CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer GAIL A. KOSIOREK and FULVIO FONDA
Address 48-505 Kamehameha Highway, Kaneohe, Hawaii 96744

Project Name(*): 51-329 & 51-331 KEKIO ROAD
Address: 51-331 Kekio Road, Kaaawa, Hawaii 96730

Registration No. 5809 (Partial Conversion)

Effective date: November 8, 2005
Expiration date: December 8, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] 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.

[X] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

SPECIAL ATTENTION

THERE ARE CITY AND 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 ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A STRUCTURE FOR RESIDENTIAL USE. PROSPECTIVE PURCHASERS 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 and not a subdivision. The land area beneath and immediately appurtenant to each apartment unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The broken lines on the Condominium Map bounding the designated number of square feet within each limited common element land area are for illustrative purposes only, and should in no way 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 FOREGOING.

TABLE OF CONTENTS

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

EXHIBIT "A": Description of Apartments
EXHIBIT "B": Boundaries of Each Apartment
EXHIBIT "C": Letter from the Department of Planning and Permitting dated September 2, 2005
EXHIBIT "D": Architect's Visual Inspection Report dated August 3, 2005
EXHIBIT "E": Description of Common Elements
EXHIBIT "F": Description of Limited Common Elements
EXHIBIT "G": List of Encumbrances Against Title
EXHIBIT "H" Estimate of Maintenance Fee Disbursements
EXHIBIT "I": Summary of Pertinent Provisions of Sales Contract
EXHIBIT "J": Summary of Pertinent Provisions of Escrow Agreement
EXHIBIT "K": Permitted Alterations to the Apartments

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: GAIL A. KOSIOREK and FULVIO FONDA
Name*
48-505 Kamehameha Highway
Business Address
Kaneohe, Hawaii 96744

Phone: (808) 239-3961 (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*: Gail Kosiorek Inc., dba Fidelity Properties
Name
48-505 Kamehameha Highway
Business Address
Kaneohe, Hawaii 96744

Phone: (808) 239-3961 (Business)

Escrow: Old Republic Title & Escrow of Hawaii, Ltd.
Name
116 Hekili Street, Suite 7
Business Address
Kailua, Hawaii 96734

Phone: (808) 266-0150 (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: Anders G. O. Nervell, Esq.
Name Clay Chapman Crumpton Iwamura & Pulice
700 Bishop Street, Suite 2100
Business Address
Honolulu, Hawaii 96813

Phone: (808) 535-8400 (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
[X] Recorded - Bureau of Conveyances: Document No. 2005-193352
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]: NA

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
[X] Recorded - Bureau of Conveyances Condo Map No. 4078
[ ] 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]: NA

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
[X] Recorded - Bureau of Conveyances: Document No. 2005-193353
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]: NA

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 [X] Developer does not plan to adopt House Rules

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	100%
Bylaws	65%	65%
House Rules	---	Board of Directors

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

2. Developer:

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

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

1. To grant easements for utility easements (see paragraph 7.5 of the Declaration).

2 To amend the Declaration by filing an "as built" certificate (see paragraph 20.1 of the Declaration).

3. To amend the Declaration to comply with the requirements imposed by law, title insurers, lenders, etc. (see paragraph 20.2 of the Declaration).

4. To amend the By-Laws to comply with the requirements of any federal or State governmental agency (see Section 10.2(a) of the By-Laws).

III. THE CONDOMINIUM PROJECT

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

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: [ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: 51-331 Kekio Road
Kaaawa, Hawaii 96730

Tax Map Key (TMK): (1) 5-1-2-42

[ ] Address [X] TMK is expected to change because the City and County of Honolulu may assign new CPR numbers for each unit

Land Area: 11,149 [X] square feet [ ] acre(s) Zoning: R-5

Fee Owner: GAIL A. KOSIOREK and FULVIO FONDA
Name
48-505 Kamehameha Highway
Address
Kaneohe, Hawaii 96744

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building: 1

   [X] Exhibit "A" contains further explanations.

