

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Armstrong Homes, Ltd.
Address 80 Sand Island Access Road, Suite 209, Honolulu, Hawaii 96819
Project Name(*): ARMSTRONG MILL TOWN
Address: 94-465 Ko'aki Street, Waipahu, Hawaii 96797

Registration No. 5757
Effective date: August 12, 2005
Expiration date: September 12, 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.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
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.
[] 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 1297 / 0298 / 0800 / 0203 / 0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

- No prior reports have been issued by the developer.
 Changes made are as follows:

SPECIAL ATTENTION

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance will not be available for 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: Armstrong Homes, Ltd. Phone: (808) 848-2484
Name* (Business)
80 Sand Island Access Road, Suite 209
Business Address
Honolulu, Hawaii 96819

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):

Robert H. Armstrong – President, Secretary, Treasurer, Director
Kelly R. Armstrong – Vice President

Real Estate Broker*: Ambard Investments Inc. Phone: (808) 521-2223
dba Ambard & Company (Business)
Name
617 Pamaele Street
Business Address
Kailua, Hawaii 96734

Escrow First American Title Company, Inc. Phone: (808) 536-3866
Name (Business)
333 Queen Street, Suite 700
Business Address
Honolulu, Hawaii 96813

General Contractor*: Concrete Systems Hawaii, Inc. Phone: (808) 848-2484
Name (Business)
80 Sand Island Access Road, Suite 209
Business Address
Honolulu, Hawaii 96819

Condominium Managing Agent*: Armstrong Properties, Ltd. Phone: (808) 848-2484
Name (Business)
80 Sand Island Access Road, Suite 209
Business Address
Honolulu, Hawaii 96819

Attorney for Developer: Goodsill Anderson Quinn & Stifel Phone: (808) 547-5600
(Gail O. Ayabe) (Business)
Name
1099 Alakea Street, 18th Floor
Business Address
Honolulu, Hawaii 96813

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2005-094103
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3998
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2005-094104
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>	**The Developer's written consent also is required to amend any provision that gives the Developer any right or authority.
Declaration (and Condo Map)	75%*	75%	
Bylaws	65%	65%	
House Rules	---	Majority of the Board of Directors	

* 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:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency; (c) to file the "as built" verified statement required by Section 514A-12, HRS; (d) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 3 of Section R of the Declaration; (e) to change the designation of parking stalls which are appurtenant to apartments owned by the Developer.

[] 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: 94-465 Ko'aki Street Tax Map Key (TMK): (1) 9-4-160-017 & 018
Waipahu, HI 96797

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

Land Area: 32,015 [X] square feet [] acre(s) Zoning: I-1

Fee Owner: Armstrong Homes, Ltd.
 Name
80 Sand Island Access Road, Suite 209
 Address
Honolulu, Hawaii 96819

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: 1 Floors Per Building: 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other steel, gypsum board, glass and other allied construction materials.

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input 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 checked="" type="checkbox"/> Industrial	<u>7</u>	<input checked="" 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: No animals including poultry, rabbits, dogs, cats, birds or other animals or pets whatsoever shall be allowed or kept in any part of the Project at any time.

Number of Occupants: _____

Other: The apartments shall at all times be used only for warehouse and office purposes and such other purposes as permitted by law and the Mill Town Covenants, which are consistent with and appropriate to the design of the building and for which adequate ventilation, plumbing and other utility and service facilities exist.

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>
<u>See Exhibit A</u>	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 7

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

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

Boundaries of Each Apartment:

SEE EXHIBIT B

Permitted Alterations to Apartments:

SEE EXHIBIT C

Apartments Designated for Owner-Occupants Only: Not Applicable.

7. Parking Stalls:

Total Parking Stalls: 22

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u> </u>	<u>21</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>21</u>
Guest	<u> </u>	<u>1</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>1</u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Other: _____	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Total Covered & Open:	<u>22</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>22</u>

Each apartment will have the exclusive use of at least 3 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 F contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

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

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

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

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
 (For conversions of residential apartments in existence for at least five years): Not Applicable.

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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

Limitations may include restrictions on extending, enlarging, or continuing the 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 D .

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 E/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 F.

