

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: WILLIAM GERALD BOYLE and PATRICIA ANN BOYLE, husband and wife
638 Kaimalino
Kailua, Hawaii 96734

Project Name (*): 45-138H Waikalua Road
Address: 45-138H Waikalua Road, Kaneohe, Hawaii 96744

Registration No. 5639 (Conversion) Effective date: June 2, 2005
Expiration date: July 2, 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.
X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) Exactly as named in the Declaration

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report. Not Required - Disclosures covered in this report.
Attached as Exhibit G

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

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

2. 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 the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines or legally subdivided lots.

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

“Common elements” are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called “limited common elements” and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: **WILLIAM GERALD BOYLE and PATRICIA ANN BOYLE,** Phone: (808) 263-6000
husband and wife
638 Kaimalino
Kailua, Hawaii 96734

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) (attached separate sheet if necessary):

N/A

Real Estate
Broker*: **Kailua Realty Ltd.** Phone: (808) 263-6000
130 Kailua Rd. #110 Facsimile: (808) 262-8275
Kailua, Hawaii 96734

Escrow: **Title Guaranty Escrow Services, Inc.** Phone: (808) 521-0211
235 Queen Street Facsimile: (808) 521-0280
Honolulu, Hawaii 96813

General
Contractor*: **Not Applicable** Phone:

Condominium
Managing
Agent*: **[SELF-MANAGED by the**
Association of Apartment Owners]
Contact: William G. Boyle Phone: (808) 263-6000

Attorney for
Developer: **William C. Byrns, Esq.** Phone: (808) 523-3080
MacDonald Rudy Byrns O'Neill & Yamauchi Facsimile: (808) 523-0759
1001 Bishop Street
ASB Tower, Suite 2650
Honolulu, Hawaii 96813

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

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 3244079

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: None

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condominium Map No. 1701

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: None

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 3244080

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 musts vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	100%
Bylaws	65%	100%
House Rules	--	Not Applicable

*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:

III. THE CONDOMINIUM PROJECT

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

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.

Exhibit ___ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provisions(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:

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: 45-138H Waikalua Road, Kaneohe, Hawaii 96744

Map Key (TMK): (1) 4-5-9-21

Address TMK is expected to change because _____

Land Area: 11,742 square feet acre(s)

Zoning: R-5

Fee Owners: WILLIAM GERALD BOYLE and PATRICIA ANN BOYLE, husband and wife

Lessor: N/A

C. **Buildings and Other Improvements:**

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

- 2. **Number of Buildings: Two (2) Floors Per Building: Apartment 1 - One (1)
Apartment 2 - One (1)**
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>2</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 (Declaration, Section 9, Permitted Uses) 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 Bylaws, Article V, Section 5.3(9)

Number of Occupants: _____

Other: restrictions on noxious or offensive activity and hazardous activities; see Bylaws, Sections 5.3(10) and 5.3(11), respectively.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0		Stairways: 0		Trash Chutes: 0	
<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>
1	1	3 / 2	928	400 434	Carport Deck
2	1	3 / 1	925.2	120 11	Deck Porch

Total Number of Apartments: **Two (2)**

***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 exterior walls of the respective apartments.**

Permitted Alterations to Apartments: **Generally, individual apartment owners may remodel, expand or otherwise alter their apartment, provided the same is permitted by and done in complete accordance with all applicable ordinances, codes, rules, regulations or other requirements in force at the time of said construction. Such alterations shall not require the consent or permission of the other apartment owner in the Project or the Association. See, Declaration, Section 18.**

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. Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: **Four (4)**

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	2 (Apt 1)	2(Apt 2)	_____	_____	_____	_____	4
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	4		0		0		4

Each apartment will have the exclusive use of at least two (2) parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

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

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

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

(Date)

The project is a conversion of fully constructed and existing buildings to condominium status. Said buildings are in compliance with all ordinances, codes, rules, regulations, or other requirements in force at the time of their construction or from any other ordinance, code, rule, regulation, or other requirement. See, Exhibit "H".