3. Principal Construction Material:

   [X] Concrete [X] Hollow Tile [X] Wood

   [X] Other allied building material

4. Uses Permitted by Zoning

		No. of Apts.	Use Permitted By Zoning	
* [X]	Residential	1	[X] Yes	[ ] No
[ ]	Commercial		[ ] Yes	[ ] No
[ ]	Mix Res/Comm		[ ] Yes	[ ] No
[ ]	Hotel		[ ] Yes	[ ] No
[ ]	Timeshare		[ ] Yes	[ ] No
[ ]	Ohana		[ ] Yes	[ ] No
[ ]	Industrial		[ ] Yes	[ ] No
[ ]	Agricultural		[ ] Yes	[ ] No
[ ]	Recreational		[ ] Yes	[ ] No
[X]	Other (storage shed)	1	[X] Yes	[ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

*Any other uses permitted under the Land Use Ordinance for R-5 zoned properties, including daycare facilities, duplexes, meeting facilities, public uses and structures, elementary, intermediate and high schools, telecommunications antennas and utility installations, Type A.

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:

[X] Pets: Unless agreed to by the Apartment Owners, no livestock, poultry, or any animal kept for commercial purposes shall be allowed or kept in Project; except that dogs, cats and other household pets in reasonable numbers are permitted (see Article X, Section 10.7 of the By-Laws).

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: none Stairways: none Trash Chutes: none

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
SEE EXHIBIT "A"					

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: SEE EXHIBIT "B".

Permitted Alterations to Apartments:
Subject to restrictions in the Declaration and the By-Laws, an apartment owner may make additions to or alterations of his or her apartment or limited common elements appurtenant to such apartment. See Exhibit "K". Furthermore, handicapped occupants may make reasonable modifications to their apartments, the limited common elements appurtenant thereto, and/or the common elements, at their own expense.

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: 2

	Regular Covered	Regular Open	Compact Covered	Compact Open	Tandem Covered	Tandem Open	TOTAL
Assigned (Unit 51-331)	2						2
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	2		0		0		2

Each existing 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.

*Note: With respect to Unit 51-329, when the storage shed is replaced with a residential dwelling, Unit 51-329 will have the exclusive use of that number of parking stalls located on the appurtenant dwelling area as determined by the owner of Unit 51-329. The owner of an apartment has the right to designate parking stalls anywhere on the respective dwelling areas.

[ ] Commercial parking garage permitted in condominium project.

[X] Exhibit: "A" 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)

[X] Other: wastewater system – see page 20a for additional information

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations SEE EXHIBIT "C"

[X] 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):

SEE EXHIBIT "D"

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted. SEE EXHIBIT "C"

[ ] 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.

	Conforming	Non-Conforming	Illegal
Uses		X*	
Structures	X		
Lot	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 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.

*The two unpaved parking stalls and driveway appurtenant to Unit 51-331 are considered to be non-conforming. See Exhibit "C".

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:

[X] described in Exhibit "E" .

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[X] described in Exhibit "F"*.

[ ] as follows:

*Note: Land areas referenced herein are not legally subdivided lots.

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 _____.

[X] as follows: The percentage of common interest appurtenant to each apartment in the Project is 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 "G" describes the encumbrances against the title contained in the title report dated September 8, 2005 and issued by Old Republic Title and Escrow of Hawaii.

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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgage	Buyer's interest is subordinate to mortgagee's and is subject to termination. Buyer is entitled to return of any deposits paid, less escrow cancellation fees.

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. Units to be conveyed "as is". Developer is not making any warranties on the materials and workmanship of the Units.

2. Appliances: None. Appliances sold "as is".

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

Unit 51-329 was constructed in 2005, and Unit 51-331 was constructed in 1966.

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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the 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 place 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 "H"* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

*Note: Developer has not 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.

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:

[X] 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

[X] Specimen Sales Contract
Exhibit "I" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated September 14, 2005
Exhibit "J" contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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 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. 5809 filed with the Real Estate Commission on September 23, 2005.

