

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer YUN CHING DIVERS
Address 1632 McGrew Lane, Honolulu, HI 96817

Project Name (*): BROOKLYN'S HILLSIDE PHASE I
Address: 45-553 & 45-553A Kea'ahala Road, Kaneohe, HI 96744

Registration No. 5998

Effective date: June 21, 2006

Expiration date: July 21, 2007

Preparation of this Report:

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

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

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

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

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

Type of Report:

 PRELIMINARY:
(yellow)

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

 X **FINAL:**
(white)

The developer has legally created a condominium and has filed complete information with the Commission.

☒ [X] No prior reports have been issued.

[] This report supersedes all prior public reports.

[] This report must be read together with _____

 SUPPLEMENTARY:
(pink)

This report updates information contained in the:

[] Preliminary Public Report dated: _____

[] Final Public Report dated: _____

[] Supplementary Public Report dated: _____

And

[] Supersedes all prior public reports. _____

[] Must be read together with _____

[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

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

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 as Exhibit D ☐ Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

☒ No prior reports have been issued by the developer.

☐ Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted 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.

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

2. Facilities and improvements normally associated with County approved subdivisions, such as fire protection, devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways. Prospective purchasers are advised to make their own independent assessment of the availability and adequacy of such facilities, improvements and services.

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

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Yun Ching Divers Phone: (808) 532-2299
Name* (Business)
1632 McGrew Lane
Business Address
Honolulu, HI 96817

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

Escrow: Hawaii Escrow & Title, Inc. Phone: (808) 532-2977
Name (Business)
700 Bishop St., Ste. 1600
Business Address
Honolulu, HI 96813

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

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

Attorney for Developer: Glenn M. Adachi Phone: (808) 591-1154
Name (Business)
1314 S. King St., #616
Business Address
Honolulu, HI 96814

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

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

☐ Proposed

☒ Recorded - Bureau of Conveyances: Document No. 2006-048619
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]: **Amendment No. 1 to Declaration dated May 25, 2006, recorded as Document No. 2006-107406**

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

The Condominium Map for this condominium project is:

☐ Proposed

☒ Recorded - Bureau of Conveyances Condo Map No. 4189

☐ Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

☐ Proposed

☒ Recorded - Bureau of Conveyances: Document No. 2006-048620
Book _____ Page _____

☐ Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

☐ Proposed ☒ Adopted ☐ Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>Bd. of Directors</u>

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

2. Developer:

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

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

1. To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of the unit.
2. To amend the Declaration and Condominium Map to file the "as built" certificate.

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: 45-553 & 4553A Keaahala Road TaxMap Key (TMK): (1)4-5-021-004
Kaneohe, HI 967446

☐ Address ☒ TMK is expected to change because Add cpr number

Land Area: 10,000 ☒ square feet ☐ acre(s) Zoning: R-5

Fee Owner: Yun Ching Divers
 Name
1632 McGrew Lane
 Address
Honolulu, HI 96817

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: 2 Floors Per Building: 1
☐ Exhibit _____ contains further explanations.
3. Principal Construction Material:
☐ Concrete ☐ Hollow Tile ☒ Wood
☐ Other
4. Uses Permitted by Zoning:

	No. of Apts.	<u>Use Permitted By Zoning</u>	
☒ Residential	_____	☒ 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
☒ Other (Shade Shed)	<u>2</u>	☒ Yes	☐ 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: See Exhibit F
☐ Number of Occupants: _____
☐ Other: _____
☐ There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

Apt.No. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
A	1		0	16	shade shed
B	1		0	16	shade shed

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

1. All perimeter walls, floors, foundations and roof of each building.
2. All pipes, wires, conduits, or other utility and service lines in such building, outside such building, if the same are not utilized for more than one apartment.

Permitted Alterations to Apartments:

Apartment owner may renovate, remodel, make additions to, remove or restore the unit, subject to the provisions of Section 18 of the Declaration which are set forth in Exhibit I attached hereto.

Apartments Designated for Owner-Occupants Only: N/A

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 514A102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 4*

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (total) (for each unit)	_____	<u>4</u>	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>4</u>		<u>0</u>		<u>0</u>		<u>4</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

*Note: There is sufficient space within the limited common areas of Unit A and Unit B to park at least 2 vehicles.

