

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Lynnette Sakiko Inouye nka Lynette I. Sunamoto
Address 2220 McKinley Street, Honolulu, Hawaii 96822

Project Name (*): SANCTUARY
Address: 75-1083 Kamalani Street, Holualoa, Hawaii 96725

Registration No. 5808
(Conversion)

Effective date: February 13, 2006
Expiration date: March 13, 2007

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

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

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

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

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

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE

There are County restrictions on the number of residential dwelling units, or other structures, which may be built upon the property. Therefore, unless the purchaser is purchasing an existing residential dwelling, there is no assurance that the purchaser will be able to build a residential dwelling unit on the property. There is also no assurance that the purchaser will be able to convert an existing non-residential structure to a residential use. The purchaser should consult with the appropriate County agencies to determine whether the purchaser may build a residential dwelling unit, or any other type of structure, upon the property.

This is a condominium project, not a subdivision, and the project does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a limited common element and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads.

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 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: Lynette Sakiko Inouye
nka Lynette I. Sunamoto
Name*
2220 McKinley Street
Business Address
Honolulu, Hawaii 96822
Phone: (808) 946-5722
(Business)

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary): N/A

Real Estate Broker*: Clark Realty Corporation
Name
75-5722 Kuakini Highway, #103
Business Address
Kailua-Kona, Hawaii 96740
Phone: (808) 937-3487/937-0430
(Business)

Escrow None selected, see page 20
Name
Business Address
Phone:
(Business)

General Contractor*: N/A
Name
Business Address
Phone:
(Business)

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

Attorney for Developer: Myles T. Yamamoto, Esq.
Name
1000 Bishop Street, Suite 801
Business Address
Honolulu, Hawaii 96813
Phone: (808) 532-7900
(Business)

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 94-053722
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]:

- (1) First Amendment to Declaration dated March 3, 2005, recorded as Document No. 2005-044563
- (2) Second Amendment to Declaration dated July 5, 2005, recorded as Document No. 2005-134015
- (3) Third Amendment to Declaration dated February 6, 2006, recorded as Document No. 2006-024915

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. 2014
 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]:

Amendment to Condominium Map recorded on July 7, 2005.

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. 94-053723
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]:

First Amendment to the Bylaws, dated March 3, 2005, recorded as Document No. 2005-044564

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%* | 75% ----- |
| Bylaws | 65% | 65% ----- |
| House Rules | --- | N/A ----- |

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

2. **Developer:**

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

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

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: 75-1083 Kamalani Street Tax Map Key (TMK): (3) 7-5-013-018
Holualoa, Hawaii 96725

Address TMK is expected to change because _____

Land Area: 5.135 square feet acre(s) Zoning: Agricultural

As to Apartment A: Myles T. Yamamoto
 Fee Owner: and Iris Emiko Yamamoto
 Name
 1000 Bishop Street, Suite 801
 Address
 Honolulu, Hawaii 96813

As to Apartment B: Motooka Yamamoto & Revere,
 LLC Profit Sharing Plan and Trust,
 FBO Myles T. Yamamoto
 1000 Bishop Street, Suite 801
 Honolulu, Hawaii 96813

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: 3 Floors Per Building: 1 bldg. is a 3-story bldg.
2 bldgs. are 1-story bldgs.
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning:

| | <u>No. of Apts.</u> | <u>Use Permitted By Zoning</u> |
|--|-------------------------|---|
| <input 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 type="checkbox"/> Industrial | _____ | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input checked="" type="checkbox"/> Agricultural | <u>2*</u> | <input checked="" 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

*NOTE: The subject property is within the State Land Use Agricultural District and is zoned Agricultural by the County of Hawaii. "Farm Dwellings" and other structures appropriate to agricultural usage are permitted, subject to certain guidelines of Chapter 25 of the Hawaii County Code.

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: _____
Shall not exceed that permitted under the Housing

Number of Occupants: Code of the County of Hawaii

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Net Other Area (sf) | (Identify) |
|-----------|----------|---------|-----------------------|---------------------|---------------------------|
| Apt. A | 1 | 3/4 | 3,592 | 1,222 | Covered lanai/ walkway |
| Apt. B | 1 | N/A | N/A | 720 | Garage |
| | | | | 120 | Shed |
| | | | | | |
| | | | | | |

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

Each apartment shall be deemed to include the building comprising the apartment, including, specifically, but not limited to (i) all perimeter walls (including exterior walls), floors, foundations and roofs of such building; and (ii) all pipes, wires, conduits or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one apartment.