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

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

C. **Additional Information Not Covered Above**

1. Not a Subdivision; Replacement of Shed with Residential Dwelling. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment will be conveyed an apartment unit together with an "undivided" interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

There are City and County restrictions on the number of residential dwelling units, or other structures, which may be built upon the property. Therefore, with respect to Unit 51-329, there is no assurance that the purchaser will be able to convert the storage shed to a residential dwelling unit. Potential purchasers are strongly urged to consult with the appropriate City and County agencies to confirm that the purchaser will be able to construct a residential dwelling unit on the dwelling area appurtenant to Unit 51-329.

2. Maintenance Fees. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common elements, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. Although the components of the wastewater system which are utilized for or serve more than one unit are common elements, the Developer believes that the owners would rather treat any repair to the wastewater system as a special assessment rather than collect and maintain a reserve fund. All utilities are separately metered.

3. Insurance. Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the such insurance be common expenses. Developer anticipates that the Association will elect, pursuant to Paragraph 16.5 of the Declaration, to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

4. Reserves. Developer discloses that no "reserve study" was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

5. Disclosure Regarding "AS-IS" Sale. The two apartments will be conveyed in their present "as is" condition. Potential buyers are strongly urged to have a professional home inspection to ascertain the exact condition of the property.

6. Hazardous Materials. The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extend (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered.

7. Lead Warning Statement. Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

8. Disclosure Regarding Broker License. Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Gail A. Kosiorek, RB-14033, is a current and active Hawaii-licensed real estate broker. Furthermore, Gail Kosiorek Inc., dba Fidelity Properties, RB-14059, is the project broker. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

9. Storage Sheds; Building Permits; Replacement. Unit 51-329 is a 10 square feet storage shed. Pursuant to Section 18-3.1(b)(16) of the Revised Ordinances of Honolulu, the structure did not require a building permit because it is a one-story detached storage shed with an aggregate floor area not exceeding 120 square feet. See Exhibit "C".

If and when Unit 51-329 is replaced, it is expected to by replaced by a single-family residence in accordance with Paragraph 19.1 of the Declaration. Unit 51-329 will have that number of rooms (exclusive of lanai), net living floor area in square feet (exclusive of lanai) and a garage or carport, as set forth in an amendment to the Declaration made in accordance with Paragraph 20.4 of the Declaration. Exhibit "K" attached hereto contains additional information regarding alteration of the units.

The Owner of Unit 51-331 ("Non-Building Owner") shall cooperate with the Owner of Unit 51-329 ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits, and obtaining utility services into his Dwelling Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expenses hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence (or making of any change) shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner.

10. Individual Wastewater System. The Project is not serviced by a public sewer system. Unit 51-331 is serviced by a cesspool, and the cesspool is located within the Dwelling Area appurtenant to Unit 51-329. Unit 51-329 is not connected to a wastewater system. If and when Unit 51-329 is replaced by a single-family residence, the owner of Unit 51-329 will be responsible for replacing the existing cesspool with a septic tank system, and to connect both Unit 51-329 and Unit 51-331 to the newly installed septic tank system; and the owner of Unit 51-329 will be responsible for any and all costs involved in connection therewith. Thereafter, any and all expenses associated with the maintenance of the wastewater system will be shared equally by the owners of the two units.

Furthermore, State law permits only five bedrooms to be serviced by an individual wastewater system. Since Unit 51-331 already has three bedrooms, if Unit 51-329 is replaced by a single-family residence, then Unit 51-329 may be limited to two bedrooms if the two dwelling units will be sharing the same wastewater system. Prospective purchasers of Unit 51-329 should consult with the State Department of Health before purchasing the unit to determine whether the planned use of the property is permitted.

Pursuant to paragraph 19.1, the owner of Unit 51-331 (the "Non-Building Owner") shall cooperate with the owner of Unit 51-329 (the "Building Owner") with respect to the Building Owner's construction of such residence, including obtaining utility services and connecting both Unit 51-329 and Unit 51-331 to the newly installed septic tank system. Furthermore, all costs incurred in the building of the residence, including obtaining utility services, shall be borne by the Building Owner. The Building Owner shall also indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of the construction of the residence and the installation of utility services.