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):

(For conversions of residential apartments in existence for at least five years): **Based on a report prepared by an independent professional engineer, it is the Developers' opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium apartments appear to be in a condition consistent with their age. However, no representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installations material to the use and enjoyment of the condominium apartments. See, Exhibit "I".**

II. 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 "E"

as follows:

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

There are no limited common elements in this project.

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

as follows:

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

described in Exhibit _____.

as follows: The common interest appurtenant to Apartment 1 for all purposes, including voting, is fifty percent (50%). The common interest appurtenant to Apartment 2 for all purposes, including voting, is fifty percent (50%).

- 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 A describes the encumbrances against title contained in the title report dated March 18, 2005, issued by Title Guaranty of Hawaii, Inc. Developers represent that no further encumbrances have been placed on the property since the date of the title report.

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	To be released before the Developer conveys the apartment to a buyer. The buyer's interest will be affected if the Developer defaults under the Mortgage and the lien is foreclosed prior to conveying the apartment to buyer.

F. Construction Warranties: None

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:**

Apartment 1 was completed in 1961. Apartment 2 was completed in 1975.

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).

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

C. **Utility Charges for Apartments:** Each apartment will be billed separately for utilities except for the following checked utilities, which are included in the maintenance fees:

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract**
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated April 11, 2005**
Exhibit B contains a summary of the pertinent provisions of the escrow agreement.
- Other:

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and 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 copies of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is part of Registration No. **5639** filed with the Real Estate Commission on **March 28, 2005**.

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

YELLOW paper stock **WHITE paper stock** PINK paper stock

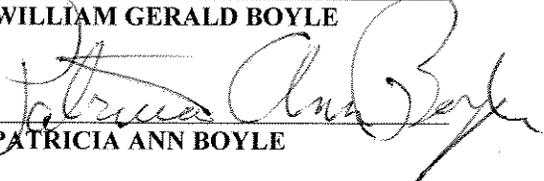
C. Additional Information Not Covered Above:

1. Maintenance Fees. With respect to the estimate of monthly maintenance fees attached hereto as Exhibit “D,” the Developer has not conducted a reserve study in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Chapter 107, Hawaii Administrative Rules, as amended.
2. Hazardous Materials. The Developers neither prepared nor commissioned a Phase I Environmental Site Assessment and make 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 “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 Developers from any liability to Buyer if any hazardous materials are discovered.
3. 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 paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.”
4. Disclosure Regarding Real Estate Licensee. Pursuant to §§16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules (“HAR”), prospective purchasers are hereby advised that the Developer, William G. Boyle (RB-9334), is a current and active Hawaii-licensed real estate broker and pursuant to §16-99-11(c) HAR, “(n)o licensee shall advertise ‘For Sale by Owner,’”

- 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.



WILLIAM GERALD BOYLE



PATRICIA ANN BOYLE

"Developer"

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"
45-138H Waikalua Road Condominium Project
Encumbrances Against Title

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. The terms and provisions of that certain Declaration of Condominium Property Regime of 45-138H Waikalua Road condominium project, as amended from time to time, dated March 22, 2005, filed aforesaid as Land Court Document No. 3244079.
3. The terms and provisions of those certain Bylaws of the Association of Apartment Owners of 45-138H Waikalua Road condominium project, as amended from time to time, dated March 22, 2005, filed aforesaid as Land Court Document No. 3244080.
4. That certain Condominium Map No. 1701, a copy of which is on file with the Bureau aforesaid.
5. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
6. An easement for the free flowage of water over, on and through all auwais within said application in favor of those land owners entitled thereto, as mentioned in Transfer Certificate of Titles Number 27,041, 27,042 and 28,062, to which reference is hereby made.
7. Easement "A" across Lot 1-B
As shown on Map 4
As set forth by Land Court Order No. 8532, filed September 16, 1948.
8. GRANT OF EASEMENT
Recorded: in the Office of the Assistant Registrar of the Land Court, State of Hawaii,
as Document No. 105337
In favor of: WILLIAM NOBU ISHIHARA and MABEL KAHELE ISHIHARA, JT
Granting: an easement for all purposes across Easement "A" appurtenant to Lots 1-A-1 & 1-A-2
9. GRANT OF EASEMENT
Recorded: in the Office of the Assistant Registrar of the Land Court, State of
Hawaii, as Document No. 143767
In favor of: HAWAIIAN ELECTRIC COMPANY, INC. and GTE HAWAIIAN
TELEPHONE COMPANY, INC.
Granting: an easement for utility purposes
10. GRANT OF EASEMENT
Recorded: in the Office of the Assistant Registrar of the Land Court, State of
Hawaii, as Document No. 438936
In favor of: CITY AND COUNTY OF HONOLULU
Granting: Easement A, Lot 1-B, for sewer purposes
11. MORTGAGE
Recorded: in the Office of the Assistant Registrar of the Land Court, State of Hawaii,
as Document No. 3174676
In favor of: Mortgage Electronic Registration Systems, Inc.
Amount: \$508,500