Permitted Alterations to Apartments:

Individual apartment owners may construct, remodel, expand and/or alter their apartments to the extent permitted by, and done in accordance with, all applicable and governing ordinances, codes, rules, regulations or other requirements in force at the time and place of said construction and/or alteration. See Third Amended Declaration, numbered paragraph 16, for additional details.

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

7. Parking Stalls:

| | | | | | |
|-----------------------------|----------------|---------------|----------------|---------------|---------------------|
| Total Parking Stalls: | <u>4*</u> | | | | |
| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> |
| | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | <u>Covered Open</u> |
| Assigned (for each unit) | <u>2</u> | <u>2</u> | <u> </u> | <u> </u> | <u>4</u> |
| Guest | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Unassigned | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Extra for Purchase | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Other: _____ | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Covered & Open: | <u>4</u> | <u> </u> | <u> </u> | <u> </u> | <u>4</u> |

Each apartment will have the exclusive use of at least 2 parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

*The parking stalls will be located within the limited common element area of each unit.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: Driveway

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):

Buildings are in sound condition and are expected to have a useful life of at least 50 years based on normal conditions and useful life of similar structures in Kona, Hawaii.

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:

*Application for setback variance is currently pending.

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 | | |

**Application for setback variance is currently pending.

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 B.

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 C.

as follows:

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

described in Exhibit _____.

as follows: Apartment A: 50%
Apartment B: 50%

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

Exhibit D describes the encumbrances against the title contained in the title report dated February 22, 2005 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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> |
|---------------------|--|
|---------------------|--|

F. Construction Warranties:

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

1. Building and Other Improvements: None

2. Appliances: None

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

Apartment A was completed in 2004. Apartment B was completed in 1994.

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.

Exhibit E 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 G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated See Note on Page 20 .
Exhibit H 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. 5808 filed with the Real Estate Commission on April 21, 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**

An escrow company has not been engaged. Upon receiving a signed DROA, the Seller intend to use Title Guaranty Escrow Services, Inc., Kailua-Kona Branch, located at 75-170 Hualalai Road, Suite C-210, Kailua-Kona, Hawaii 96740.

- 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.

Lynette Sakiko Inouye nka Lynette I. Sunamoto
Printed Name of Developer

By:  2-10-06
Duly Authorized Signatory* Date

Myles T. Yamamoto, Developer's Attorney-in-Fact
Printed Name & Title of Person Signing Above

Distribution:
 Department of Finance, County of Hawaii
 Planning Department, County of Hawaii

****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

PURPOSE AND USE

The Declaration states:

10. Purposes and Uses. Each apartment is intended for and shall be restricted to the following purposes and uses:

(i) Each apartment shall be occupied and used for residential and/or agricultural purposes. The number of occupants in an apartment shall not exceed that permitted under the Housing Code of the County of Hawaii.

(ii) No apartment owner shall do or suffer anything to be done which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, damage any of the common elements, interfere with or unreasonably disturb the rights of other apartment owners, or increase the rate of fire insurance on other apartments in the Project or the contents thereof.

(iii) Each apartment owner may use the common elements in accordance with the purpose for which they are intended without hindering or encroaching upon the lawful rights of the other apartment owners, subject always to the exclusive use of the limited common elements as provided in this Declaration.

(iv) Each apartment owner and occupant shall be responsible for the conduct of all persons residing in his apartment and for ensuring that the behavior of all such persons is neither offensive to any other person nor damaging to any portion of the common element.

(v) All apartment owners and occupants shall exercise care about causing or permitting noises that may disturb other occupants or guests.

(vi) No garbage, refuse, or trash of any kind shall be thrown, placed, or kept on any common element, other than in disposal facilities provided for such purposes; or in any limited common element or apartment, in the garbage, refuse, or trash if unsightly or poses a threat to the health or safety of any owner or occupant of the Project.

Exhibit B

COMMON ELEMENTS

1. All of the Land, in fee simple.
2. The limited common elements described in the Declaration.
3. That portion of the Land which is outlined in green on the Plot Plan on Sheet 1 of the Condominium Map, and any driveway upon said portion of the Land.
4. Any fences surrounding the Project, but only to the extent that owners of surrounding properties are not obligated to maintain and repair those fences. The Association shall not be responsible for maintaining or repairing any fences or walls which have been constructed by owners of properties surrounding the Project.
5. All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures, which are located outside the buildings and which are utilized for or serve more than one apartment.

