

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer 1501 THURSTON, LLC
Address 820 Bannister Street, Honolulu, HI 96819
Project Name (\*): GREEN THURSTON CONDOMINIUMS
Address: 1050 & 1052 Green Street and 1499 & 1501 Thurston Ave., Honolulu, HI 96822

Registration No. 5956
Effective date: July 20, 2006
Expiration date: April 20, 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.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports.
[ ] Must be read together with
[ ] This report reactivates the public report(s) which expired on

(\* Exactly as named in the Declaration

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

FORM: RECO-30 1297 / 0296 / 0800 / 0203 / 0104

**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 ATTENTION**

A. This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contracts executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V.B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

**STATUTORY NOTICE**

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information:

1. The executed and recorded deed for the project site.
2. The letter relating to the availability of funds to complete the project.
3. Performance bond.
4. Building permits.
5. Construction contract.
6. Any other missing documents

**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.

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 PROPECTIVE 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: Developer's Reserved Rights	
EXHIBIT B: Description of Apartments	
EXHIBIT C: Parking Stalls	
EXHIBIT D: Common Elements, Limited Common Elements, and Common Interest	
EXHIBIT E: Encumbrances Affecting Title	
EXHIBIT F: Summary of Sales Contract	
EXHIBIT G: Summary of Escrow Agreement	

## **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: 1501 THURSTON, LLC Phone: 533-3456  
Name\* (Business)

820 Bannister Street  
Business Address

Honolulu, HI 96819

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

Han Development, LLC, sole member of 1501 Thurston, LLC

Michael H. Chan Trust dated January 8, 2004 is a member of Han Development, LLC and Michael H. Chan and Stephanie L.Q. Chan are Co-Trustees of that Trust

Real Estate Broker\*: Prudential Location, LLC Phone: 735-4200  
Name (Business)

3465 Waiialae Avenue, 4<sup>th</sup> Floor  
Business Address  
Honolulu, HI 96816

Escrow IFirst American Title Corporation Phone: 536-3866  
Name (Business)

1177 Kapiolani Blvd.  
Business Address  
Honolulu, HI 96814

General Contractor\* YS Construction, Inc. Phone: 358-6025  
Name (Business)

1316 Mookaula, #A  
Business Address  
Honolulu, HI 96817

Condominium Managing Agent\*: Project to be self-managed Phone: \_\_\_\_\_  
Name (Business)

Business Address

Attorney for Developer: Law Offices of Reuben S.F. Wong Phone: 531-3526  
Name (Business)

220 South King Street, Suite 2288  
Business Address  
Honolulu, HI 96813

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

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed			Document No. _____
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:		Document No. <u>3374004</u>

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

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No.	<u>1764</u>	
<input type="checkbox"/>	Filed -	Land Court Condo Map No.	_____	

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

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

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			Document No. _____
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:		Document No. <u>3374005</u>

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

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

The House Rules for this condominium are:

Proposed       Adopted    Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	_____ 75% _____
Bylaws	65%	_____ 65% _____
House Rules	---	_____ ----- _____

\* 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:

See Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**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: 1050 & 1052 Green Street Tax Map Key (TMK): (1) 2-4-17-37  
and 1499 & 1501 Thurston Avenue  
Honolulu, HI 96822

Address  TMK is expected to change because \_\_\_\_\_

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Land Area: 10.395  square feet  acre(s) Zoning: A-2

Fee Owner: MICHAEL HAN CHAN and STEPHANIE LE QUAN CHAN  
 Name  
820 Bannister Street  
 Address  
Honolulu, HI 96819

Lessor: N/A  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

C. **Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2.  Number of Buildings: 4 Floors Per Building: 3  
 Exhibit B contains further explanations.
3. Principal Construction Material:  
 Concrete  Hollow Tile  Wood  
 Other Stucco, Elastomeric Roofing Membrane Asphalt Shingles, Vinyl Frame Windows and Glass

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>4</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

- Pets: \_\_\_\_\_
- Number of Occupants: \_\_\_\_\_
- Other: \_\_\_\_\_
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: 4 Trash Chutes: \_\_\_\_\_

<u>Apt No.</u>	<u>Apt Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Other Garage (sf)</u>	<u>Lanai (sf)</u>
1	B(R)	1	6/4	1795	560	135
2	C	1	6/4	1829	672	125
3	B	1	6/4	1795	560	135
4	A	1	6/4	1767	758	165

Total Number of Apartments: 4

**\* 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:

As permitted by the Declaration and county ordinances.