EXHIBIT "B"
45-138H Waikalua Road Condominium Project
Summary of Escrow Agreement

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC., a Hawaii corporation ("Escrow"), and WILLIAM GERALD BOYLE and PATRICIA ANN BOYLE, husband and wife (hereinafter, collectively, "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project.
3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until: (a) the Real Estate Commission has issued a Final Public Report on the project and forty-eight (48) hours have elapsed since Buyer's receipt of a copy of the Final Public Report; (b) Buyer has waived its right to cancel the sales contract; and (c) Seller has notified Escrow that all other requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Where sales contracts are entered into, Escrow will disburse funds upon presentation by Seller of Buyer's signed receipt for the Final Public Report and with notification by Seller that all of the requirements of Section 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Escrow will call for payments by the Buyer upon receipt of notice from Seller that any payments are due under sales contract.
4. Escrow will return deposited sums to the Buyer without interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of the Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his sales contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be returned to Buyer less Escrow's cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow.

5. As Escrow's compensation for its performance under this Agreement, Escrow will receive an amount to be determined by Escrow for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional sum.
6. If Buyer defaults under the sales contract and Seller subsequently certifies in writing to Escrow that Seller has terminated the Sales Contract, Escrow shall thereafter treat all funds of the Purchase under the sales contract as funds of the Seller and not the Purchaser. Upon Seller's request, Escrow shall pay such funds to Seller less any cancellation fee.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, HE OR SHE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT "C"
45-138H Waikalua Road Condominium Project
Summary of Sales Contract

Seller intends to use the standard form DROA as the form of sales contract for the project.

1. Evidence of Title. Seller shall furnish Buyer evidence of Seller's marketable title to the interest which is to be conveyed to Buyer. If Seller fails to deliver title as herein provided, Buyer has the option to terminate this agreement and have any of Buyer's deposits returned to Buyer. The foregoing shall not exclude any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing: (a) Seller shall pay 60% of the premium to be charged for an Owner's standard coverage policy of title insurance to be issued to the buyer in the amount of the sales price; and (b) Buyer shall pay 40% of such premium and any additional costs relating to the issuance of any extended coverage policy, including a Lender's policy.
2. Risk of Loss. Risk of loss passes to Buyer upon transfer of title or occupancy whichever occurs first.
3. Default. It is expressly understood and agreed: First: In the event Buyer fails to pay the balance of the purchase price or complete the purchase as herein provided, Seller may (a) bring an action for damages for breach of contract; (b) retain the initial deposit and all additional deposits provided for herein, as liquidated damages; and (c) Buyer shall be responsible for any cost incurred in accordance with this contract. Second: In the event Seller fails to perform his obligations as herein provided, Buyer not being in default, Buyer may (a) bring an action against Seller for damages for breach of contract; (b) file and maintain an action against Seller for specific performance of this contract; and (c) Seller shall be responsible for any cost incurred in accordance with this contract. The foregoing shall not exclude any other remedies available to either Seller or Buyer. In the event of default and/or a lawsuit arising out of this contract (including a suit by a REALTOR for commission), the prevailing party shall be entitled to recover all costs incurred including reasonable attorneys' fees. All expenses incurred by escrow shall be deducted from deposited funds prior to any disbursement to the prevailing party.
4. Consent. The obligations of Buyer or Seller hereunder are conditioned upon obtaining those necessary consents of vendors, existing mortgagees, lessors and/or condominium, co-op or other such associations, Buyer or Seller agree to cooperate and take all reasonable action to obtain such consents.