11. Kaaawa Beach Owners Association. The two Units are subject to the terms and provisions of the Declaration of Covenants, Conditions and Restrictions dated August 17, 1982, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 16521, Page 395 (the "CC&Rs"), for the Kaaawa Beach Owners Association (the "Association"). The purpose of the Association is to own and maintain the roads in the subdivision (the "Roads"). An Owner automatically becomes a member of the Association upon acquiring the Unit. The CC&Rs provide that the Owner shall have a nonexclusive right and easement to use the Roads. The CC&Rs further provide that the Owner shall be required to pay an annual assessment, together with any special assessments levied by the Association. Currently the annual assessment is $12.00, and each Owner shall be liable for one-half of the annual assessment (currently $6.00).

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.

GAIL A. KOSIOREK and FULVIO FONDA
Print Name of Developer

By: Gail A Kosiorek — September 14, 2005
GAIL A. KOSIOREK — Date

By: Fulvio Fonda — September 14, 2005
FULVIO FONDA — Date

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"

Description of Apartments

There are two (2) condominium apartments in the Project. Each of the two (2) buildings contains one (1) condominium apartment. The apartments are referred to as "Units" on the Condominium Map, and are more particularly described below:

1. Unit 51-329. Unit 51-329 is a non-residential storage shed, and contains a single room of approximately 10 square feet. If and when the shed is replaced, it is expected to be replaced by a single-family residence in accordance with Paragraph 19.1 of the Declaration. The changed Unit 51-329 will have that number of rooms (exclusive of lanai), net living floor area in square feet (exclusive of lanai), a garage or carport, as set forth in an amendment to the Declaration made in accordance with Paragraph 20.4 of the Declaration.

   Unit 51-329, when replaced or rebuilt, will have the exclusive use of that number of parking stalls located on the appurtenant Dwelling Area as determined by the Owner of such Unit.

2. Unit 51-331. Unit 51-331 is a one-story residential structure without a basement, constructed in 1966. Unit 51-331 contains three (3) bedrooms, two (2) bathrooms, kitchen, living room, dining area and family room, with a net living area of approximately 1,685 square feet. Unit 51-331 also contains porch and lanai areas of approximately 270 square feet.

   Unit 51-331 has two (2) appurtenant parking stalls located on the appurtenant Dwelling Area.

END OF EXHIBIT "A"

EXHIBIT "B"

Boundaries of Each Apartment

Each Unit consists of (a) all footings, floors, foundations, perimeter walls and roofs of the Building and all other improvements from time to time located upon the Dwelling Area appurtenant to the Units; (b) all of the space, fixtures, walls and other improvements located within such footings, floors, foundations, perimeter walls and roofs; (c) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls and roofs; (d) all decks, lanais, porches, steps, stairs or other improvements physically attached to any Building and for the exclusive use of the Owners and occupants of any Building; and (e) all portions of any carport or garage physically attached to, or contained in, any Building or located on the Dwelling Area appurtenant to the Unit and for the exclusive use of the owner and occupants of the Unit. The foregoing, as initially established or as hereafter changed pursuant to Paragraph 19.1 of the Declaration, is referred to herein as a Unit. A Unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a Unit (or the Dwelling Area appurtenant to such Unit) which are utilized by or serve any other Unit.

END OF EXHIBIT "B"

.PARTMENT OF PLANNING AND PERMITTI
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.honoluludpp.org • INTERNET: www.honolulu.gov

MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2005/ELOG-1191 (VV)

September 2, 2005

Mr. Anders G.O. Nervell
Clay Chapman Crumpton
Iwamura & Pulice
Attorneys at Law
700 Bishop Street, Suite 2100
Honolulu, Hawaii 96813

Dear Mr. Nervell:

Re: Condominium Conversion Project
57-331 Kekio Road
Tax Map Key: 5-1-002: 042

This is in response to your letter dated May 27, 2005, requesting verification that the structures on the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story single-family dwelling with two (2) unpaved off-street parking spaces and driveway met all applicable code requirements when it was constructed in 1966 on this 11,149 square-foot R-5 Residential District zoned lot.

Investigation also revealed the following:

1. The two (2) unpaved off-street parking spaces and driveway are considered to be nonconforming.

2. The 10 square-foot storage shed is permitted as an accessory use. One-story storage sheds with an aggregate floor area not exceeding 120 square feet and meeting zoning code requirements do not require a building permit.

