax Fees	\$0	\$0	\$2,850	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,850	\$238
820	Insurance-Project	\$43,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,000	\$3,583
830	Legal Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
835	Bad Debt Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
840	Management Services	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$8,400	\$700
845	Project/BOD/Office Expenses	\$0	\$200	\$0	\$0	\$200	\$0	\$0	\$200	\$0	\$0	\$0	\$0	\$200	\$67
850	Grounds	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$10,800	\$900
851	Maint/Repair/Building & Grounds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
855	Pest Control Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
857	Roof Repair/Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
858	Painting Repair/Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
872	Supplies-Bldg & other	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	\$50
873	Accounting	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$1,080	\$90
874	On site management visits	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$1,080	\$90
877	Taxes-Income/Excise	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
881	Data Processing	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$1,080	\$90
882	Refuse Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
883	Electricity	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$1,440	\$120
884	Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
885	Telephone	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
886	Water/Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
889	CAI Association Dues	\$0	\$850	\$0	\$850	\$0	\$850	\$0	\$850	\$0	\$850	\$0	\$850	\$5,100	\$425
890	Other Expenses	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$120	\$10
891	Special Assessment Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
892	Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
893	Reserve Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
894	Contingency	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$1,080	\$90
	Total Expense	\$45,140	\$2,990	\$2,340	\$5,840	\$2,140	\$3,190	\$2,140	\$2,990	\$2,340	\$2,990	\$2,140	\$3,190	\$77,430	\$6,453
	Surplus/(Deficit)	(\$38,266)	\$3,884	\$4,534	\$1,034	\$4,734	\$3,684	\$4,734	\$3,884	\$4,534	\$3,884	\$4,734	\$3,684	\$5,058	\$421
	Less contribution to reserve	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$4,848	\$404
	Net Surplus/(Deficit)	(\$38,670)	\$3,480	\$4,130	\$630	\$4,330	\$3,280	\$4,330	\$3,480	\$4,130	\$3,480	\$4,330	\$3,280	\$210	\$17

Exhibit G

Summary of Escrow Agreement and Sales Contract

Copies of the executed Escrow Agreement and specimen Deposit Receipt and Contract of Sale (referred to herein as the "Sales Contract") have been submitted as part of the registration. The Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as the Escrow Agent for the sales of the apartments in the condominium project.

It is incumbent upon buyers and prospective buyers to read these documents with care. The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed into escrow, as well as the retention and disbursement of these funds. The specimen Sales Contract determines, among other things, the time for and amount of payments on the purchase price, and for payment of all closing costs.

When a buyer signs a Sales Contract, the buyer also adopts the Escrow Agreement, just as if the buyer had signed the Escrow Agreement. A buyer should make time to read the Escrow Agreement and his/her Sales Contract.

Some of the key provisions of the Escrow Agreement and the Sales Contract may be summarized as follows:

I. Summary of Escrow Agreement

(1) Deposit of Funds with Escrow Agent.

The seller must give the Escrow Agent any monies received by the seller from any buyer in connection with a Sales Contract.

The seller may direct the Escrow Agent to deposit these funds an account at a federally insured bank, savings and loan association or other financial institution located in Honolulu, Hawaii, that pays interest on deposits. However, any interest earned on these funds will accrue to the credit of seller, unless a buyer requests that the Escrow Agent establish a separate account for the buyer. If a buyer requests that a separate account for buyer be established by the Escrow Agent, then such buyer must pay to the Escrow Agent a fee of Twenty-Five Dollars (\$25.00) for each separate account.

(2) Release of Buyer's Funds. The Escrow Agent will not make any disbursement of a buyer's funds, unless and until all of the following conditions have been satisfied: (a) The Real Estate Commission shall have issued an effective date for the Final Public Report for the project, and the subject buyer is given a copy of said Final Report and acknowledges receipt of same and waives Buyer's right to cancel the Sales Contract or is deemed to have acknowledged receipt of same and to have waived Buyer's right to cancel the Sales Contract pursuant to HRS Section 514A-62; (b) Seller or seller's attorney shall have delivered a written opinion to Escrow Agent stating that the requirements of HRS Sections 514A-62 and 514A-63, as amended, have been satisfied (if required by Escrow Agent); and (c) Seller shall have given Escrow Agent a written waiver of any option reserved in any Sales Contract in favor of seller to cancel the subject Sales Contract.