5. Time Is Of The Essence. If either Buyer or Seller for reasons beyond his control cannot perform his obligation to purchase or sell the property by the closing date, then such party by giving escrow written notice prior to the closing date called for in this contract with copies to all parties to this contract, can extend closing for no longer than 30 calendar days to allow performance. Thereafter time is of the essence and the default provisions of paragraph 5 apply. Any further extension must then be agreed to in writing by both parties. There is no automatic right to extend. This provision relates only to the extension of the closing date.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE DROA. THE BUYER MUST REFER TO THE BUYER'S DROA TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DROA, THE DROA WILL CONTROL, NOT THIS SUMMARY.

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
1	\$0.00 x 12 =	\$0.00
2	\$0.00 x 12 =	\$0.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[] common elements only

[] common elements and apartments

Elevator

Gas

[] common elements only

[] common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

Audit Fees

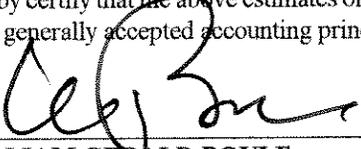
Other

TOTAL

\$0.00 x 12 = \$0.00

\$0.00

We, **WILLIAM GERALD BOYLE and PATRICIA ANN BOYLE**, husband and wife, the owners/developers of the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



WILLIAM GERALD BOYLE

5/31/05
Date



PATRICIA ANN BOYLE

5/31/05
Date

(*)Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for AReserves®, the Developer has conducted a reserve study in accordance with '514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 1070, Hawaii Administrative Rules, as amended.

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

EXHIBIT "E"
45-138H Waikalua Road Condominium Project
Description of Common Elements

The common elements shall remain undivided and no right shall exist to partition or divide any part thereof, except as provided in the Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgages on Apartments.

The Apartments are located in the manner shown on the Condominium Map. Apartments 1 and 2 have direct access to 45-138 Waiakalua Road via the Common Element Driveway shown on the Condominium Map. The common elements include the following portions of the Project:

- a. The land;
- b. The "Common Element Driveway", consisting of 2,827 square feet, as shown on the Condominium Map;
- c. Any improvements now or hereafter constructed for utilities purposes such as electricity, gas, water, sewer, telephone, radio and television signal distribution, irrigation and other utilities which serve more than one Apartment; and
- d. Any and all elements and facilities naturally in common use or necessary to the existence, upkeep and safety of the Project.

EXHIBIT "F"
45-138H Waikalua Road Condominium Project
Description of Limited Common Elements

The land surrounding each Apartment and set aside for the exclusive use of that Apartment, as shown by dark dashed lines on the Condominium Map, constitutes a limited common element appurtenant to such Apartment; such land area being 5,068 square feet for Apartment 1 and 3,847 square feet for Apartment 2. The structure(s) and other appurtenances to Apartment 1 located on the limited common element yard area for Apartment 1, including without limitation, the carport containing two (2) covered parking stalls, as shown on the Condominium Map, are limited common elements for such Apartment. The structure(s) and other appurtenances to Apartment 2 located on the limited common element yard area for Apartment 2, including two (2) uncovered parking stalls, are limited common elements for such Apartment.