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 G describes the encumbrances against the title contained in the title report dated April 8, 2005, and issued by First American Title Company, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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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:

SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

2. Appliances:

SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

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

The Project was completed in July 2005.

H. **Project Phases:**

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. **Estimate of Initial Maintenance Fees:**

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

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

(Disclosure Abstract)
Exhibit H/ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

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

- 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 I contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated April 25, 2005.
Exhibit J 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.

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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 Mill Town Covenants; any documents referred to in Exhibit G

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. 5757 filed with the Real Estate Commission on May 19, 2005.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. Additional Information Not Covered Above

1. MILL TOWN COVENANTS. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants, lessees, guests, invitees, licensees, employees and any other persons who may in any manner use the Project, or any part thereof, shall be bound by and subject to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for Mill Town Center Business and Industrial Park dated June 30, 1997, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 97-088665, as supplemented, amended and restated from time to time (the "Mill Town Covenants"). The Mill Town Covenants provide, among other things, that: (a) every owner automatically becomes a member of the Mill Town Center Business and Industrial Park Association upon issuance of the apartment deed to such owner, (b) every owner must pay assessments to the Mill Town Center Business and Industrial Park Association, (c) every owner must carry liability insurance with minimum limits as set forth in the Mill Town Covenants, (d) every owner must comply with certain restrictions on the use of their apartment, as set forth in the Mill Town Covenants, (e) every owner must comply with certain restrictions regarding signage, as set forth in the Mill Town Covenants, and (f) consent of the Mill Town Center Business and Industrial Park Association may be required before making alterations to the apartment or the limited common elements appurtenant to the apartment, as set forth in the Mill Town Covenants.

2. MAINTENANCE AND REPAIR OF APARTMENTS AND COMMON ELEMENTS. The By-Laws provide that every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all doors, windows, window fixtures, and all internal installations within the apartment such as water, electricity, gas (if any), telephone, sanitation, lights and all other fixtures and accessories belonging to such apartment, if any, and the interior walls and partitions and the interior decorated or finished surfaces of all walls, partitions, floors, ceilings and roofs of such apartment, if any, and the Air Conditioning System, with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent.

Except as hereinabove expressly provided to the contrary, all maintenance, repairs and replacements to the common elements and the limited common elements, whether located inside or outside of the apartments, shall be made by the Board and be charged to all the owners as a common expense or a limited common expense; provided, however, that any such maintenance, repair or replacement necessitated by the negligence, misuse or neglect of an apartment owner

or occupant or any person under either of them, shall be charged to such apartment owner or the apartment owner of the apartment of such occupant, as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

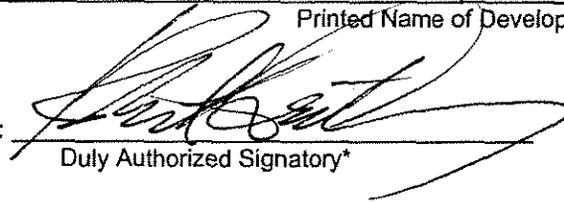
3. NO RENTAL POOL. No rental pools are available or being offered by the Developer in connection with this Project.

- 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.

ARMSTRONG HOMES, LTD.,
a Hawaii corporation

Printed Name of Developer

By:



Duly Authorized Signatory*

May 19, 2005

Date

Robert H. Armstrong, President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT A

APARTMENT DESCRIPTION

<u>Apt.</u> <u>Type</u>	<u>No.</u> <u>of</u> <u>Apts.</u>	<u>Office/</u> <u>Toilet</u> <u>Room</u>	<u>Approx.</u> <u>Net</u> <u>Floor</u> <u>Area in</u> <u>Sq. Ft.*</u>
A	1	1/1	1,864
B	2	1/1	1,908
C	2	1/1	1,908
D	1	1/1	2,510
E	1	1/1	2,453

Total Apartments: 7

*Net Floor 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.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls, floors and ceilings and/or roofs of the respective apartment as shown on the Condominium Map. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roofs and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls; the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all windows, window frames, doors and door frames along the perimeter of the apartment; and all of the fixtures originally installed therein (including the air conditioning system and all appurtenances thereto which shall include the ducts, pipes and condenser, whether located within the building or outside of the building, but not including any ducts, pipes, condensers or other items which are utilized for or serve more than one apartment).