☐ Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

☒ There are no recreational or common facilities.

☐ Swimming pool ☐ Storage Area ☐ Recreation Area

☐ Laundry Area ☐ Tennis Court ☐ Trash Chute/Enclosure(s)

☐ Other:

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. (See Exhibit G)

☐ 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>	_____	_____
Structures	<u>X</u>	_____	_____
Lot	<u>X</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 nonconformity, and restrictions on altering and repairing structures. In some cases, a nonconforming structure that is destroyed or damaged cannot be reconstructed.

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

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

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

☒ described in Exhibit A.

☐ as follows:

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

☐ There are no limited common elements in this project.

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

☐ described in Exhibit

☒ as follows:

The portion of the land area beneath and adjacent to each unit as delineated on the site plan of the Condominium Map. Said land areas are NOT legally subdivided lots.

Unit A Limited Common Area:	3,783 sq.ft.
Unit B Limited Common Area:	6,217 sq.ft.

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

☐ described in Exhibit _____.

☒ as follows:

<u>Unit No.</u>	<u>Common Interest Percentage</u>
A	50%
B	50%

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

Exhibit B _____ describes the encumbrances against the title contained in the title report dated April 28, 2006 _____ and issued by Hawaii Escrow & Title, 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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Purchaser may cancel the transaction and seek refund of their deposit less escrow cancellation fee

F. **Construction Warranties:**

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

1. Building and Other Improvements: None

2. Appliances: None

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

Unit A and Unit B were built in September 2005.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

- B. **Estimate of Initial Maintenance Fees:** See Exhibit D.

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).

- 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 E contains a summary of the pertinent provisions of the sales contract.
- ☒ Escrow Agreement dated February 2, 2005
Exhibit C contains a summary of the pertinent provisions of the escrow agreement.
- ☐ Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property 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. 5998 filed with the Real Estate Commission on April 3, 2006.

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

☐ YELLOW paper stock ☒ WHITE paper stock ☐ PINK paper stock

C. **Additional Information Not Covered Above**

No Reserve Study: The Developer disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 106, Hawaii Administrative Rules, as amended.

DISCLOSURE RE: SELECTION OF REAL ESTATE BROKER

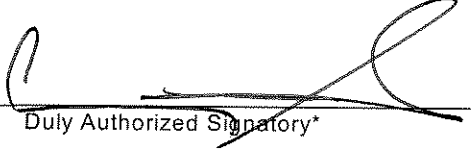
The Developer has not selected a real estate broker for the sale of the units in the Project. In the event the Developer offers the units for sale, the Developer will provide a copy of an executed listing agreement and amend the Disclosure Abstract identifying the broker. The Developer will provide a copy of the amended Disclosure Abstract to purchasers together with a copy of the final public report.

DISCLOSURE: HAZARDOUS MATERIALS

The developer has not commissioned a Phase I Environmental Site Assessment. The developer has not made an 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. The developer makes no warranties or representations regarding the presence or absence of the foregoing substances and materials. Purchaser 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, purchaser should have the apartment inspected to determine the extent (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 purchaser expressly releases the developer from any liability to purchaser if any hazardous materials are discovered.

- 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.

Yun Ching Divers
Printed Name of Developer

By:  3/14/06
Duly Authorized Signatory* Date

Developer/Owner
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

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

EXHIBIT A

DESCRIPTION OF COMMON ELEMENTS

1. The land in fee simple described in the Declaration of Condominium Property Regime.

2. All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve the apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.

3. 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, and normally in common use.

EXHIBIT B

LIST OF ENCUMBRANCES

1. Reservation in favor of the State of Hawaii of title to all minerals and metallic mines.

2. Matters as shown on survey plat entitled "Perimeter Survey Sketch" dated April 6, 2001 and prepared by Francis E. McGrail, Registered Professional Land Surveyor, Certificate No. 7279, as disclosed in deed dated May 16, 2001, recorded as Document No. 2001-115859.

3. Ten (10) foot road widening setback, as shown on Survey of Francis E. McGrail, Registered Professional Land Surveyor, Certificate No. 7279.