EXHIBIT "G"
45-138H Waikalua Road Condominium Project
Disclosure Abstract

Pursuant to Hawaii Revised Statutes, Section 514A-61, the Developer of the 45-138H Waikalua Road condominium project makes the following disclosures:

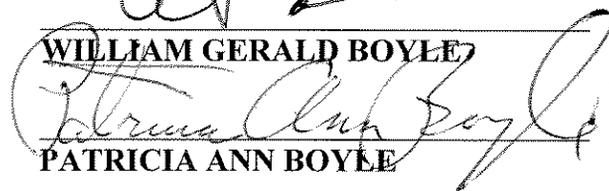
1. The Developer of the Project is:

WILLIAM GERALD BOYLE
and PATRICIA ANN BOYLE, husband and wife
638 Kaimalino
Kailua, Hawaii 96734
Phone: (808) 263-6000

2. With respect to the estimate of monthly maintenance fees, see Exhibit D of the Condominium Public Report, the Developers have not conducted a reserve study in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in this Project. The Developer hereby certifies that the estimates have been based on generally accepted accounting principles.
3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "AS IS" condition.
4. Both of the Apartments of the Project are to be used for permitted residential uses only.
5. The undersigned Developer of the 45-138H Waikalua Road condominium project hereby certifies that the enclosed estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles. The Developer has not conducted a reserve study in accordance with Section 514A-83.6, H.R.S., and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Dated: MAR 16 2005

Dated: MAR 16 2005


WILLIAM GERALD BOYLE

PATRICIA ANN BOYLE

"Developer"

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit D this ____
day of _____, _____.

EXHIBIT

H

MACDONALD RUDY BYRNS O'NEILL & YAMAUCHI
a Limited Liability Law Partnership, LLP

1001 BISHOP STREET
PACIFIC TOWER, SUITE 2650
HONOLULU, HAWAII 96813
Tel. (808) 523-3080
Fax (808) 523-0759

William C. Byrns

email napuakea@hawaii.rr.com

August 4, 2004

Department of Planning and Permitting
City and County of Honolulu
650 South King Street
Honolulu, Hawaii 96813

Re: 45-138 H Waikalua Road, Kaneohe, Hawaii; TMK No. (1) 4-5-9:21

Gentlemen:

I represent Kailua Icon, LLC, as Developer of the above-referenced property. The Developer seeks to condominiumize the above-referenced property.

The Condominium Property Regime Act (HRS, Section 514A) requires that the developer file with the Real Estate Commission the following:

- 1) A verified statement signed by an appropriate county official that the project complies with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction.
- 2) A verified statement signed by an appropriate county official of whether any variance has been granted from any ordinance, code, rule, regulation and other requirement in force at the time of its construction, or from any current ordinance, code, rule, regulation or other requirement.

Department of Permitting and Planning
City and County of Honolulu
August 4, 2004
Page 2

- 3) A list of any outstanding notices of incurred violations of the building code or other municipal regulation.

We would greatly appreciate your assistance with respect to the above requirements. Please contact Mr. Bill Boyle at (808) 286-6001 at your earliest convenience to set a date and time for a site inspection.

We enclose a check in the amount of \$25.00 made payable to the City and County of Honolulu to cover the cost of inspection.

Sincerely,



William C. Byrns

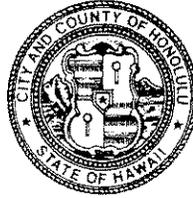
wcb:tmkl/enc.

cc: Kailua Icon, LLC

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 523-4432 • FAX: (808) 527-6743
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
ACTING DIRECTOR

DAVID K. TANOUÉ
DEPUTY DIRECTOR

2005/ELOG-1807(LT)

February 18, 2005

Mr. William C. Byrns
MacDonald Rudy Byrns O'Neill & Yamauchi
A Limited Liability Law Partnership, LLP
1001 Bishop Street
Pacific Tower, Suite 2650
Honolulu, Hawaii 96813

Dear Mr. Byrns:

Subject: Condominium Conversion Project
45-138H Waikalua Road
Tax Map Key: 4-5-009: 021

This is in response to your letter dated August 4, 2004 requesting verification that the structures at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the two one-story single-family detached dwellings with four all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1961 and 1976 on this 11,742-square foot R-5 Residential District zoned lot.

Investigation also revealed the Department of Planning and Permitting is unable to determine the location of lot 2, .227 acre, with easement for right-of-way access to Waikalua Road.

