

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: Fee Owner: SLV, LLC, a Registered Hawaii Limited Liability Company Address: 3632 Salt Lake Boulevard, Honolulu, Hawaii 96818

Project Name (*): 'LANI HALE' Address: 3632 Salt Lake Boulevard, Honolulu, Hawaii 96818

Registration No. 5792 (Partial Conversion) Effective date: October 24, 2005 Expiration date: November 24, 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:

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

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

SUPPLEMENTARY: (pink) This report updates information contained in the: [] Preliminary Public Report dated: [] Final Public Report dated: [] Supplementary Public Report dated: And [] Supersedes all prior public reports. [] Must be read together with [] This report reactivates the public report(s) which expired on

(* Exactly as named in the Declaration

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.
Marked as Exhibit "F"

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

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

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Common Elements	
EXHIBIT B: Encumbrances Against Title	
EXHIBIT C: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements	
EXHIBIT D: Summary of the Provisions of the Escrow Agreement	
EXHIBIT E: Summary of Deposit Receipt and Sales Contract	
EXHIBIT F: Disclosure Abstract	
EXHIBIT G: City & County of Honolulu, DPP Letter dated April 19, 2005	
EXHIBIT H: Notice of Owner Occupants (Tenants)	

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: SLV, LLC, a Registered Hawaii Limited
 Fee Owner: Liability Company Phone: (808) 734-7208
 Name* (Business)
1650 Akiaki Place,
 Business Address
Honolulu, Hawaii 96816

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):

<u>JERRY YOUNG</u>	<u>Member – Manager</u>
<u>DIANA SHELTON</u>	<u>Member – Manager</u>
<u>LARSEN M. LUKE</u>	<u>Member – Manager</u>

Real Estate Broker*: DAY Real Estate Company Phone: (808) 734-7208
 Name (Business)
P. O. Box 11597
 Business Address
Honolulu, Hawaii 96828

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

General Contractor*: None Phone: None
 Name (Business)
 Business Address

Condominium Managing Agent*: Self-Managed by the Association of Apartment Owners Phone: None
 Name (Business)
 Business Address

Attorney for Developer: Vernon T. Tashima, Attorney at Law Phone: (808) 521-2951
 Name (Business)
220 South King Street, Suite 888
 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. _____
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. _____
 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. _____
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>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Approved by Board of Directors</u>

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

2. **Developer:**

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

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

Developer reserves the right to amend the Declaration as follows:

1. To grant, reserve or adjust easements for common or public purpose.
2. By attaching an "as built" statement of an architect or engineer after new construction.

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: 3632 Salt Lake Boulevard

Tax Map Key (TMK): (1) 1-1-018:012

Address TMK is expected to change because _____

Land Area: 15,000 square feet acre(s) Zoning: A-1

Fee Owner: DIANA LYNNE SHELTON, unmarried*
 Name
3634 B Salt Lake Boulevard
 Address
Honolulu, Hawaii 96818

* Fee Owner has entered into an agreement to sell the property to Developer, in which Fee Owner will have a one-third interest, when Developer obtains financing for the purchase and development.

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: 4 Floors Per Building: 2

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>15</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

Pets: None, except "guide dog" for disabled persons are permitted, and such other animal as may be allowed by the association.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 4 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) (Identify)</u>	
Bldg A – Unit 1	1	2/1	600 sf	_____	_____
Bldg A – Unit 2	1	2/1	600 sf	_____	_____
Bldg A – Unit 3	1	2/1	600 sf	_____	_____
Bldg A – Unit 4	1	2/1	600 sf	_____	_____
Bldg B – Unit 5	1	2/1	600 sf	_____	_____
Bldg B – Unit 6	1	2/1	600 sf	_____	_____
Bldg B – Unit 7	1	2/1	600 sf	_____	_____
Bldg B – Unit 8	1	2/1	600 sf	_____	_____
Bldg C – Unit 9	1	2/1	600 sf	_____	_____
Bldg C – Unit 10	1	2/1	600 sf	_____	_____
Bldg C – Unit 11	1	2/1	600 sf	_____	_____
Bldg C – Unit 12	1	2/1	600 sf	_____	_____
Bldg D – Unit 13	1	2/1	600 sf	_____	_____
Bldg D – Unit 14	1	2/1	600 sf	_____	_____
Bldg D – Unit 15	1	1/1	450 sf	_____	_____

Total Number of Apartments: 15

*** 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 limits of the respective units are the entire living area contained within its perimeter walls and to the interior surface of the walls separating the units, and shall include pipes, wires, conduits, ducts or other utility lines running through the respective units.