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 1 la). Developer has X elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	<u>16</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) (Apt. 1, 2 & 3)	<u>3 ea</u>	<u>-0-</u>	<u>      </u>	<u>      </u>	<u>1 ea</u>
Guest	<u>-0-</u>	<u>-0-</u>	<u>      </u>	<u>      </u>	<u>      </u>
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>      </u>	<u>      </u>	<u>      </u>
Extra for Purchase	<u>-0-</u>	<u>-0-</u>	<u>      </u>	<u>      </u>	<u>      </u>
Assigned to Other: <u>Apt. No. 4</u>	<u>-4-</u>	<u>-0-</u>	<u>      </u>	<u>      </u>	<u>4</u>
Total Covered & Open:	<u>13</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>3</u>
					<u>16</u>

Each apartment will have the exclusive use of at least 4 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

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

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

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

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

described in Exhibit "D".

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit "D".

as follows:

NOTE: Limited Common Element Areas 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 "D".

as follows:

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

Exhibit "E" describes the encumbrances against the title contained in the title report dated March 13, 2006 and issued by First American Title Company, Inc.

Blanket Liens:

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

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 <b>Prior to Conveyance</b></u>
Mortgage	The Sales Contract is terminated and the Buyer is entitled to a refund of all deposits.

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:

Building contractor's warranty will pass on to Buyer.

2. Appliances:

Manufacturer's warranty will pass on to Buyer.

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

Construction commenced in January 2005 and is expected to be completed at or around September 2006.

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):

N/A

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

See Page 20 for Additional Information.

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 \_\_\_\_\_ contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 14, 2006  
Exhibit \_\_\_\_\_ contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

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

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

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

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

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

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

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

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

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

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

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

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

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

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](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5956 filed with the Real Estate Commission on March 14, 2006.

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

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

C. **Additional Information Not Covered Above**

**NOT A SUBDIVISION.** This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage 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.

**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 element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

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 insurance be common expenses. Developer anticipates that the Association will elect 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.

**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. No reserves are necessary because there are no common elements that require any type of replacement or major repair. Developer believes that any repair would be treated as a special assessment in order to avoid incurring additional expenses associated with the collection of maintenance fees on a monthly basis.

**NONCONFORMING USE.**

**Application for Governmental Approval.** In the event a change in zoning renders any apartment or any portion thereof to be nonconforming as to structure and/or use, the affected apartment owner may, at his sole cost and expense, apply to the appropriate governmental agencies for the necessary licenses, permits, and/or approvals to preserve the right to use and/or rebuild the nonconforming apartment in the manner contemplated by the provisions the original Declaration and the original Condominium Map heretofore filed on December 30, 2005.

**Conveyance to Association.** In the event the affected apartment owner fails to obtain the necessary governmental licenses, permits, and/or approvals, such that the apartment owner is prevented by the laws or ordinances then in effect from rebuilding, repairing, or reinstating the damaged improvements, then in such event, the apartment owner shall promptly remove all debris and remains of the improvements and restore the land to good orderly condition and even grade, using the proceeds of insurance to the extent necessary therefor, subject to the rights of any mortgagee, and convey his apartment and his common interest to the Association.

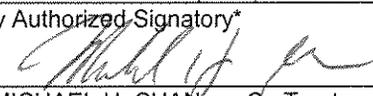
- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A.-1 .6] (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.