No 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.

Mr. William C. Byrns
MacDonald Rudy Byrns O'Neill & Yamauchi
Page 2
February 18, 2005

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

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.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Henry Eng', written over a horizontal line.

for HENRY ENG, FAICP
Acting Director of Planning
and Permitting

HE:ft

Doc 352086

EXHIBIT

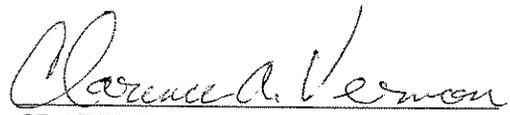
I

ARCHITECT'S VERIFIED STATEMENT

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

CLARENCE A. VERNON, being duly sworn on oath sates as follows:

1. That he is a professional architect registered by the State of Hawaii under Registration No. 5086;
2. That he executes this Verified Statement pursuant to Section 514A-40(b), Hawaii Revised Statutes;
3. That he has conducted a site inspection of the 45-138H Waikalua Road condominium project;
4. That based on such inspection, all structural components and mechanical and electrical installations material to the use and enjoyment of the Project appear to be in a condition consistent with their age; and
5. That no representations of any kind are made as to the expected use or life, if any, of the structural components and mechanical and electrical installations material to use and enjoyment of the Project.


CLARENCE A. VERNON

Subscribed and sworn to before me
this 23rd day of March, 2005.


Notary Public, State of Hawaii
My commission expires: 08/08/07

Jean B. Fraser
[Notary Name Typed or Printed]

23

EXHIBIT

J



EXCLUSIVE RIGHT-TO-SELL LISTING AGREEMENT
Hawaii Association of Realtors® Standard Form
Revised 9/03 (NC) For Release 9/04



COPYRIGHT AND TRADEMARK NOTICE: This copyrighted Hawaii Association of REALTORS® Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks. The use of this form is not intended to identify the real estate licensee as a REALTOR®, REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Listing Broker [X] is not [] a REALTOR® and member of the National Association of REALTORS®. Seller is aware that the National Association of REALTORS® holds its members accountable for their actions through a strict Professional Code of Ethics, which includes a grievance system to address complaints. Non-members are not required to participate in the grievance system.

TO Century 21 Kailua Beach Realty
Name of Real Estate Firm and Address

TYPE OF PROPERTY
[] Residential [X] Condo/Co-op [] Land
[] Commercial/Indus [X] Business/Income

William G. Boyle 263-6000
Name of Real Estate Agent and Phone

PROPERTY TMK: 1-4-5-9-21
ADDRESS: 45-1384 #1 Waikalua Rd
Kaneohe, HI 96744

I own the property described on the ATTACHED EXHIBIT A or I have the right to sign this listing agreement. I want to hire you to market the property. I offer you a listing on this property from the issuance of this Real Estate Agent to June 30, 2005. Either you or I may end the listing with ___ days advance written notice to the other. However, neither of us may end this listing before midnight, unless we both agree to an earlier date. I will list the property at a sales price of \$ 425,000.

I will pay you a commission of 3% of the sales price or exchange value of the real and personal property sold or exchanged (refer to Standard Listing Term regarding Commission). The PROTECTION PERIOD for paragraph 4 and 14 shall be ___ days.

Agency: State law requires real estate licensees in Hawaii, prior to preparing any contract, to disclose orally or in writing to Seller and/or Buyer whom it is that they represent. The licensee could be:

- (a) Seller's Agent. Represents Seller only, unless a disclosed dual agency exists. Seller's agent owes highest duties to Seller, including confidentiality, loyalty, and utmost care.
(b) Buyer's Agent. Represents Buyer only, unless a disclosed dual agency exists. Buyer's agent owes the highest duties to Buyer, including confidentiality, loyalty, and utmost care.
(c) Seller's Subagent. Represents Seller only. Seller's subagent owes the same duties to you as does your agent. The subagency arises if Seller offers subagency in the Multiple Listing Service (MLS) and the cooperating broker accepts your offer. There will be no subagency unless it is specifically agreed to as a special term or as an addendum to this listing agreement and made a part of the DROA.
(d) Dual Agent. Represents both Seller and Buyer as clients. To lessen the conflict, the dual agent plays a neutral role in negotiations and must not advance the interests of one party ahead of the other. It commonly arises when other licensees in the listing company have Buyer clients looking for similar types of property. Both Seller and Buyer need to sign a written agreement describing the role of the dual agent. The dual agent acts as a facilitator to bring Seller and Buyer to a common ground of understanding in the negotiations.