Permitted Alterations to Apartments:

Alterations of an apartment may be made with the approval of the Board of Directors and the written consent of the holders of all liens affecting the apartment.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 16

	<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) (Unit 12-partially covered parking)	<u>11.5</u>	<u>3.5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>
Guest	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: <u>None</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Covered & Open:	<u>16</u>		<u>0</u>		<u>0</u>		<u>16</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area Building "D"

Tennis Court

Trash Chute/Enclosure(s)

Other: Common driveway for all four (4) buildings

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):

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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____
Off-Street Parking*	_____	X	_____

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

Limitations may include restrictions on extending, enlarging, or continuing the nonconformity, and restrictions on altering and repairing structures. In some cases, a nonconforming structure that is destroyed or damaged cannot be reconstructed.

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

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

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

described in Exhibit "A".

as follows:

* See attached letter dated April 19, 2005 from the Department of Planning and Permitting, City and County of Honolulu, marked as Exhibit "G".

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows: Each unit will have, as a limited common element, a portion of the parking space as follows:

<u>Type/Unit No.</u>	<u>Assigned Parking No.</u>	<u>Type/Unit No.</u>	<u>Assigned Parking No.</u>
Bldg A 1	Parking Space No. 1	Bldg C 9	Parking Space No. 9
2	Parking Space No. 2	10	Parking Space No. 16
3	Parking Space No. 3	11	Parking Space No. 15
4	Parking Space No. 4	12	Parking Space No. 14
Bldg B 5	Parking Space No. 5	Bldg D 13	Parking Space No. 13
6	Parking Space No. 6	14	Parking Space No. 12
7	Parking Space No. 7	15	Parking Space No. 11
8	Parking Space No. 8	Guest ---	Parking Space No. 10

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

described in Exhibit _____.

as follows:

<u>Type/Unit No.</u>	<u>Undivided Interest</u>
Bldg A 1	6.8%
2	6.8%
3	6.8%
4	6.8%
Bldg B 5	6.8%
6	6.8%
7	6.8%
8	6.8%
Bldg C 9	6.8%
10	6.8%
11	6.8%
12	6.8%
Bldg D 13	6.8%
14	6.8%
15	4.8%
TOTAL	100.0%

- 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 "B" describes the encumbrances against the title contained in the title report dated September 12, 2005 and issued by First American Title Company.

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 in favor of City Bank, dated January 26, 2001, filed as Land Court Doc No. 2682090.	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should lender terminate Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.
Financing Statement recorded as Regular System Doc No. 2001-018046	However, should Buyer's deposit be disbursed by Escrow and the lien is foreclosed prior to conveyance to Buyer, Buyer may not be able to recover the deposit moneys.

F. Construction Warranties:

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

1. Building and Other Improvements: None. There are no warranties.

2. Appliances: None. There are no warranties.

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

The two-story four-unit apartment building and the three two-family detached dwellings were constructed in 1953, relocated in 1967 and 1972 and altered in 1973 on this 15,000-square foot A-1 Medium Density Apartment zoned lot*.

Developer proposes to add five (5) more apartments, by raising 3-one story buildings, to create another floor. Construction plans are not finalized.

Currently, there are 4 buildings: Bldg A is a two-story building with 2 units on each floor
Bldg B is a one-story duplex
Bldg C is a one-story duplex
Bldg D is a one-story duplex

The Developer proposes as follows:

- 1) Bldg A will be retained, as built
- 2) Bldg B will be raised, and 2 new units will be constructed on ground level
- 3) Bldg C will be raised, and 2 new units will be constructed on ground level
- 4) Bldg D will be raised, but a single unit will be constructed on the ground level

Thereupon, each building will be a 2-story structure, without basement.

* See EXHIBIT "G", Department of Planning & Permitting, City and County of Honolulu letter dated April 19, 2005.

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):

The Developer reserves the right to add to, delete from, and/or modify the project or any part thereof, including without limitation, the right to merge with other projects, or by adding later phases to the project.

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
- self-managed by the Association of Apartment Owners
- the Developer or Developer's affiliate
- Other: _____

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

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

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

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

The Developer has not conducted a reserve study in accordance with HRS 514A-83.6 and the replacement reserve rules Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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 Laundry area in Building "D" and common driveway for all four (4) buildings.