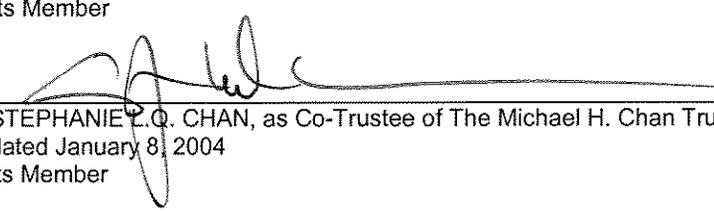
1501 THURSTON, LLC

Printed Name of Developer

By: HAN DEVELOPMENT, LLC, as its sole member  
Duly Authorized Signatory\*

12/29/05  
Date

By:   
MICHAEL H. CHAN, as Co-Trustee of The Michael H. Chan Trust  
dated January 8, 2004  
Its Member

By:   
STEPHANIE Q. CHAN, as Co-Trustee of The Michael H. Chan Trust  
dated January 8, 2004  
Its Member

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"

### Developer's Reserved Rights

At any time before a sales contract becomes binding, Seller shall have the right for any reason to change the condominium project including without limitation, the right to change the Purchase Price or to cancel or terminate the Project, in which case the Buyer will be entitled to a refund of all sums paid by Buyer. Seller shall also have the right to modify the condominium documents, including without limitation, the Declaration, Bylaws, Condominium Map, House Rules, if any, and the form of Apartment Deed.

At any time after a sales contract becomes binding, Seller reserves the right to change the Declaration, Bylaws, Condominium Map, House Rules, if any, the form of Apartment Deed and other documents in order to comply with the requirements of any law, any title insurance company, any lender, the Fee Owner, or any governmental agency as a condition to selling apartments in the Project. Seller has also reserved the right to make any changes that Seller determines to be necessary and made at any time before the recordation of the conveyance of an Apartment to a Buyer, provided that the changes do not: (i) substantially change any of Seller's obligations under the sales agreement; (ii) require a substantial change in the design, location or size of the Apartment or of the building in which the Apartment is located; (iii) increase the Buyer's undivided percentage common interest in the common elements of the Project; or (iv) reduce Seller's obligation for common expenses on any unsold apartments in the Project.

Seller has also reserved the right to grant easements through the common elements and/or limited common elements for any reasonable purpose.

## EXHIBIT "B"

### Description of Apartments

The Project contains the following four (4) units:

Each Apartment shall be deemed to include everything within the exterior perimeter walls of a building, its roof, foundation, windows, exterior stairways, doors and entryways, including without limitations: (i) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring, other utility or service lines running through such Apartment that are utilized for and serve only that Apartment; (ii) all appliances and fixtures installed within the Apartment; and (iii) all parking garages.

The respective Apartments shall not be deemed to include any pipes, conduits, cables, wiring and other utility or service lines, or any utility meters that are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided.

Apartment Type BR is a mirror image of Apartment Type B.

## EXHIBIT "C"

### Parking Stalls

1. The Project shall have a total of sixteen (16) parking stalls. Each apartment shall have a total of four (4) parking stalls.
2. Apartments 1, 2, and 3 shall each have a parking garage with three (3) covered parking stalls and one (1) open tandem parking stall as indicated on the Condominium Map.
3. Apartment 4 shall have a parking garage with four (4) covered parking stalls.

## EXHIBIT "D"

### Common Elements, Limited Common Elements, and Common Interest

1. Common Elements. The common elements include all of the portions and appurtenances of the Project not otherwise designated as an apartment, including specifically, but not limited to: (1) Said land in fee simple; (2) All ducts, sewer lines, electrical equipment, pipes, wiring and other central appurtenant transmission facilities and installations over, under and across the Project which serve an apartment in the Project for services such as power, light, water, gas, sewage, refuse, telephone and radio and television signal distribution; (3) All roadways, gates, ramps, walkways, curbs, walls, and loading areas, that serve the entire Project; except with respect to fences which appear on the Condominium Map; (4) All fixtures, furnishings, equipment, decorations, tools and appliances used in connection with the common element; 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 or safety or normally in common use.

2. Limited Common Elements. Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of an apartment and such apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements. The boundaries of the limited common element areas for each apartment are shown on the Condominium Map. The limited common elements so set aside and reserved are: (1) the land areas beneath and surrounding the apartments, as designated on the Condominium Map, which shall be appurtenant to and for the exclusive use of such apartments; (2) certain exterior tandem parking stalls appurtenant to certain apartments shown on the Condominium Map; and (3) certain driveways and easements in the Project serving one or more apartment owners. Said driveways and easements shall be appurtenant to the specific apartments they serve and shall be the joint responsibility of those owners thereof to maintain and (4) the fences demarcating the boundaries between limited common elements as shown on the Condominium Map, provided however the fences shall be appurtenant to those apartments bearing a corresponding apartment number and shall be the responsibility of the owner thereof to maintain.