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

Except as otherwise provided in the Declaration or in the By-Laws, restoration, repair or replacement of the Project or of the building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraph 6 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, (a) the owner of an apartment may make any alterations or additions within an apartment, provided that, with respect to those apartments other than Apartment No. 7, such alterations or additions shall not increase the floor area of said apartment, and (b) the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if, in the case of the alterations or additions decided in either (a) or (b), such alterations or additions are not visible from the exterior of the apartments and the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (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 of the Association), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the

owners of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the filing by the Developer of the "as-built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act (but in no event later than December 31, 2010), the Developer shall have the right to make alterations in the Project (and to amend the Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded, including, without limitation, changes to the metes and bounds or dimensions of the limited common elements; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded and construction of all of the apartments in the Project has been completed by the Developer, the Developer shall have the right to make alterations in the Project (and to amend the Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which consist of changing the apartment type of any of the apartments in the Project; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 4 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, the owner of Apartment No. 7 shall have the right to make alterations in the Project as follows: (a) install an overhead door (the "Overhead Door"), as shown on the Condominium Map and in the location provided for on the Condominium Map; (b) install a second floor or mezzanine within Apartment No. 7; and (c) install a fence at the perimeter of the accessory area that is a limited common element appurtenant to Apartment No. 7. The installation of any of the foregoing items shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed) and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered; provided, however, that notwithstanding the foregoing, the approval of the Board of Directors shall not be required for the installation of the Overhead Door.

Notwithstanding any other provision in the Declaration to the contrary, the Association, through its Board of Directors, shall have the right to make alterations in the Project without the approval, consent or joinder of any apartment owner, which consist of installing a fence (the "Fence") at the perimeter of the Project or portions thereof. The installation of the Fence shall only require the written approval thereof by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. The Association, through the Board, shall have the right to obtain any and all necessary or appropriate approvals for the installation of the Fence. Upon installation thereof, the Fence shall be a common element of the Project and all charges, costs and expenses incurred by the Association for the maintenance and repair of the Fence shall constitute common expenses of the Project for which all apartment owners shall be severally liable in proportion to the common interests appurtenant to their respective apartments.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT D

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

- (a) The Land in fee simple;
- (b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, walkways, entrances, entryways and exits of the building within the Project;
- (c) All walkways, roadways, sidewalks (if any), perimeter walls (if any), retaining walls (if any), fences (if any), gates (if any), driveways, parking areas, accessory areas, grounds, landscaping, trash enclosures (if any) and mailboxes (if any);
- (d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, electrical rooms (if any), 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), sewer, water, telephone and television signal distribution (if any);
- (e) The twenty-two (22) regular size, uncovered parking stalls [one (1) of which is designated as a guest parking stall] located in the parking areas of the Project, all as shown on the Condominium Map;
- (f) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;
- (g) The limited common elements described in Exhibit E attached hereto.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT E

LIMITED COMMON ELEMENTS

(a) Each of the parking stalls, other than the parking stall designated on the Condominium Map as a guest parking stall, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(b) The accessory area, designated on the Condominium Map as Accessory Area A-1, including the fence, if any, located at the perimeter of the accessory area, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(c) Any walkway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(d) Any mailbox assigned to an apartment by the Developer or the Association of Apartment Owners of the Project shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT F

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

Apt No.	Apt. Type	Parking Stall Nos.	Accessory Area No.	Common Interest
1	A	1, 2, 3	--	12.89162%
2	B	4, 5, 6	--	13.19593%
3	C	7, 8, 9	--	13.19594%
4	B	10, 11, 12	--	13.19593%
5	C	13, 14, 15	--	13.19594%
6	D	16, 17, 18	--	17.35943%
7	E	19, 20, 21	A-1	16.96521%

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Unilateral Agreement and Declaration for Conditional Zoning dated November 6, 1996, recorded in said Bureau as Document No. 96-159180.
4. Amended Unilateral Agreement and Declaration for Conditional Zoning dated November 12, 1996, recorded in said Bureau as Document No. 96-160631.
5. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in that certain Declaration of Covenants, Conditions and Restrictions for Mill Town Center Business and Industrial Park dated June 30, 1997, recorded in said Bureau as Document No. 97-088665; Consent given by City Bank, a Hawaii corporation, by instrument dated July 2, 1997, recorded in said Bureau as Document No. 97-088666.