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 ordinances or codes.

EXHIBIT "C"

No variances or other permits were granted to allow deviations from 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.

Very truly yours,

Henry Eng, FAICP, Director
Department of Planning and Permitting

doc394265

August 3, 2005

Ms. Gail Kosiorek
48-505 Kamehameha Highway
Kaneohe, HI 96744

Re: Condominium Conversion Project
Owner: Gail Kosiorek
Address: 51-331 Kekio Road
Kaaawa, Hawaii 96730
TMK Nos.: 5-1-2-42

Dear Ms. Kosiorek:

Pursuant to your instructions, a visual inspection was made of the storage shed and the single family dwelling located at 51-331 Kekio Road, Kaaawa, Hawaii 96730, which structures will be designated as Unit 51-329 and Unit 51-331 of the proposed 51-329 & 51-331 Kekio Road condominium project. The purpose of the inspection was to examine and comment on the present state of the buildings. The following describes my assessment of the present condition of the buildings:

Unit 51-329 (storage shed)

1. The structure appears to be in new condition. The unit is usable and appears to be free from major structural defects.

2. There are no electrical and plumbing systems.

3. The expected useful life is estimated to be between 20 and 25 years.

Unit 51-331 (single family dwelling).

1. The structure appears to be in good condition. The unit is habitable and appears to be free from major structural defects.

2. The electrical and plumbing systems appear to be functioning properly and seem to be in good condition.

EXHIBIT "D"

3. The expected useful life is estimated to be between 20 and 25 years.

CONCLUSION: At the present time, the buildings are in good condition with no major structural defects.

Very truly yours,

Mark V. Sundberg,
Licensed Professional Architect
No. AR 6332

258161

MARK V. SUNDBERG
LICENSED PROFESSIONAL ARCHITECT
No. 6332
HAWAII, U.S.A.

EXHIBIT "E"

Description of Common Elements

The common elements include the following located within the Project:

1. The Land in fee simple;

2. The cesspool located within the Dwelling Area appurtenant to Unit 51-329, and any replacement wastewater system thereof, together with all components of such wastewater system which are utilized for or serve more than one Unit;

3. All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit;

4. All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines running through a Unit which are utilized by or serve more than one Unit; and

5. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT "E"

EXHIBIT "F"

Description of Limited Common Elements

The limited common elements include the following located within the Project:

1. The limited common elements so set aside and reserved for the exclusive use of Unit 51-329 are as follows:

(a) The site on which Unit 51-329 is located, consisting of the land beneath and immediately adjacent to Unit 51-329 (including any yard areas, landscaping, driveways, walkways, and access areas), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Unit 51-329. Said site is referred to in the Declaration as the Dwelling Area, and the Dwelling Area for Unit 51-329 contains an area of 4,114 square feet.

2. The limited common elements so set aside and reserved for the exclusive use of Unit 51-331 are as follows:

(a) The site on which Unit 51-331 is located, consisting of the land beneath and immediately adjacent to Unit 51-331 (including any yard areas, landscaping, driveways, walkways, and access areas), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Unit 51-331. Said site is referred to in the Declaration as the Dwelling Area, and the Dwelling Area for Unit 51-331 contains an area of 7,035 square feet.

3. Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

Note: The Dwelling Areas referred to above are not legally subdivided lots.

END OF EXHIBIT "F"

EXHIBIT "G"

List of Encumbrances Against Title

Encumbrances against the title as contained in the Preliminary Report dated September 8, 2005, and issued by Old Republic Title and Escrow of Hawaii are as follows:

1. Real property taxes due and payable. For more information contact the City and County of Honolulu, Department of Finance, Real Property Tax Assessment.

2. Title to all mineral and metallic mines reserved to the State of Hawaii.

3. Covenants, conditions and restrictions, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin, unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in that certain Declaration of Covenants, Conditions and Restrictions for Kaaawa Beach Owners Association dated August 17, 1982, recorded in said Bureau of Conveyances in Liber 16521, Page 395, as amended.

4. The lack of right of access recorded in insurable form to and from the land to a public street. However, affirmative coverage is given due to the existing "physical" or "actual" access across Kekio Road.