Exhibit C

LIMITED COMMON ELEMENTS

1. That portion of the Land which is outlined in brown on the Plot Plan of Sheet 1 of the Condominium Map is reserved for the exclusive use of Apartment A for the support of the building and other improvements comprising Apartment A and for the yard, driveway, and other suitable purposes consistent with the Declaration, the By-Law and the Act.
2. That portion of the Land which is outlined in orange on the Plot Plan on Sheet 1 of the Condominium Map is reserved for the exclusive use of Apartment B for the support of the building and other improvements comprising Apartment B and for yard, driveway and other suitable purposes consistent with the Declaration, the By-Laws and the Act.

The limited common elements do not include the common elements identified in clauses (iii), (iv), and (v) of paragraph 5 of the Declaration.

Each apartment owner, at his expense, shall maintain the limited common elements appurtenant to his apartment in good order and in a neat and attractive condition.

All limited common elements costs and expenses shall be borne by the apartment owners in the following equitable manner: all limited common elements costs and expenses, including, but not limited to, maintenance, repair, replacement, additions and improvements of or to the limited common elements, shall be borne by and charged to the owner of the apartment to which the limited common element is appurtenant.

Exhibit D

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes as may be due and owing. Check with the County Tax Assessor for further information.

-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Unrecorded GRANT OF EASEMENT by LILIUOKALANI K. MORRIS to HAWAII ELECTRIC LIGHT COMPANY, INC., dated September 24, 1958, as mentioned in instrument recorded in Liber 9167 at Page 2.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATE : June 12, 1980

RECORDED : Liber 14793 Page 671

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : GRANT OF EASEMENT

DATED : June 13, 1980

RECORDED : Liber 14793 Page 626

PARTIES : FLOYD GERALD BLOSS and LYLA ELAINE BLOSS, husband and wife, SPALDING REALTY, INC., a Hawaii corporation, and SPALDING REALTY, INC. and McMAHON REALTY, INC., both Hawaii Corporations

RE : granting to each other for access and utility purposes

Exhibit D Continued

6. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and GTE
HAWAIIAN TELEPHONE COMPANY
INCORPORATED, now known as VERIZON HAWAII
INC.

DATED : March 27, 1980
RECORDED : Liber 14797 Page 72
GRANTING : an easement to maintain and operate pole and wire lines

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : EASEMENT AGREEMENT

DATED : July 3, 1979
RECORDED : Liber 14793 Page 795
PARTIES : ROY R. GOMES and MARCIALEE GOMES, husband
and wife, and SPALDING REALTY, INC., a Hawaii
corporation

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : WATER SYSTEM, ROAD AND UTILITY
EASEMENT AGREEMENT

DATED : August 7, 1981
RECORDED : Liber 15760 Page 201
PARTIES : McMAHON REALTY, INC. and SPALDING
REALTY, INC., both registered Hawaii
corporations, FLOYD GERALD BLOSS and
LYLA ELAINE BLOSS, or their successor in
interest Hualalai Farms Community Association,
a Hawaii non-profit corporation, "Developer",
and CHARLES E. MIDDLETON and MARGARET
J. MIDDLETON

Exhibit D Continued

Said Agreement was assigned to FLOYD GERALD BLOSS and LYLA ELAINE BLOSS, husband and wife, as Tenants by the Entirety, by ASSIGNMENT OF DEVELOPER'S INTEREST IN WATER SYSTEM, ROADWAY AND UTILITY EASEMENT AGREEMENTS dated November 27, 1985, recorded in Liber 22931 at Page 796.

9. NOTICE OF DEDICATION

DATED : January 20, 1988
RECORDED : Liber 21573 Page 205
BY : DIRECTOR OF FINANCE
RE : dedication of land for Cattle Pasture purposes
PERIOD : 10 years

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY
REGIME FOR "THE SANCTUARY"
CONDOMINIUM PROJECT

DATED : March 16, 1994
RECORDED : Document No. 94-053722
MAP : 2014 and any amendments thereto

11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF
APARTMENT OWNERS

DATED : March 16, 1994
RECORDED : Document No. 94-053723

Exhibit D Continued

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : April 12, 1994

RECORDED : Document No. 94-070162

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

NONE

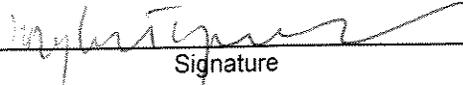
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

| | |
|---|------|
| Utilities and Services | NONE |
| Air Conditioning | |
| Electricity | |
| <input type="checkbox"/> common elements only | |
| <input type="checkbox"/> common elements and apartments | |
| Elevator | |
| Gas | |
| <input type="checkbox"/> common elements only | |
| <input type="checkbox"/> common elements and apartments | |
| Refuse Collection | |
| Telephone | |
| Water and Sewer | |
| Maintenance, Repairs and Supplies | NONE |
| Building | |
| Grounds | |
| Management | NONE |
| Management Fee | |
| Payroll and Payroll Taxes | |
| Office Expenses | |
| Insurance | NONE |
| Reserves(*) | |
| Taxes and Government Assessments | NONE |
| Audit Fees | NONE |
| Other | |
| TOTAL | NONE |