Said Declaration was supplemented by instruments dated October 13, 1997, recorded in said Bureau as Document No. 97-146921, and dated October 22, 1998, recorded in said Bureau as Document No. 98-161344.

Mill Town Center Business and Industrial Park Designation of Successor Declarant dated November 9, 1998, recorded in said Bureau as Document No. 98-167364, by and between Amfac Property Development Corp., a Hawaii corporation, "APDC", and A & B Properties, Inc., a Hawaii corporation, "A&B".

6. Restriction of Vehicle Access Rights as shown on File Plan No. 2206.
7. Designation of Easement "12" (10 feet wide) for landscape purposes as shown on File Plan No. 2206.

8. Designation of Easement "13" (10 feet wide) for landscape purposes as shown on File Plan No. 2206.
9. Grant dated July 9, 1999, recorded in said Bureau as Document No. 99-114291, to Mill Town Center Business and Industrial Park Association, a Hawaii non-profit corporation, of a perpetual non-exclusive easement over said Easements "12" and "13".
10. -:As to Lot 18:- The terms and provisions contained in Deed and Reservation of Rights and Easements dated April 26, 2000, recorded in said Bureau as Document No. 2000-058531.
11. -:As to Lot 17:- Encroachment(s) as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc. dated September 8, 2003.
12. The terms and provisions contained in that certain Deed and Reservation of Rights and Easements dated April 25, 2002, recorded in said Bureau as Document No. 2002-073760.
13. Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO) dated May 19, 2004, recorded in said Bureau as Document No. 2004-144009.
14. Declaration of Condominium Property Regime of Armstrong Mill Town dated May 4, 2005, recorded in said Bureau as Document No. 2005-094103, as amended from time to time. Condominium File Plan No. 3998.
15. By-Laws of the Association of Apartment Owners of Armstrong Mill Town dated May 4, 2005, recorded in said Bureau as Document No. 2005-094104, as amended from time to time.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT H

DISCLOSURE ABSTRACT

1. (a) PROJECT: Armstrong Mill Town
Waipahu, Hawaii
 - (b) DEVELOPER: Armstrong Homes, Ltd.
80 Sand Island Access Road, Suite 209
Honolulu, Hawaii 96819
 - (c) MANAGING AGENT: Armstrong Properties, Ltd.
80 Sand Island Access Road, Suite 209
Honolulu, Hawaii 96819
Telephone: (808) 848-2484
 - (d) REAL ESTATE BROKER: Ambard & Company
617 Pamaele Street
Kailua, Hawaii 96734
Telephone: (808) 521-2223
2. USE OF APARTMENTS:
 - (a) Number of Apartments in Project for Residential Use: -0-
 - (b) Proposed Number of Apartments in Project for Hotel Use: -0-
 - (c) Extent of Commercial or Other Nonresidential Development in Project: 7
 3. WARRANTIES:
 - (a) Warranties.

Seller will not be providing any warranties related to the Apartment or the common elements of the Project. However, Seller will use reasonable efforts to arrange for the assignment of applicable warranties, if any, to Buyer from the general contractor and subcontractors, relating to the workmanship of the initial construction of the Apartment and the common elements of the Project. All materials, including without limitation, all light fixtures, floor coverings, if any, and other such items within the Apartment and the common elements of the

Project, shall be covered solely by the applicable warranties, if any, of the respective manufacturers thereof. The warranty periods of the various warranties described herein may vary, and Buyer should notify directly the general contractor, the subcontractors or the manufacturers, as applicable, with respect to any warranty claims that Buyer may have. Seller shall cooperate with the Buyer during the effective period of such warranty in asserting any claims based on any such warranty. Seller is merely attempting to pass through to the Buyer any such warranties; Seller is not adopting any such warranties or acting as co-warrantor with respect to such warranties. The terms of the written warranties will be available for the Buyer's examination at the Seller's sales office.