4. Unrecorded agreement between Yun Ching Divers and Department of Planning and Permitting, City and County of Honolulu Construction of Improvements (Fire Hydrant Required by the Board of Water Supply).

5. Mortgage dated July 11, 2001, in favor of Aames Funding Corporation, a California corporation, dba Aames Home Loan Corporation, organized under the laws of the State of California, recorded as Document No. 2001-115861. (**Affects this and other property**)

6. Mortgage dated October 14, 2003, in favor of Finance Factors, Limited, a Hawaii corporation, recorded as Document No. 2003-229036. (**Affects this and other property**)

7. Declaration of Condominium Property Regime, recorded in said Bureau as Document No. 2006-048619.

7. By-Laws of the Association of Apartment Owners, recorded in said Bureau as Document No. 2006-048620.

8. Condominium Map No. 4189 filed in said Bureau.

9. Any real property taxes that may due and payable. For more information contact City and County of Honolulu, Department of Finance, Real Property Tax Assessment.

EXHIBIT C

SUMMARY OF ESCROW AGREEMENT

The escrow agreement establishes an arrangement under which a purchaser's deposits will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

(a) Escrow will collect and hold payments due pursuant to any sales contract.

(b) Signed copies of the sales contract will be delivered to Escrow.

(c) Owner will notify Escrow who in turn will notify purchasers when payments are due.

(d) Escrow will accept purchaser'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 buyers funds. Escrow will disburse upon receipt of the following:

1. Notification that a final public report has been issued and that purchaser has received a copy.
2. Owner has furnished Escrow an opinion that the requirements of HRS have been met.

(f) Under the escrow agreement purchaser shall be entitled to a refund, if purchaser makes a written request for a refund and Escrow has received a written request from Owner to return purchaser's funds and purchaser's funds were obtained prior to the issuance of a final public report.

(g) The escrow agreement states what will happen to a purchaser's funds upon default under the sales contract. Owner is required to certify to Escrow in writing that purchaser defaults and that Owner is terminating the contract. Escrow will notify purchaser by registered mail of the default. Escrow will treat the purchaser's funds as belonging to the Owner 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.

EXHIBIT D

DISCLOSURE ABSTRACT
Dated: March 14, 2006

1. a. PROJECT: BROOKLYN'S HILLSIDE PHASE I
45-553 & 45-553A Kea'ahala Road
Kaneohe, HI
- b. DEVELOPERS/
OWNERS: YUN CHING DIVERS, wife of Loren C.
Divers
- Address: 1632 McGrew Lane
Honolulu, HI 96817
- d. MANAGING AGENT: None. Project will be self-managed.
2. Maintenance Fees: The routine maintenance and repair of each apartment unit, including all utility charges, is the sole responsibility of each owner.

Individual Insurance: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the Project's improvements. It is contemplated that the Association will elect to permit each apartment owner to purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and name the Association as an additional insured. In such case, the premiums on said policies will be the individual responsibility of each apartment owner rather than a common expense of the Association. Purchasers should be aware that the premiums for said fire insurance will vary depending upon the insurance company and the coverage. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association shared by the apartment owners.

3. Structural Components and Mechanical and Electrical Installations.

It is the Developer's opinion that all structural components and electrical and plumbing systems material to the use and enjoyment of the units appear to be functioning and in satisfactory working condition. However, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IF ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE UNITS.

4. Code Violations. To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or municipal regulations of the City and County of Honolulu.
5. Use of Apartments. The BROOKLYN'S HILLSIDE PHASE I condominium project will consist of two (2) apartments. The apartments will be used for storage. The owners may change the use to residential upon construction of residential dwellings.

EXHIBIT E

SUMMARY OF SALES CONTRACT

The Seller will use the standard form Deposit, Receipt, Offer and Acceptance (DROA) agreement as the sales contract for the sale of the unit(s). 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. Buyer's deposits will be held in escrow until the sales contract is closed or cancelled.

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

4. 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.