(3) Deposit of Funds.

Each buyer shall be entitled to the return of funds deposited by such buyer with Escrow Agent (with interest to the extent provided in the Sales Contract), in the event that any one of the following occurs: (a) the seller and the buyer instruct the Escrow Agent, in writing, to return the funds to such buyer; or (b) the seller notifies the Escrow Agent of the seller's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission available to the seller with respect to which, in accordance with the Sales Contract, the buyer is entitled to a return of funds deposited by it with Escrow Agent; or (c) the buyer exercises its right to cancel the Sales Contract pursuant to either Section 514A-62 or 514A-63 of the Hawaii Revised Statutes.

If a buyer is entitled to a return of funds from the Escrow Agent, the Escrow Agent will deliver to the buyer all funds received from the Buyer, less (if specified in the Sales Contract), a cancellation fee of not less than Twenty-Five Dollars (\$25.00) per apartment or a cancellation fee commensurate with the work done by Escrow Agent prior to such cancellation, whichever fee is greater, up to a maximum of Two Hundred Fifty Dollars (\$250.00).

(4) Cancellation Due to Buyer's Default. Upon receipt of any notice from the seller that a buyer is under an obligation to make a payment pursuant to the Sales Contract, the Escrow Agent will promptly notify the buyer of the amount and due date of such payment. If the buyer fails to make such payment to the Escrow Agent on or before

the due date or if the buyer fails to satisfy any obligation being handled by the Escrow Agent, the Escrow Agent will notify the seller of the failure on the part of such buyer. The seller may then certify in writing to the Escrow Agent that the seller has terminated the Sales Contract. At this point, the Escrow Agent will treat all funds of such buyer paid on account of the buyer's Sales Contract as funds of the seller.

(5) Fees. The premium for each title policy issued by the Escrow Agent with respect to an apartment shall be based on the scheduled rate plus applicable tax. The additional cost for issuance of the ALTA lender's title insurance policy concurrently with the Hawaii standard owner's title insurance policy shall also be based on the scheduled rate, plus the applicable taxes. However, the title insurance premiums listed in the Escrow Agreement may change if special endorsements or additional title services are requested.

(6) Protection of the Escrow Agent. Escrow Agent will not be liable for acting in accordance with the Escrow Agreement and will not be responsible for the validity or sufficiency of any Sales Contracts or other documents received by the Escrow Agent. The seller may cause each buyer to pay the Escrow Agent on demand and to indemnify and hold harmless the Escrow Agent from and against all costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with or arising out of the escrow.

(7) Closing.

The Escrow Agent will deliver to the seller and to each buyer a commitment to issue at closing a Hawaii standard owner's title insurance policy, in the full amount of the purchase price, insuring that such buyer has good and marketable title to the apartment being purchased and, if the purchase of the apartment is being financed, an ALTA lender's title insurance policy, which shall contain no exceptions to title other than the "Permitted Encumbrances" defined in the Sales Contract.

When the Escrow Agent receives (a) an executed conveyance document for an apartment, (b) a receipt of Final Public Report, (c) all necessary releases of any construction loan mortgage and related security interests relating to or affecting such apartment, (d) the Escrow Agent's commitment to issue the Title Policy at closing, (e) the full amount of the purchase price for such apartment, and (f) the buyer's share of the closing costs, the Escrow Agent will close the sale of such apartment by undertaking the following:

1. Cause the recording of such releases, conveyance document and mortgage(s) to finance such purchase (if any); and

2. After recordation, the Escrow Agent will: (i) Cause the Title Policy and a copy of said conveyance document to be delivered to such Buyer; and (ii) Deliver a copy of said conveyance document, the release or partial releases, if any, to the seller (if requested); and (iii) Disburse all sums relating to the purchase of the apartment, less the seller's share of the closing costs, to the seller.