(b) No Other Warranties.

Except for the agreements set forth herein, THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY APARTMENT, THE PROJECT OR ANYTHING ELSE INSTALLED IN ANY APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF ANY APARTMENT FOR A PARTICULAR PURPOSE.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Armstrong Properties, Ltd., a Hawaii corporation, for the one-year period commencing January 1, 2005, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. MILL TOWN CENTER BUSINESS AND INDUSTRIAL PARK ASSOCIATION:

Each apartment owner will be required to be a member of the Mill Town Center Business and Industrial Park Association. As such member, each apartment owner will be required to pay Mill Town Center Business and Industrial Park Association monthly dues.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President of Armstrong Properties, Ltd., a Hawaii corporation, designated by the Developer of the Armstrong Mill Town condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 1, 2005, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 12th day of May, 2005.



Robert H. Armstrong
President

Subscribed and sworn to before me
this 12th day of May, 2005.

Dean I. Sugimoto
Typed or Printed Name: Dean I. Sugimoto
Notary Public, State of Hawaii

My Commission expires: 11/29/2007



EXHIBIT "1"

ARMSTRONG MILL TOWN

Estimated Annual Common Expenses

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Utilities</u>		
Electricity (common elements only)	\$52	\$624
Water and Sewer	158	1,900
<u>Maintenance</u>		
Buildings	500	6,000
Landscape	750	9,000
<u>Management Fee</u>	300	3,600
<u>Insurance</u>	500	6,000
<u>Reserves</u>	667	8,000
<u>Taxes and Government Assessments</u>	20	240
<u>Professional Services–Audit</u>	100	1,200
<u>Other</u>	<u>200</u>	<u>2,400</u>
TOTAL DISBURSEMENTS	<u>\$3,247</u>	<u>\$38,964</u>

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated monthly maintenance charge for each Type A apartment is \$418.59 per month.

The estimated monthly maintenance charge for each Type B apartment is \$428.47 per month.

The estimated monthly maintenance charge for each Type C apartment is \$428.47 per month.

The estimated monthly maintenance charge for each Type D apartment is \$563.66 per month.

The estimated monthly maintenance charge for each Type E apartment is \$550.86 per month.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT I

SUMMARY OF SALES AGREEMENT

A specimen Sales Agreement (the "Sales Agreement"), has been submitted to the Real Estate Commission and is available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Seller's Lender Has Priority. Seller has given to and/or may need to give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering the Project, including the Property to be sold to buyer. In the Sales Agreement, all these lenders will be called the "Lender". Seller has given or may give to the Lender a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment. The mortgage or mortgages, security agreement or agreements, and other instruments will cover the Seller's ownership rights in the Project, including the Property to be sold to buyer. Buyer agrees that all of the rights and interests which Seller gives to the Lender will have priority over buyer's rights and interests under the Sales Agreement. This applies to any changes to the loan or loans or the mortgage or mortgages, security agreement or agreements, or other instruments (including, among other things, extensions, renewals and other changes). BUYER GIVES UP AND SUBORDINATES THE PRIORITY OF BUYER'S RIGHTS AND INTERESTS UNDER THIS AGREEMENT IN FAVOR OF THE RIGHTS AND INTERESTS OF SELLER'S LENDER UNTIL THE FINAL CLOSING AND DELIVERY OF A SIGNED APARTMENT DEED TO THE BUYER. If Seller's Lender asks buyer to do so, buyer will sign other documents to confirm the promises and agreements which buyer is making in this section. If Seller's Lender takes the place of the Seller and wants the buyer to follow through with the Sales Agreement, buyer will keep all of buyer's promises and agreements contained in the Sales Agreement. Buyer agrees that under the Sales Agreement buyer has no rights or interests in the Property or the Project other than a contractual right enforceable only against the Seller and not against the Property or the Project.

2. Return of Buyer's Payments. If (a) buyer does not perform the Mortgage Loan Acts (as defined in the Sales Agreement), or (b) buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason at any time prior to the closing of the purchase of the Property, with buyer's ability to make the cash payments, then Seller may (but does not have to) cancel the Sales Agreement by giving written notice to buyer.