3. Common Interest. Each apartment shall have appurtenant thereto an undivided twenty-five percent (25%) interest in all common elements of the Project, including voting in the Association.

EXHIBIT "E"

Encumbrances Affecting Title

1. Real property tax assessments for the fiscal year 2005-2006:  
  
Tax Map Key No.: (1) 2-4-017-037-0000  
Class No.: 2  
  
First Installment: \$1,860.57, PAID, (8/20)  
Second Installment: \$1,860.56, PAID, (2/20)
2. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Deed recorded as Land Court Document No. 36669 of Official Records.
3. A mortgage to secure a line of credit in the amount of \$500,000.00, and any other amounts or obligations secured thereby.  
Dated: December 14, 2004  
Mortgagor: Michael Han Chan and Stephanie Le Quan Chan, husband and wife  
Mortgagee: Bank of Hawaii, a Hawaii corporation  
Recorded December 20, 2004 as Land Court Document No. 3207913 of Official Records.
4. A Grant of Easement for the transmission and distribution of electricity purposes, in favor of Hawaiian Electric Company, Inc., a Hawaii corporation and Verizon Hawaii Inc., a Hawaii corporation (now Hawaiian Telcom Inc.), recorded January 19, 2005 as Land Court Document No. 3219309 of Official Records.
5. Land Court Condominium Map No. 1764.
6. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime, as may be amended. Said Declaration was recorded December 30, 2005 as Land Court Document No. 3374004 of Official Records.
7. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws, as may be amended. Said By-Laws were recorded December 30, 2005 as Land Court Document No. 3374005 of Official Records.
8. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Purchase Agreement recorded March 1, 2006 as Land Court Document No. 3398339 of Official Records.

EXHIBIT "F"Summary of Sales Contract

The Sales Contract will be the standard DROA used by the Hawaii Association of Realtors and shall contain the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to in buying an apartment in the Project.

Among other things, the DROA and Condominium Addendum provide:

1. The escrow agent states that buyer's deposit will be held in escrow until the DROA is closed or canceled.
2. The Buyer shall pay all closing costs, including costs for title insurance and other closing costs.
3. If Buyer default in making any of the required payments Seller may terminate the DROA.
4. That Buyer may not assign his/her interest in the Sales Contract without the prior written consent of Seller and any consent shall be subject to other terms and conditions.
5. That the DROA shall not be construed as a present transfer of any interest in the apartment or the land; rather, it is an agreement to transfer a fee simple interest in the future.
6. Seller retains right to have ongoing construction and sales activities on the Project and Buyer waives any claims arising from such ongoing construction and/or sales activities.
7. Seller makes no representations about rental or resale of the apartment.
8. Until Closing, Seller may change the Project, the Declaration, the Bylaws, the Condominium Map or other documents, may change the Purchase Price or cancel and terminate the Project, in which case the Buyers would be entitled to a refund of all deposits paid by Buyer.
9. Seller reserves the right to file "as-built" amendments to the Condominium Declaration and Map.
10. No house insulation installed in the apartment.
11. Certain of Buyer's obligations survive recordation of the Apartment Deed.

12. The DROA with the Condominium Addendum supercede prior negotiations and constitute the entire agreement between the parties.

EXHIBIT "G"Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is FIRST AMERICAN TITLE COMPANY, INC. Under the Escrow Agreement, these things will or may happen:

(a) Seller or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Seller that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Seller; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel"; provided that Purchaser shall pay Escrow a cancellation fee up to \$250.00. The Receipt provides that purchasers may cancel the Sales Contract by a written notice mailed or sent by telegram to Seller before: (1) the apartment unit is conveyed to the purchaser or (2) midnight of the 30<sup>th</sup> day after delivery of the Public Report(s) to the purchaser, whichever is earlier.

ii) The Seller and purchaser agree to terminate the Sales Contract;

iii) If the Seller exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Seller.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Seller. See paragraph 9 of the Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there is a conflict between the terms of this summary and the Escrow Agreement, the latter shall control.