4. The unit is being sold "as is". The HBR standard form "As Is" addendum is attached as an addendum to the contract.

5. The sales contract may contain additional terms and conditions as the Seller and Buyer may agree to include.

The sales contract contains various other provisions which the buyer should become acquainted with.

EXHIBIT F
SUMMARY OF HOUSE RULES RE PETS

There are certain restrictions regarding the keeping of pets and the kinds of pets allowed in the common areas, limited common areas and apartments comprising the project.

No livestock or poultry shall be allowed or kept by any owner or occupant, except for such animals that are customarily kept as pets. There are specific breeds of dogs hereinafter set forth that are not allowed as pets or to be brought onto the project by any owner, occupant, guest or invitee.

Pets that are allowed or kept shall be subject to the following conditions:

- (1) Shall be confined within its owner's limited common element;
- (2) Shall not be kept, bred, or used therein for commercial purposes;
- (3) Shall not be allowed on any common element except when in transit, when carried, or on a leash; provided, that the occupant shall indemnify the Association and hold it harmless against any loss or liability of any kind or character whatsoever arising from or out of having any such pet on the premises;
- (4) A pet owner shall be responsible for promptly cleaning up any waste or mess created by his pet on the premises;
- (5) Any pet causing a nuisance or unreasonable disturbance to any other occupants of the Project shall be removed promptly from the premises upon notice given by the Board of Directors; and
- (6) No visiting pets are allowed unless accompanied by its owner.

The following breeds of dogs shall not be allowed to be kept or brought onto the project;

Doberman Pinscher	German Shepherd
Great Dane	Pit Bulls
Mastiff	Presa Canano
Rottweiler	Huskies
Akita	Saint Bernard
Bullmastiff	Malamutes
Chow Chow	Mix Breed or Poi Dogs that contain a mixture of one or more of the above breeds.

In addition to the above list, any dog regardless of breed that has been involved in a biting incident shall not be kept or brought on the project.

In the event any of the above, dogs are kept or brought onto the project, such dog may be immediately and/or forceably removed from the project.

EXHIBIT G
PERMITTED ALTERATIONS TO APARTMENTS

Section 18 of the Declaration allows the apartment owner to alter, improve, remodel, etc., the improvements to and in his apartment subject to the following conditions:

1. All building plans for any such changes must be prepared by a licensed architect or professional engineer and conform with the building codes, zoning laws, and other applicable County ordinances;

2. The value of the unit after such changes shall not be less than the value before such changes;

3. No change to any unit may result in the total square footage on the first floor of a unit in excess of the amount allowed under the applicable County ordinances, codes, rules, and regulations;

4. No change may reduce the distance between improvements placed on each unit to less than required under the applicable County ordinances, codes, rules, and regulations;

5. All changes shall be at the expense of the unit owner making the change and shall be expeditiously done in a manner that will not unreasonably interfere with the owners' use of their units;

6. During the entire course of construction, the unit 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 evidence of such insurance shall be deposited with the Association's managing agent;

7. The unit owner making the change shall post a completion bond or such other bond, and in such amounts, as may be required by his mortgagee(s). The Association shall be named as an additional beneficiary and evidence of such bond shall be deposited with the Association's managing agent;

8. Prior to the commencement of construction, and as a condition thereto, the unit owner making such change shall give reasonable assurance to the Association of the owner's financial ability to complete and to pay for the change;

9. If the Declaration is amended to accommodate any reconstruction or rebuilding, then the common interest appurtenant to each unit shall not be changed;

10. The owner of any changed unit shall have the right and duty without the consent or joinder of any other person to amend and shall be required to amend this Declaration and the condominium map to accomplish any changes. If required by the Act, then promptly upon completion of the changes, the owner of the changed unit shall duly record any amendment to this Declaration with the Bureau of Conveyances, State of Hawaii, or Office of the Assistant Registrar of the Land Court of the State of Hawaii, as the case may be, 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 apartment owners and their mortgagees, by accepting an interest in a unit, shall be deemed to have given to all other unit owners a power of attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to any unit in the Declaration so that each unit owner shall hereafter have a power of attorney from all 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 his common interest) and shall be irrevocable;

11. Each and every conveyance, lease, and mortgage or other lien made or created on an apartment and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.