3. Warranties.

(a) Warranties. Seller will not be providing any warranties related to the Apartment or the common elements of the Project. However, Seller will use reasonable efforts to arrange for the assignment of applicable warranties, if any, to buyer from the general contractor and subcontractors, relating to the workmanship of the initial construction of the Apartment and the common elements of the Project. All materials, including without limitation, all light fixtures, floor coverings, if any, and other such items within the Apartment and the common elements of the Project, shall be covered solely by the applicable warranties, if any, of the respective manufacturers thereof. The warranty periods of the various warranties described herein may vary, and buyer should notify directly the general contractor, the subcontractors or the manufacturers, as applicable, with respect to any warranty claims that buyer may have. Seller shall cooperate with the buyer during the effective period of such warranty in asserting any claims based on any such warranty. Seller is merely attempting to pass through to the buyer any such warranties; Seller is not adopting any such warranties or acting as co-warrantor with respect to such warranties. The terms of the written warranties will be available for the buyer's examination at the Seller's sales office.

(b) No Other Warranties. Except for the agreements set forth herein, THE SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY APARTMENT, THE PROJECT, ANY CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN ANY APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF ANY APARTMENT FOR A PARTICULAR PURPOSE.

4. The Condominium Map Is Not a Warranty. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. Buyer understands and acknowledges that items shown on the Condominium Map, may change due to field changes and other factors, and Seller reserves the right to amend the Condominium Map, the Declaration and the other Project documents from time to time to reflect such changes. BUYER AGREES THAT THE

CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A REPRESENTATION OR WARRANTY OF ANY KIND BY SELLER.

5. Seller Makes No Promises About Rentals or Other Economic Benefits. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS REPRESENTED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED HEREIN AND IN THE DECLARATION, THE BY-LAWS AND ANY OTHER DOCUMENTS AFFECTING THE PROPERTY. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

6. Closing. Closing will take place on the Closing Date which is the date that the Apartment Deed conveying the Property to buyer is recorded or to be recorded in the Bureau of Conveyances of the State of Hawaii. The Closing Date will be set by Seller alone. It will not be less than ten (10) days after Seller signs the Sales Agreement and it will not be before a temporary or permanent certificate of occupancy covering the Apartment is issued (or if no certificate of occupancy will be issued, the Closing Date will not be before Seller determines that the Apartment is complete enough to be occupied). Seller may delay the Scheduled Closing Date for up to thirty (30) extra days. Seller will give buyer at least ten (10) days' notice of the Closing Date.

7. Buyer's Obligation to Pay Closing Costs and Other Amounts. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all conveyance taxes, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all costs of any mortgage that buyer makes, including mortgage recording fees.

8. Default by Buyer. If, prior to closing, buyer fails to make any payment when it is due or fails to keep any of buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained herein, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving buyer written notice of cancellation and Seller may keep all sums paid by buyer under the Sales Agreement as "liquidated damages" (i.e., the amount agreed to by buyer and Seller as properly payable in

settlement for breach of contract), and not as a penalty. If Seller cancels the Sales Agreement, buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing and construction of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make buyer keep all of buyer's promises and agreements, including, without limitation, closing the purchase of the Property).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable attorneys' fees and the escrow cancellation fee, which are incurred because of buyer's default.

9. Default by Seller. If, prior to closing, Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, buyer, if not in default hereunder, may file a lawsuit for specific performance to require Seller to go through with the Sales Agreement (unless the Sales Agreement is only a "reservation" in which case the terms of Article V, Section E.1 of the Sales Agreement will control) or buyer may exercise any other remedy to which buyer is entitled to at law or equity, including canceling the Sales Agreement, if applicable. If buyer cancels the Sales Agreement because of Seller's default, Seller will repay to buyer all sums paid by buyer to Seller or Escrow under the Sales Agreement, without interest.