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, EXHIBIT "H"
- Specimen Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 29, 2005
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available 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. 5792 filed with the Real Estate Commission on September 16, 2005.

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

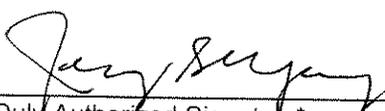
YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

- (1) Diana Lynne Shelton is a fee-owner and one of the member-manager of SLV, LLC, a Registered Hawaii Limited Liability Company.
- (2) Jerry S. C. Young is one of the member-manager of SLV, LLC, a Registered Hawaii Limited Liability Company and also a real estate broker for DAY Real Estate Company.
- (3) NOTICE TO TENANTS: See Exhibit "H"

- 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.

SLV, LLC
 Printed Name of Developer

By:  8/29/05
 Duly Authorized Signatory* Date

JERRY S. C. YOUNG
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT "A"

COMMON ELEMENTS

The common element will include the limited common elements and all other portions of the land and improvements other than the apartment, the land on which it is located and all elements mentioned in the Condominium Property Act which are actually constructed on the land herein described, and specifically shall include, but are not limited to:

- a) Land herein described in Exhibit "A" [attached to the Declaration] in fee simple.
- b) All yards, boundary walls, if any, grounds and landscaping, walkways, sidewalks, if any.
- c) Laundry and storage room in Building "D".
- d) Common driveway for all four (4) buildings.
- e) All electrical equipment, wiring and other appurtenant installations, including power and light, water, sewer and gas lines; all pipes, wires, conduits or other utility or service lines, including TV cable, if any, which are utilized by, or serve, more than one building.

END OF EXHIBIT "A"

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. 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.

Real property tax assessments for the fiscal year 2005-2006:

Tax Map Key No: (1) 1-1-018:012-0000
Class No: 2
1st Installment: \$1,440.19, payable
2nd Installment: \$1,440.19, payable

2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Easement S-6 (10 feet wide), for sewer purposes, shown on Map No. 126 filed with Land Court Application No. 1074, as set forth by Land Court Order No. 12526, recorded January 7, 1954.
4. Easement T-4 (5 feet wide), for storm drain purposes, shown on Map No. 126 with Land Court Application No. 1074, as set forth by Land Court Order No. 12526, recorded January 7, 1954.
5. Mortgage dated January 26, 2001, made in favor of City Bank, a Hawaii corporation, recorded February 8, 2001 as Land Court Document No. 2682090 of Official Records.
6. A financing statement made by Diana Lynne Shelton, unmarried, to City Bank, a Hawaii corporation, recorded February 8, 2001 as Regular System Document No. 2001-018046 of Official Records.

END OF EXHIBIT "B"

EXHIBIT "C"

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	197.44 X 12	=	2,369.31
2	197.44 X 12	=	2,369.31
3	197.44 X 12	=	2,369.31
4	197.44 X 12	=	2,369.31
5	197.44 X 12	=	2,369.31
6	197.44 X 12	=	2,369.31
7	197.44 X 12	=	2,369.31
8	197.44 X 12	=	2,369.31
9	197.44 X 12	=	2,369.31
10	197.44 X 12	=	2,369.31
11	197.44 X 12	=	2,369.31
12	197.44 X 12	=	2,369.31
13	197.44 X 12	=	2,369.31
14	197.44 X 12	=	2,369.31
15	156.64 X 12	=	1,879.68

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 Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	100.00	1,200.00
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input checked="" type="checkbox"/> common elements only	12.50	150.00
<input type="checkbox"/> common elements and apartments		
Refuse Collection	400.00	4,800.00
Telephone		
Water and Sewer	125.00	1,500.00

Maintenance, Repairs and Supplies

Building	250.00	3,000.00
Grounds	150.00	1,800.00

Management

Management Fee	750.00	9,000.00
Payroll and Payroll Taxes		
Office Expenses	50.00	600.00

Insurance 500.00 6,000.00

Reserves(*) 208.33 2,500.00

Taxes and Government Assessments

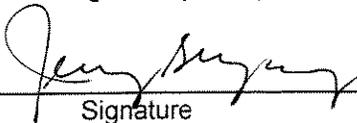
Audit Fees 166.67 2,000.00

Other 208.33 2,500.00

TOTAL

I, Jerry Young, as ~~agent for and/or employed by~~ ^{Member of} SLV, LLC,
the condominium ~~managing agent~~ ^{managing agent}/developer for the LANI HALE 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.