5. Mortgage dated August 2, 2005 in favor of Mortgage Electronic Registration Systems, Inc., as a nominee for First Horizon Home Loan Corporation, a Kansas corporation, as their interest may appear, recorded in said Bureau of Conveyances as Document No. 2005-155491.

6. Mortgage dated August 2, 2005 in favor of First Horizon Home Loan Corporation, a Kansas corporation, recorded in said Bureau of Conveyances as Document No. 2005-155492.

7. Condominium Map No. 4078 filed in said Bureau of Conveyances.

8. Declaration of Condominium Property Regime dated September 14, 2005, recorded in said Bureau of Conveyances as Document No. 2005-193352.

9. By-Laws of the Association of Apartment Owners dated September 14, 2005, recorded in said Bureau of Conveyances as Document No. 2005-193353.

END OF EXHIBIT "G"

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months = Yearly Total
Unit 51-329	None
Unit 51-331	None

No common expenses contemplated.

No reserve study done in accordance with Section 514A-83.6, Hawaii Revised Statutes.

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
[ ] common elements only
[ ] common elements and apartments
Elevator
Gas
[ ] common elements only
[ ] common elements and apartments
Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and Supplies

Building
Grounds

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance — Each unit owner will purchase his own insurance and name the Association as an additional insured

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

We, GAIL A. KOSIOREK and FULVIO FONDA, the developer for the 51-329 & 51-331 KEKIO ROAD 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.

Gail A Kosiorek
GAIL A. KOSIOREK — September 14, 2005 Date

FULVIO FONDA — September 14, 2005 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 "I"

Summary of Pertinent Provisions of Sales Contract

The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

1. A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.

2. That a buyer's deposits will be held in escrow until the sales contract is closed or cancelled.

3. That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. That in the event of default:
   If buyer defaults:
   - (1) Seller may bring an action for breach of contract;
   - (2) Seller may retain the deposits as liquidated damages;
   - (3) Buyer is responsible for any costs incurred under the sales contract.

   If seller defaults:
   - (1) Buyer may bring an action for breach of contract;
   - (2) Buyer may bring an action for specific performance;
   - (3) Seller is responsible for any costs incurred under the sales contract.

The prevailing party is entitled to recover all costs incurred including reasonable attorney's fees. Escrow fees incurred shall be deducted before disbursement to the prevailing party.

THE SALES CONTRACT CONTAINS VARIOUS OTHER PROVISIONS WHICH THE BUYER SHOULD BECOME ACQUAINTED WITH. THE INFORMATION CONTAINED HEREIN IS A ONLY A SUMMARY OF THE TERMS OF THE SALES CONTRACT. FOR MORE DETAILED INFORMATION, YOU MUST SECURE A COPY OF THE SALES CONTRACT AND READ IT THOROUGHLY.

END OF EXHIBIT "I"

EXHIBIT "J"

Summary of Pertinent Provisions of Escrow Agreement

The following is a summary of the Escrow Agreement dated September 14, 2005, entered into by and between GAIL A. KOSIOREK and FULVIO FONDA ("Seller"), and OLD REPUBLIC TITLE & ESCROW OF HAWAII, LTD., a Hawaii corporation ("Escrow").

The escrow agreement establishes an arrangement under which the deposits a buyer makes under a Deposit, Receipt, Offer and Acceptance ("sales contract") will be held by a neutral party (i.e., Escrow). Under the escrow agreement these things will or may happen:

(a) Signed copies of the sales contract will be provided to Escrow.

(b) Escrow will collect payments due pursuant to the sales contract.

(c) Seller will notify Escrow who in turn will notify buyer when payments are due.

(d) Escrow will accept buyer's payments pursuant to the sales contract and will hold the funds or make payments according to the escrow agreement.

(e) The escrow agreement states under what conditions escrow will disburse buyer's funds. Escrow will disburse upon receipt of the following:

1. the conveyance document;
2. all necessary releases of encumbrances;
3. the full amount of the purchase price;
4. any mortgage or other instrument securing payment; and
5. purchaser's share of the closing costs.