Customer: Seller's Agent can also assist Buyer, as a customer. As a customer Buyer is not represented by Seller's Agent. Seller's Agent can assist Buyer in writing the DROA, can present the DROA to Seller, and can report back any acceptance or request for changes to the DROA.

THIS OFFER TO LIST INCLUDES ALL THE STANDARD LISTING TERMS. This offer also includes the following special terms:

By executing this offer to list, I affirmatively state that I own the property and/or hold a power of attorney to execute this document on behalf of the other owners of property.

3/16/05 [Signature] William G. Boyle
Name (print or type)

130 Kailua Rd #110 Kailua HI 96734 263-6000
Address Phone

Date Signature Name (print or type)

Address Phone

We accept your offer to list and agree to comply with the terms of this agreement.

Century 21 Kailua Beach Realty 263-6000 By [Signature] 3/16/05
Name of Real Estate Firm Phone Principal Broker or Broker-in-Charge Date

I have received a filled-in and fully signed copy of this listing agreement and the attached Exhibit A (MLS Data Sheet). [Signature]
Initials of Seller





EXCLUSIVE RIGHT-TO-SELL LISTING AGREEMENT
Hawaii Association of Realtors® Standard Form
 Revised 9/03 (NC) For Release 5/04



COPYRIGHT AND TRADEMARK NOTICE: This copyrighted Hawaii Association of REALTORS® Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks. The use of this form is not intended to identify the real estate licensee as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Listing Broker is is not a REALTOR® and member of the National Association of REALTORS®. Seller is aware that the National Association of REALTORS® holds its members accountable for their actions through a strict Professional Code of Ethics, which includes a grievance system to address complaints. Non-members are not required to participate in the grievance system.

TO Century 21 Kailua Beach Realty
Name of Real Estate Firm and Address

TYPE OF PROPERTY
 Residential Condo/Co-op Land
 Commercial/Indus Business/Income

William G. Boyle 263-6000
Name of Real Estate Agent and Phone

PROPERTY TMK: 1-4-5-9-21

ADDRESS: 45-132H #2 Waikaloa Rd.
Kaneohe, HI 96744

WB I own the property described on the ATTACHED EXHIBIT A or I have the right to sign this listing agreement. I want to hire you to market the property. I offer you a listing on this property from the issuance of the Final Public Hearing to June 20, 2006. Either you or I may end the listing with _____ days advance written notice to the other. However, neither of us may end this listing before midnight, _____, unless we both agree to an earlier date. I will list the property at a sales price of \$ 425,000.

I will pay you a commission of 2% of the sales price or exchange value of the real and personal property sold or exchanged (refer to Standard Listing Term regarding Commission). The PROTECTION PERIOD for paragraph 4 and 14 shall be _____ days.

Agency: State law requires real estate licensees in Hawaii, prior to preparing any contract, to disclose orally or in writing to Seller and/or Buyer whom it is that they represent. The licensee could be:

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3/14/05 WB William G. Boyle
Date Signature Name (print or type)

130 Kailua Rd #110 Kailua, HI 96734 263-6000
Address Phone

Date Signature Name (print or type)

Address Phone

We accept your offer to list and agree to comply with the terms of this agreement.

Century 21 Kailua Beach Realty 263-6000 By WB 3/14/05
Name of Real Estate Firm Phone Principal Broker or Broker-in-Charge Date

I have received a filled-in and fully signed copy of this listing agreement and the attached Exhibit A (MLS Data Sheet). _____
Initials of Seller