I, Myles T. Yamamoto, as ~~agent for and/or employed by~~ Purchaser in lieu of Developer, the condominium managing agent/developer for the Sanctuary 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

2-7-06
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 F



BUILDING DIVISION

Department of Public Works – County of Hawaii
101 Pauahi St., Suite 7 – Hilo, Hawaii 96720

Hilo (808) 961-8331 – Fax (808) 961-8410
Kona (808) 327-3520 – Fax (808) 327-3509

March 14, 2005

Mr. Myles T. Yamamoto
75-1083 Kamalani Street
Holualoa, Hawaii 96725

SUBJECT: To satisfy the requirements of Section 514A-40(b)(1) of the HRS
T.M.K.: (3) 7-5-013:018-0001 9Apt. A); 7-5-013:018-0002 (Apt.B)

This is to inform you that our records on file, relative to the status of the subject, discloses that:

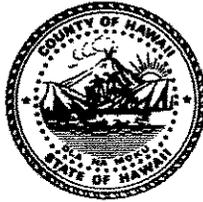
- No Electrical permit was issued for work done on the premise.
- No building permit was issued for the change of occupancy.
- At the time of completion, the subject complied to all building regulations that were in effect.
- Variance from any building regulation (Building, Electrical, Plumbing, or Sign) was/was not granted.
- The following violation(s) still outstanding:
 - Building Electrical Plumbing Sign
- Others.

This status report reflects Building Division records on file only and does not include information from other agencies or departments. You should check directly with any other agencies or departments that may have jurisdictions in this matter.

Should you have any questions regarding matters contained herein, please feel free to contact us.

J. Cheng
Brian Kajikawa, Building Division Chief

Harry Kim
Mayor



Christopher J. Yuen
Director

Roy R. Takemoto
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawaii 96720
Phone (808) 961-8288 • Fax (808) 961-8742

April 1, 2005

Mr. Myles T. Yamamoto
75-1083 Kamalani Street
Holualoa, Hawaii 96725

Dear Mr. Yamamoto:

Condominium Registration Information

Project: Sanctuary Condominium Project
Developer: Lynette Sakiko Inouye
Tax Map Key: (3) 7-5-013:018

We are in receipt of your letter, dated February 8, 2005, which was received on February 10, 2005 and the accompanying Declaration of Condominium Property Regime for the project. The condominium consists of two limited common elements representing 51% (Apartment A) and 49% (Apartment B) of the subject property's 5.135-acre total land area.

The subject 5.135-acre property was created by subdivision (SUB 4479) on June 9, 1980. The property is zoned Agricultural (A-5a) by the County and is situated within the State Land Use Agricultural district.

The following is our response to your request for the issuance of a written statement, pursuant to the requirements of Hawaii Revised Statutes §514A-40(b)(1), regarding the referenced condominium project.

1. Based on information available to this office, the existing buildings on the property were constructed in compliance with all zoning ordinances and codes applicable to said buildings. A statement of compliance with all building codes should be requested from the Department of Public Works – Building Division.
 - a. Building Permit (BP) #K07050 was issued on September 11, 1985 to allow for the construction of a 2,688 square foot dwelling. This permit was closed due to final inspection recorded on July 18, 1989.

Mr. Myles T. Yamamoto
Page 2
April 1, 2005

- b. Building Permit (BP) #885376 was issued on April 29, 1988 to construct a new 2-story, 2,360-square foot dwelling. This permit was closed due to final inspection recorded on July 18, 1989.
 - c. Other building permits (BP#26473 & #995236) were issued in subsequent years for various improvements to these existing dwellings. BP#26473 remains an open permit with the Building Division.
 - d. An Ohana Dwelling Permit was issued on September 9, 1994 to allow for the construction of a second single family dwelling on the subject property.
2. No non-conforming uses or structures have been identified on the subject property.
 3. No variances were granted to achieve compliance with any zoning ordinances or codes.
 4. Regarding minimum lot size requirements. The Declaration of Condominium Property Regime was recorded with the Bureau of Conveyances on March 28, 1994. Therefore, the subject CPR project is in compliance with the Hawaii County Subdivision Code, pursuant to §23A-20(a)(1), Ordinance 02-111.