II. Summary of Sales Contract

Among other things, the Sales Contract provides that:

A. Payment of Purchase Price Using Cash. If the buyer intends to pay any balance of the purchase price by way of cash only, then the buyer must supply all credit and other information requested by the seller to provide the seller with assurance acceptable to the seller in its sole discretion that buyer will be able to pay the purchase price in full at closing. If the buyer fails to deliver such assurance to the seller within 10 days after the execution of the Sales Contract by both parties, then the seller may decide to terminate the Sales Contract by providing written notice of its intention to terminate to the buyer. In this case, if the Sales Contract were terminated, any deposit made by the buyer would be refunded to the buyer without interest and less any escrow cancellation fees.

B. Payment of Purchase Price Using Financing. If the buyer intends that the balance of the purchase price will be paid by way of financing received from a lending institution, then the buyer is solely responsible for obtaining such financing, and within five (5) business days after the date of acceptance of the Sales Contract Agreement, the buyer will apply with one or more lending institutions for such financing and shall supply all credit and other information required by such institution and pay all fees imposed or charges by such institution. Buyer will promptly sign and deliver all documents and diligently take all steps necessary to obtain such financing. Within thirty (30) days after the date of acceptance of the Sales Contract, the buyer will give to the seller an executed copy of a loan commitment from a lending institution showing, in a manner reasonably acceptable to the seller, that the lending institution will loan the amount required by the Sales Contract.

If the buyer does not act in good faith in attempting to obtain financing for its purchase, then the shall be in default under the Sales Contract, and the seller may, among other things, terminate the Sales Contract by providing written notice to buyer. If buyer has applied for financing and diligently and in good faith pursued such application, and such application is not approved within thirty (30) days after the date of acceptance of the Sales Contract, then either the seller or the buyer may terminate the Sales Contract by written notice to the other, and in the event of such termination, any deposit made by the buyer will be refunded promptly to the buyer, less any escrow cancellation fees. The buyer's option to terminate the Sales Contract for this reason must be exercised, if at all, by the buyer giving written notice of such exercise to the seller and escrow within forty (40) days after the date of the Sales Contract.

C. Closing Costs. Buyer shall pay the Escrow Company's escrow fees; the cost of preparing any conveyance documents, applicable promissory note and mortgage to the lending institution providing financing to buyer and all points, fees and other sums required by such lending institution, if applicable, the recording costs for recording the Deed and Mortgage (if any), any notary public fees for acknowledgments of buyer's signature(s), the cost of title insurance, any applicable State of Hawaii conveyance tax; the buyer's pro rata share of real property taxes, buyer's non-refundable, non-transferable "start-up" contribution for the Association common expense reserve in an amount equal to not less than two (2) months' estimated assessment for common expenses, and any administrative fee that may be charged by the seller for the use of an alternate lending institution.

D. Closing. The date of Closing will be on a date selected by the seller, but in no event more than sixty (60) days after the date of the Sales Contract. In order for closing to take place, all documents necessary for closing must be executed and all payments required under the Sales Contract must be made to the Escrow Agent at least two (2) business days prior to the closing date.

E. What the Seller is Required to Do at Closing. The seller will sign and deliver the Deed to the Escrow Agent, and pay any closing costs for which the seller is responsible.

F. What Buyer is Required to Do Prior to Closing. The buyer will sign and deliver all documents which the buyer has to sign in order to close to the Escrow Agent at least 5 business days before the closing date. The buyer will also pay to the Escrow Agent the balance of the purchase price and any closing costs for which the buyer is responsible.