10. Conditions Affecting the Property and Project. The buyer understands, acknowledges, covenants and agrees to the following:

(a) Utility Effects. The Property is or may be located adjacent to or in the vicinity of electric, water and other utilities and public roads and thoroughfares, including, without limitation, such things as electrical substations, high-powered electrical transmission lines, water and sewer pump stations, water and sewer mains, water tanks, reservoirs, freeways and exit ramps which may result in nuisances, such as noise and dust, disturbances or hazards (collectively, the "Utility Effects") to persons and to property on or within the Property. In recent years, concerns have been raised about possible adverse

health effects of electric and magnetic fields from power lines. Seller is not insuring or guaranteeing the health of buyer or other occupants or users of the Property and disclaims liability for personal injury, illness or any other loss or damage caused by or arising from the Utility Effects including, without limitation, the presence or malfunction of any electrical distribution systems that may be located adjacent to, near, or over any part of the Property; and

(b) Mold Effects. Mold and other forms of fungi are common and occur naturally in Hawaii due to its climate. Any moisture, including but not limited to standing water, water intrusion in a home, or condensation will promote mold or other fungal growth. Lack of maintenance, utilization of an air-conditioner and other conditions which could increase moisture or condensation in a home, will therefore create conditions which are conducive to mold and fungi growth. It has been reported or alleged that molds and other fungi can cause mild to severe allergies, infections and other health problems and property damage (collectively, the "Mold Effects"). Seller is not insuring or guaranteeing the health of buyer or other occupiers or users of the Property and disclaims liability for personal injury, illness, property damage, or any other loss or damage caused by or arising from the Mold Effects; and

(c) Industrial Effects. The Project and areas adjacent to or in the vicinity of the Project are being used, or will be used, for industrial purposes, which will result in, among other things: (i) warehouse use and activities, including, without limitation, the loading and unloading of materials, inventory and/or equipment, (ii) the presence and operation of large trucks and other vehicles within the Project and areas adjacent to or in the vicinity of the Project, and (iii) noise, dust, smoke, and other nuisances, disturbances or hazards to buyer and to persons and property on or within the Property or the Project, all of the foregoing which may limit buyer access to the Project (items (i) through (iii) are hereinafter collectively called the "Industrial Effects"); and

(d) Development Effects. (i) The Project is or may be located adjacent to or in the vicinity of various construction activities, including, but not limited to, ongoing residential and related construction (collectively, the "Proposed Development"); (ii) construction of the Proposed Development will or may result in blasting, noise, dust, vibration and other nuisances, disturbances or hazards to buyer and to persons and property on or within the Property or the Project, and may limit buyer access to the Project; (iii) when completed, traffic, lights, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project may be generated from the Proposed Development; (iv) no representations or warranties are made by Seller, its employees or agents concerning plans, or the absence of plans, by Seller or others for future development of adjacent or nearby properties, and any plans for the future

development of adjacent and nearby properties by Seller are subject to change in the sole and absolute discretion of the Seller or its successors and assigns, including, without limitation, changes in the type, location and quality of the development to occur; and (v) SELLER MAKES NO REPRESENTATIONS REGARDING THE VIEW FROM THE PROPERTY OR ANY VIEW EASEMENTS OR RIGHTS, AND THE VIEWS FROM THE PROPERTY ARE NOT GUARANTEED AND MAY BE ALTERED, DIMINISHED, ELIMINATED OR BLOCKED ENTIRELY BY THE FUTURE DEVELOPMENT OF ADJACENT OR SURROUNDING PROPERTIES (items (i) through (v) are hereinafter collectively called the "Development Effects"); and

(e) Waiver, Release and Indemnity. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh the risks of the Utility Effects, the Mold Effects, the Industrial Effects and the Development Effects (collectively, the "Property Conditions"). Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the Property Conditions. Buyer hereby covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Property Conditions, and buyer, for the buyer and the buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Property through the buyer for an extended period of time (collectively, the "Occupants"), hereby waives any claims or rights of action or suits against Seller, its successors and assigns, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from one or more of the Property Conditions. Buyer shall indemnify, hold harmless and defend Seller, its successors and assigns, from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the Occupants as a result of one or more of the Property Conditions. Buyer further covenants that buyer will notify all Occupants and transferees of the Property of the risks of the Property Conditions.