Signature

8/17/05
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 "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

EXHIBIT "D"

SUMMARY OF THE PROVISIONS OF THE ESCROW AGREEMENT

Among other provisions of the Escrow Agreement, the Agreement provides that:

The Agreement provides that no disbursement of Purchaser's funds shall be made until (a) Escrow is notified by Seller that the Real Estate Commission has issued an effective date for a Final Public Report, and that each purchaser has been given a copy of said Final Public Report; (b) Purchaser executes the form of Receipt For Public Report And Notice Of Right To Cancel and shall have waived or shall have been deemed to have waived his right to cancel.

Further, Purchaser shall be entitled to a refund of Purchaser's funds, and Escrow shall pay the funds to Purchaser, without interest and less Escrow's cancellation fee upon receipt by Escrow of a written request from Seller to return to Purchaser the funds of such Purchaser then held hereunder by Escrow.

Subject to such deduction as may be provided in the Sales Contract, and an escrow cancellation fee, Purchaser shall be entitled to a return of Purchaser's funds, and Escrow shall pay such funds to Purchaser, without interest, upon Purchaser's written request, and, if any, one of the following events has occurred:

(a) Seller has instructed Escrow in writing to return to Purchaser the funds of Purchaser then being held hereunder by Escrow; or

(b) Seller has notified Escrow in writing of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated herein or otherwise available to Seller; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Public Report, Purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; and, upon any such cancellation, Purchaser shall be entitled to a prompt refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00; or

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

(e) In the event of default of Purchaser, Purchaser's initial deposits shall be retained by Seller, as liquidated damages.

END OF EXHIBIT "D"

EXHIBIT "E"

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

The Deposit Receipt Offer and Acceptance Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums, which must be paid in connection with the purchase of an apartment.
- (b) That purchaser acknowledges having received and read a public report (either preliminary, contingent or final) for the Project prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.
- (d) The Sales Contract may be subordinate to the lien of a construction lender.
- (e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- (f) Requirements relating to the purchaser's financing of the purchase of an apartment.
- (g) That the apartment and the Project will be subject to various other legal documents which the purchase should examine, and that the Developer may change these documents under certain circumstances.
- (h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.
- (i) That the Project will be subject to ongoing construction and sales activities, which may result in certain annoyances to the purchaser.
- (j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

- (k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.
- (l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

DISCLOSURE ABSTRACT

Page 1

I. NAME OF PROJECT: "LANI HALE"
LOCATION: 3632 Salt Lake Boulevard
Honolulu, Hawaii 96818
TMK NO: (1) 1-1-018:012 ZONING: A-1
TYPE: Both new building(s) and conversion
(1) Bldg A: Unit Nos. 1, 2, 3, 4
(2) Bldg B: Unit Nos. 5, 6, 7, 8
(3) Bldg C: Unit Nos. 9, 10, 11, 12
(4) Bldg D: Unit Nos. 13, 14, 15

Total Units ... 15

COMMON ELEMENTS: Common driveway for all four (4) buildings
Laundry Area in Building "D"

II. FEE OWNER: DIANE LYNNE SHELTON, unmarried

DEVELOPER: SLV, LLC, a Registered Hawaii Limited Liability Company
Mailing Address: 1650 Akiaki Place
Honolulu, Haaii 96816
Phone: (808) 734-7208

ESCROW COMPANY: First American Title Company, Inc.
333 Queen Street, Suite 700
Honolulu, Hawaii 96813
Tel: (808) 536-3866

REAL ESTATE BROKER: DAY Real Estate Company
P. O. Box 11597
Honolulu, Hawaii 96828
Tel: (808) 734-7208

GENERAL CONTRACTOR: None

ARCHITECT: Edward Resh, License No. 3239
Architectural Associates
1400 Kapiolani Blvd., Suite B48
Honolulu, Hawaii 96814
Tel: (808) 941-6154

III. MAINTENANCE FEES: See attached schedule marked, Exhibit "C"

DISCLOSURE ABSTRACT
CPR PROJECT: "LANI HALE"

IV. ----- **WARRANTIES** -----

- A) Building and Other Improvements:
Construction - NONE

- B) Appliances: All units will be furnished with heater,
refrigerator and stove

There are no warranties on the existing appliances.