G. Warranties. EXCEPT AS PROVIDED IN THIS AGREEMENT, AND EXCEPT FOR THE WARRANTY OF TITLE (SUBJECT TO THE ENCUMBRANCES MENTIONED IN THIS AGREEMENT), SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE PROPERTY OR ITS CONDITION OR SUITABILITY FOR ANY PURPOSE, OR AS TO THE AVAILABILITY OF ANY SCHOOLS, FIRE OR POLICE PROTECTION, OR ANY OTHER SERVICES TO BE PROVIDED BY PERSONS OR ENTITIES OTHER THAN SELLER.

H. Membership in the Apartment Owners Association. After closing, every condominium apartment owner will automatically become a member of the Association. Buyer has been advised as to the estimated monthly maintenance charges and assessments against the apartment. Buyer is aware that such amounts are subject to future change for various reasons, and buyer hereby specifically accepts and approves any such changes. BUYER AGREES THAT SUCH ESTIMATED MAINTENANCE FEE AMOUNTS ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY THAT SUCH MAINTENANCE FEE AMOUNTS WILL REMAIN STABLE AND NOT INCREASE OVER TIME.

I. Amendment of Documents. Before the closing date, the seller may amend certain documents as specifically authorize by the buyer in the Sales Contract.

J. Default by Buyer/Refund to Buyer. If the buyer (i) fails to make any payment when it is due, or (ii) fails to keep any of the other promises or agreements of the buyer set forth in the Sales Contract and this failure continues for ten (10) days or more after the seller notifies the buyer of this failure, then the seller will have the right to do any of the following:

1. The seller may terminate the Sales Contract by giving the buyer written notice of termination. If this happens, then the seller may keep all sums deposited by the buyer as "liquidated damages" (i.e., the amount agreed to by the buyer and the seller as properly payable in settlement for breach of contract), and not as a penalty.

2. The seller may take advantage of any other rights which the law allows, including, for example, a lawsuit for actual damages suffered, or a lawsuit for "specific performance," which means a lawsuit to require the buyer to pay the full purchase price and keep all of the buyer's promises under the Sales Contract.

In the event that the Sales Contract is terminated due to a buyer's default, the buyer must pay all costs which may be incurred by the seller because of the buyer's default, including attorneys' fees, court costs, escrow cancellation fees, and a cancellation fee of not less than \$125.00 if the Deed has been prepared and delivered to the Escrow Agent. The Escrow Company may, without further authorization from the buyer, pay to the seller all sums deposited by the buyer under the Sales Contract, together with accrued interest thereon.

K. Seller's Default/Refund to Buyer. If the seller fails to keep any of the seller's promises or agreements contained in the Sales Contract, the buyer may bring a lawsuit for "specific performance" or the buyer may cancel the Sales Contract. If a buyer cancels the Sales Contract due to the seller's default, then the seller must refund all sums paid by the buyer to either the seller or to the escrow company, together with accrued interest thereon. If seller defaults under the Sales Contract, the buyer will only have the rights mentioned in the Sales Contract, and the buyer gives up and waives any other rights which the buyer might otherwise have.

L. Joint Buyers. If there is more than one (1) person listed as the buyer, each person will be fully responsible for fulfilling all of the promises and agreements of the buyer contained in the Sales Contract. This means that any one of such persons may be required by the seller to pay all of the amounts owed by the buyer under the Sales Contract, or to keep all of the buyer's other promises and agreements contained in the Sales Contract.

M. Real Estate Agency Disclosures. The seller's broker (if any), and its employees, licensees and agents, are agents of the seller only and are not agents or subagents of the buyer and owe no fiduciary duties to the buyer.

ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ WITH CARE ALL PROVISIONS OF THE SALES CONTRACT AND ESCROW AGREEMENT. THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT OR SALES CONTRACT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT AND SALES CONTRACT, A BUYER MUST REFER TO THE ESCROW AGREEMENT REFERENCED IN THE BUYER'S SALES CONTRACT TO DETERMINE HIS/HER RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT OR SALES CONTRACT, THE ESCROW AGREEMENT OR SALES CONTRACT WILL GOVERN.