11. No Memberships. Nothing herein contained, nor any advertising or other documentation in connection with the Project shall be construed as obligating Seller or any other person to develop any land other than the Land, or to construct any improvements, including any recreational facilities, other than the improvements described in the Declaration; nor as granting to buyer any membership, privileges, or other interest in any entity or club other than the Association and the Mill Town Center Business and Industrial Park Association.

12. Access Prior to Closing. Buyer shall coordinate all visits to the Project prior to Closing with Seller so as to minimize disruption of Seller's construction activities and the risk of injury or damage. Buyer agrees to remain outside of any fenced or posted construction areas, and any other areas of the Project in which work is being performed, and to prohibit entry into such areas by buyer's tenants and guests. Violation of this provision shall be deemed a material breach of the Sales Agreement, and, in addition to any other remedy Seller has for buyer's breach of the Sales Agreement, including loss of buyer's deposits as liquidated damages, buyer agrees Seller may remove buyer by any available legal means. This promise will survive Closing.

13. Security. There have been instances of theft and/or vandalism within the Project and in areas adjacent to or in the vicinity of the Project. Buyer understands and acknowledges that buyer must take special care and precautions to secure their apartment, vehicles and property. Buyer understands and agrees that neither Seller nor the Association shall be considered in any way an insurer or guarantor of security within the Project and buyer agrees not to hold the Seller or the Association liable for any loss or damage buyer or anyone else may suffer by reason of a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. Buyer agrees to assume all risk of injury, loss or damage that may arise due to a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. Buyer understands, acknowledges and agrees that neither Seller nor the Association has made any representations or warranties, either express or implied, about any security measures at the Project and buyer has not relied upon any such representations or warranties.

14. Mediation and Arbitration After Closing.

(a) Mediation. If closing occurs and any dispute or claim arises out of the Sales Agreement or in any way is connected with the design, development, construction, sale, marketing, financing, or any other activity or matter relating to the Property, between buyer and Seller (a "Dispute"), and the parties to such Dispute are unable to resolve the Dispute through negotiation, buyer and Seller each agree first to attempt in good faith to settle such Dispute by non-binding mediation conducted in Honolulu, Hawaii. The mediation shall be conducted under the Commercial Mediation Rules of the American Arbitration Association ("AAA") except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single mediator instead of having a mediator appointed by AAA, and the parties may agree to use a recognized mediation service other than AAA. The costs for the mediator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the mediation. At Seller's option, the

mediation shall include any of Seller's agents, architects, consultants, engineers, contractors, subcontractors, suppliers, representatives or other third parties (the "Other ADR Parties") as parties.

(b) Arbitration. If closing occurs and the parties are unable to resolve the Dispute through mediation as provided in the preceding section within 30 calendar days after either party's written request to the other to commence the mediation process, then such Dispute shall be decided in Honolulu, Hawaii, by neutral binding arbitration. The arbitration shall be conducted before a single arbitrator acting under the Commercial Arbitration Rules of the AAA, except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single arbitrator instead of having an arbitrator appointed by AAA, and the parties may agree to use a recognized arbitration service other than AAA. Judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction thereof in accordance with Chapter 658A of the Hawaii Revised Statutes. The costs for such arbitrator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the arbitration. No punitive damages shall be awarded in any Dispute involving buyer, Seller or any Other ADR Parties. At Seller's option, the arbitration shall include any of the Other ADR Parties as parties.

(c) Conflict. In the event of any conflict or inconsistency between this section and any applicable law or the provisions of any applicable warranty, applicable law and the provisions of any applicable warranty, in that order, shall prevail and control over this section.

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

CONDOMINIUM PUBLIC REPORT ON
ARMSTRONG MILL TOWN

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

Copies of the escrow agreement (the "Escrow Agreement") between the Seller and First American Title Company, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement shall be deposited, as directed by Seller, in an interest-bearing account in a federally insured bank or savings and loan institution authorized to do business in the State of Hawaii, and all income therefrom and interest paid thereon shall be credited to the account of Seller, pursuant to agreement between Seller and buyer as set forth in the Sales Agreement.

2. Disbursements from the buyer's escrow funds shall be made by Escrow in accordance with the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.