- V. MIXED USED PROJECT; Residential & Hotel:
YES [] (Number of Apartments in each category) NO []
 A. Residential _____
 B. Hotel _____

- VI. COMMERCIAL OR NON-RESIDENTIAL DEVELOPMENT:
 YES [] NO []

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUÉ
DEPUTY DIRECTOR

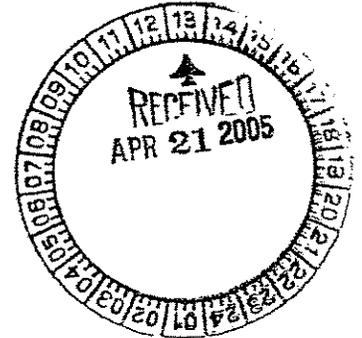
2005/ELOG-89(RLK)

April 19, 2005

Mr. Vernon T. Tashima
Attorney at Law
Suite 888, Central Pacific Plaza
220 South King Street
Honolulu, Hawaii 96813

Dear Mr. Tashima:

Subject: Condominium Conversion Project
3632 Salt Lake Blvd
Tax Map Key: 1-1-18: 12



This is in response to your letter dated January 10, 2005 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-story four-unit apartment building and the three two-family detached dwellings with ten all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1953, relocated in 1967 and 1972 and altered in 1973 on this 15,000-square foot A-1 Medium Density Apartment zoned lot.

A subdivision (file No. 72/SUB-560) was approved December 28, 1972, for the consolidation of Lots 11 and 12, Block B of Land Court Application 1074 (Map 126) (Tax Map Key 1-1-18: 11 and 12) at Moanalua, into Lot 3359 of 15,000 square feet and new Tax Map Key 1-1-18: 12.

The number of all-weather off-street parking spaces (10) is considered nonconforming.

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

Mr. Vernon T. Tashima
April 19, 2005
Page 2

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

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,


for HENRY ENG, FAICP
Director of Planning and Permitting

HE:ft

Doc 365181

June 30, 2005

Mr. and Mrs. Tepeni Soonaoso
3624 Salt Lake Blvd.
Honolulu, HI 96818

Re: Notice of Termination

Dear Mr. and Mrs. Tepeni Soonaoso,

This notice is to let you know that the owner/landlord will convert the dwelling unit which you occupy to a condominium property regime under the provision of Chapter 514A.

Your occupancy of the unit and your rental agreement covering the premises will be terminated one hundred twenty (120) days after receipt of this notice. On or before the end of the 120 period, you are expected to vacate the dwelling unit.

Also, in accordance with Section 514A-105, Hawaii Revised Statutes, you will have the first right of refusal to purchase a unit, as an owner/occupant. If you decide to purchase at that time, you will be required to sign an Owner-Occupant Affidavit. We will be contacting you at a later date when the terms and conditions to purchase a unit are set. At that time, the sale price of the unit will be established for your consideration. Approximately 8 units will be made available to tenants who presently reside on the property.

If you have any questions, please feel free to call Sam Luke at 423-6313 or me at 393-6612.

Sincerely,

Diana Shelton
SLV, LLC

47-759 Hui Kelu St. #4
Kaneohe, HI 96744
cell - 808-393-6612

AFFIDAVIT

OF INTENT TO PURCHASE AND RESIDE IN AN

OWNER-OCCUPANT DESIGNATED CONDOMINIUM RESIDENTIAL UNIT

We, the undersigned "owner-occupants," on this _____ day of _____, 20____, do hereby declare that it is our intention to purchase and reside in a condominium residential unit designated for an "owner-occupant" in the "LANI HALE" Condominium Project ("Project") proposed by SLV, LLC, a Registered Hawaii Limited Liability Company and DIANA LYNNE SHELTON ("Developer").

We understand, affirm, represent and agree by signing this Affidavit that:

1. It is our intent to reserve and purchase a residential unit ("designated unit") designated pursuant to section 514A-103 of the Act and upon closing escrow, to reside in the designated unit as our principal residence for 365 consecutive days.
2. Said term "owner-occupant" as used herein, as defined in Hawaii Revised Statutes 514A-101 as:

"...any individual in whose name sole or joint legal title is held in a residential unit which, simultaneous to such ownership, serves as the individual's dwelling place for a period of not less than three hundred and sixty-five consecutive days; provided that the individual retains complete possessory control of the premises of the residential unit during the period. An individual shall not be deemed to have complete possessory control of the premises if the individual rents, leases, or assigns the premises for any period of time to any other person in whose name legal title is not held." (Emphasis added)

3. We understand that if two or more prospective owner-occupants intend to reside jointly in the same designated unit, only one owner-occupant's name shall be placed on the reservation list under either the chronological system or lottery system.
4. Should we require financing from a financial institution to purchase the designated unit, the financing shall be an owner-occupant mortgage loan. The financial institution is required to take all reasonable steps necessary to determine whether the borrower intends to become an owner-occupant.