Escrow will not disburse buyer's funds until the sales contract has become binding, and the requirements of Sections 514A-40, 514A-63, and 514A-64.5 of the Hawaii Revised Statutes have been met.

(f) Under the escrow agreement buyer shall be entitled to a refund, if buyer makes a written request for a refund and Escrow has received a written request from Seller to return buyer's funds. In addition, by law, (under Sections 514A-62 and 63, Hawaii Revised Statutes) buyer has a right to rescind a sales contract.

(g) The escrow agreement states what will happen to a buyer's funds upon default under the sales contract. Seller is required to certify to Escrow in writing that buyer defaults and that Seller is terminating the contract. Escrow will notify buyer by

certified mail that Seller has cancelled contract. Escrow will treat the buyer's funds as belonging to the Seller subject to the provisions relating to dispute and conflicting demands.

(h) Escrow will coordinate and supervise the signing of all necessary documents.

(i) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

THE ESCROW AGREEMENT CONTAINS VARIOUS OTHER PROVISIONS AND ESTABLISHES CERTAIN CHARGES WITH WHICH THE PURCHASER SHOULD BECOME ACQUAINTED. THE INFORMATION CONTAINED HEREIN IS ONLY A SUMMARY OF THE TERMS OF THE AGREEMENT. FOR MORE DETAILED INFORMATION, YOU MUST SECURE A COPY OF THE AGREEMENT AND READ IT THOROUGHLY.

END OF EXHIBIT "J"

EXHIBIT "K"

Permitted Alterations to the Apartments

The following are provisions from the Declaration pertaining to alteration of the units in the Project.

1. Paragraph 19.1 of the Declaration provides that:

19.1 Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other person, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Area appurtenant to the Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(i) All building plans for any such changes shall be prepared by a Hawaii licensed architect or professional engineer and conform with applicable City and County building, zoning laws and ordinances and applicable State law, and all construction changes shall be undertaken by a building contractor licensed in the State of Hawaii.

(ii) All changes to a Unit must be made within the Dwelling Area which is appurtenant to the Unit; provided, however, that no structure as defined under the LUO shall be constructed or placed within five (5) feet of any boundary line separating two Dwelling Areas.

(iii) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportionate share of the allowable floor area or building area coverage for the Land, or number of dwelling units, as defined by the LUO in effect when the change is to be made; provided, however, that each Unit shall be permitted to have only one dwelling unit as defined under the LUO. The "proportionate share" for each Unit shall be the same as its common interest in the Land.

(iv) All such changes shall be at the expense of the Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other owner's use of his Unit or its appurtenant Dwelling Area.

(v) During the entire course of such construction, the Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the

Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(vi) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer, and other utilities and services and when applicable, to add, delete, relocate, realign, designate, and grant easement and rights-of-way over, under, and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by the other Owner;

(vii) If the consent to the change or joinder of another Owner is required by the Act, then each owner hereby consents in advance to such change.

(viii) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to each owner the rights set forth in this paragraph.

(ix) This Declaration is being imposed on the Land before completion of the contemplated construction of a residence on the Dwelling Area for Unit 51-329. Consequently, the Owner of Unit 51-331 ("Non-Building Owner") shall cooperate with the Owner of Unit 51-329 ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits, and obtaining utility services into his Dwelling Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expenses hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence (or making of any change) and obtaining utility services shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner, or obtaining such utility services.

If and when Unit 51-329 is replaced by a single-family residence, the Building Owner shall be responsible for replacing the existing cesspool located within the Dwelling Area appurtenant to Unit 51-329 with a septic tank system, and to connect both Unit 51-329 and Unit 51-331 to the newly installed septic tank system; and the Building Owner shall be responsible for any and all costs involved in connection therewith. Thereafter, any and all expenses associated with the maintenance of said wastewater system shall be charged to both Owners as a common expense.

2. Paragraph 20.4 of the Declaration provides that:

20.4 Amendments for Changes to Units. Notwithstanding the foregoing, an Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to his Unit in accordance with Paragraph 19.1 or Paragraph 19.2 of this Declaration. Promptly upon completion of such changes, the Unit Owner shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such Amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including its appurtenant common interest) and shall be irrevocable.

END OF EXHIBIT "K"