Chapter 205, HRS does not authorize residential dwellings as a permissible use in the Agricultural District as classified by the State Land Use Commission, unless the dwelling is related to an agricultural activity or is a "farm dwelling." A "farm dwelling" is defined in Section 205-4.5(a)(4) as "a single family dwelling located on and used in conjunction with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling." The requirements of this section apply to dwellings permitted as ohana dwelling units by the County of Hawaii. All property buyers must comply with Chapter 205, HRS.

The Hawaii County Code, Chapter 25, Zoning, Sections 25-5-77(b), (c) and (1) state the following:

- (b) One (1) single-family dwelling or one (1) farm dwelling shall be permitted on any building site in the "A" district. A farm dwelling is a single-family dwelling that is located on or used in connection with a farm or if the agricultural activity provides income to the family occupying the dwelling.
- (c) Additional farm dwellings may be permitted in the "A" district only upon the following conditions:

Mr. Myles T. Yamamoto
Page 3
April 1, 2005

A farm dwelling agreement for each additional farm dwelling, on a form prepared by the director, shall be executed between the owner of the building site, any lessee having a lease on the building site with a term exceeding one (1) year from the date of the farm dwelling agreement, and the County. The agreement shall require the dwelling to be used for farm-related purposes.

All property buyers must comply with Chapter 25 of the Hawaii County Code.

Should you have questions, please feel welcome to contact Larry Brown or Daryn Arai of this office at 961-8288.

Sincerely,


CHRISTOPHER J. YUEN
Planning Director

DSA:da
P:\WPWIN60\Larry\CPR\Yamamoto-7-5-13-18CL.doc

xc: Planning Department – West Hawaii Office
Department of Water Supply – Water Resources & Planning Branch
Real Property Tax Office

Exhibit G

SUMMARY OF SALES CONTRACT (DROA)

The sales contract will be the standard form contract used by real estate brokers in the State of Hawaii. Its material provisions include a description of the property, the purchase price, date of closing, seller's disclosures, buyer's opportunity for inspection, conditions of sale such as boundary staking, survey, title reports, financing, procedures for extensions of time and cancellation, remedies, real estate agency and broker relationships and commissions, closing costs and expenses and special conditions of sale.

Exhibit H

ESCROW AGREEMENT

The escrow agreement will be the standard form contract used by persons engaged in business in the State of Hawaii as escrowee and real estate professionals. It explains the escrowee's relationship to the seller, buyer and their respective agents, the escrowee's duties and charges for services rendered and the seller and buyer's separate obligations as well. It also contains special provisions relating to the preparation of the sale documents, title reports, title insurance, closing statements, federal and state tax reports, deposits of funds, closing, recording of sale documents, disbursement of funds and procedures and remedies in the event disputes arise in the transaction.

The escrowee will retain or request an attorney licensed to practice law in the State of Hawaii to prepare deed, mortgage or other document necessary to convey the property to a buyer.

Exhibit I

DISCLOSURE ABSTRACT

Date: February 7, 2006

1. The Project

Name: SANCTUARY
Address: 75-1083 Kamalani Street
Holualoa, Hawaii 96725
Developer's Name: Lynette Sakiko Inouye
Developer's Address: 2220 McKinley Street
Honolulu, Hawaii 96822
Developer's Phone: Unkown
Project Manger: None (self-managed)

2. Annual Maintenance Fees (As of January 1, 2005)

The following amounts are certified to be accurate based on generally accepted accounting principles.

| | |
|---|---------|
| Estimated Annual Fees For Waterline: | \$ -0- |
| (Cost per Apartment: | \$ -0-) |

No reserve replacement study has been made.

3. Warranties

No warranties exist for the individual apartments and common elements.

4. Use of Apartments

Proposed number of apartments to be used for residential purposes: 2

Proposed number of apartments to be used for hotel use: None

Proposed number of apartments to be used for hotel and residential: None

5. Extent of Commercial and Non-Residential Development

Not Applicable.

6. Existing Structures

Based upon a report prepared by an independent Hawaii registered architect or engineer, the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the Project that all structural components and mechanical and electrical installations of the Project appear to be sound and in satisfactory working condition.

The expected useful life of each item reported on in paragraph 1 is 50 years.

The project is on a lot, or has structures or uses, that conform to present zoning requirements.