5. At any time after obtaining adequate financing or a commitment for adequate financing up until the expiration of this Affidavit, (365 days after recordation of the instrument conveying the designated unit to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated unit.
6. At closing of escrow, we shall file a claim for and secure an owner-occupant property tax exemption with the appropriate county office for the designated unit.
7. We have personally executed this Affidavit and we are all of the prospective owner-occupants for the designated unit. This Affidavit shall not be executed by an attorney-in-fact.
8. This Affidavit shall be reaffirmed by us no earlier than our receipt for the Project's Final Public Report and no later than the closing of escrow for the unit. The developer shall cancel our sales contract or reservation if we fail to make the reaffirmation. If the sales contract has become binding pursuant to section 514A-62 of the Act, we may be considered to be in default under our sales contract and the Developer may exercise the default or other remedies provided for in the sales contract and any other remedies provided by law.
9. We shall not sell or offer to sell, lease or offer to lease, rent or offer to rent, assign or offer to assign, convey or otherwise transfer any interest in the designated unit until at least 365 consecutive days have elapsed since the recordation of the instrument conveying title to the designated unit to us. Furthermore, we understand that we have the burden of proving our compliance with the law.
10. We understand that it is the affirmative duty of any developer, employee or agent of a developer, and real estate licensee, to report immediately to the Real Estate Commission any person who violates or attempts to violate the Owner-Occupant Law. No developer, employee or agent of a developer, or real estate licensee shall violate or aid any person in violating the Owner-Occupant Law.
11. The Real Estate Commission may require verification of our owner-occupant status and if we fail to submit such verification, we may be subject to a fine in an amount equal to the profit made from the sale, assignment or transfer of the designated unit.

12. Any false statement in this Affidavit or violation of the Owner-Occupant Law shall subject us to a misdemeanor charge with a fine not to exceed \$2,000, or by imprisonment of up to a year or both. We further understand that if we violate or fail to comply with the Owner-Occupant Law, or any rules adopted by the Real Estate Commission, we shall be subject to a civil penalty of up to \$10,000, or fifty per cent of the net proceeds received or to be received from the sale, lease, rental, assignment or other transfer of the designated unit, whichever is greater.

13. When required by context, each pronoun reference shall include all numbers (singular or plural) and each gender shall include all genders.

By signing this affidavit we represent and affirm that we have read, understand and agree to the above statements.

1)	Purchaser's signature		Print Name	date
2)	Purchaser's signature		Print Name	date
3)	Purchaser's signature		Print Name	date

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

On this _____ day of _____, 20____, before me personally appeared _____ and _____ to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed as owner-occupant(s).

 NOTARY PUBLIC, State of Hawaii
 Print Name:
 My commission expires:

"LANI HALE"
PREFERRED UNIT RESERVATION AND DEPOSIT RECEIPT

We hereby reserve, if available, one of the following designated units (in the following order of preference) in the "LANI HALE" Condominium Project proposed by SLV, LLC, a Registered Hawaii Limited Liability Company and DIANA LYNNE SHELTON:

- (1) _____
- (2) _____
- (3) _____

and tender \$ _____ (payable to _____) as a reservation deposit therefor. If we are offered a sales contract for a unit satisfactory to us, and the contract is duly executed, this reservation deposit shall constitute a part of the deposit as may be required by the sales contract.

Receipt of said Reservation Deposit
is Acknowledged:

OWNER-OCCUPANT(S):

Address:

Phone: _____

Time & Date: _____

Address: _____

Phone (Res): _____

Phone (Bus): _____

Cooperating Realtor

Agent: _____

Address: _____

The Developer agrees to honor the Reservation pursuant to the "Owner-Occupant Affidavit" and this "Reservation".

Developer: SLV, LLC & DIANA SHELTON

Phone: _____

By: _____
Its

Fax; _____

By: _____
Its