

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer: Wailuku Village LLC, a Hawaii limited liability company
Address: P.O. Box 874, Hilo, Hawaii 96721

Project Name (*): WAILUKU VILLAGE: BUILDING NO. 3
Address: 245 Wainaku Street, Hilo, Hawaii 96720

Registration No. 6073 Effective date: September 15, 2006
Expiration date: June 15, 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:** 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.
(yellow)

X **CONTINGENT** The developer has legally created a condominium and has filed information with the Commission as to Building No. 3 for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.
FINAL:
(green)
 No prior reports have been issued.
 This report supersedes all prior public reports.
 This report must be read together with _____

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

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

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

(*) Exactly as named in the Declaration

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued an effective date for 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. This Contingent Final Public Report covers Building 3 in the Wailuku Village condominium project, specifically units **311, 312, 313, 314, 321, 322, 323, 324, 331, 332, 333, and 334.**

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, 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 Purchase to secure any 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:

The executed and recorded deed for the project site.

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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: Name* Phone: (808) 896-4557
Wailuku Village, LLC (Business)
Business Address
P.O. Box 874
Hilo, Hawaii 96721

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):
Invest West Financial LLC - Managing Member (Dale Marquis and Matt Marquis, Authorized Signatories); Pacific Island Investments LLC - Member (Gilbert L. Barden, Authorized Signatory)

Real Estate Broker*: Name Phone: (808) 935-9800
Island Venture Properties, Inc., dba (Business)
RE/MAX Properties
Business Address
88 Kanoelehua, Suite A-105
Hilo, Hawaii 96720

Escrow: Name Phone: (808) 536-3866
First American Title Company, Inc. (Business)
Business Address
1177 Kapiolani Boulevard
Honolulu, Hawaii 96814

General Contractor*: Name Phone: _____
_____ (Business)
to be determined
Business Address

Condominium Managing Agent*: Name Phone: (808) 935-4152
Day-Lum Rentals & Management, Inc. (Business)
Business Address
2 Kamehameha Avenue
Hilo, Hawaii 96720

Attorney for Developer Name Phone: (808) 523-2500
Steven S.C. Lim, Esq. (Business)
Business Address
Carlsmith Ball, LLP
121 Waianuenue Avenue
Hilo, Hawaii 96720

* 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		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.: <u>2006-119619</u>
<input type="checkbox"/>	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]:

Assignment and Assumption of Declarant's Rights under Declaration of Condominium Property Regime dated July 18, 2005 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3307264.

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:	Condominium Map No.: <u>4279</u>
<input type="checkbox"/>	Filed -	Land Court:	Document 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		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.: <u>2006-119620</u>
<input type="checkbox"/>	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	---	---

* 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:

As set forth in Section O of the Declaration, the Developer has reserved the right to amend the Declaration to: (1) file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, Apartment numbers and dimensions of the Apartments as built, or so long as any plans filed therewith involve only non-material changes to the layout, location, Apartment numbers and dimensions of the Apartments as built; (2) exercise the rights reserved to the Developer in Declaration Sections N.1 (Reservation of Power to Grant Easements), N.2 (Right to Construct the Project in Phases), N.3 (Right to Reduce or Increase the Number of Buildings and/or Apartments) and N.4 (Right to Construct and Sell Apartments).

[] 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: 245 Wainaku Street Tax Map Key (TMK): (3) 2-6-8-23
Hilo, Hawaii 96720

[] Address [x] TMK is expected to change because a cpr number will be added.

Land Area: 4.370 [] square feet [x] acre(s) Zoning: RM-1.0 Residential

Fee Owner: Name Wailuku Village LLC
 Address P.O. Box 874
Hilo, Hawaii 96721

Lessor: Name Not Applicable
 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: 1 residential * Floors Per Building; Building No. 3: 3
1 recreational ** recreational building: 1

Exhibit A contains further explanations

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

4. Uses Permitted by Zoning:

	<u>No of Apts.</u>		<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>12 *</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"/> 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

* Please note that the Declaration and Condominium Map reflect all one hundred five (105) Apartments which the Developer currently intends to develop in the Project, although additional or fewer Buildings and/or Apartments may be developed. Pursuant to the Developer's reserved rights under Section N.2 of the Declaration, the Developer has elected to develop and register the Project in phases, the phase covered under this Contingent Final Public Report being comprised of Building No. 3. The Developer currently intends to develop the Project in seven (7) phases. The other Apartments in the Project will be covered by one or more separate Public Reports (Preliminary, Contingent Final or Final). Please see **Exhibit C** for further explanation. Please be advised that there is no guaranty that the other Apartments or Buildings in the Project will be developed. See Sections N.2, N.3 and N.4 of the Declaration.

** Please note that the Developer does not plan to complete the recreational facilities until three (3) of the seven (7) residential buildings proposed for the Project have been constructed. Please be advised that there is no guaranty that the developer will complete construction of three (3) of the seven (7) residential buildings and, therefore, there is no guaranty that the recreational facilities will be completed; provided, however, that if three (3) of the seven (7) residential rebuildings have been completed, then the developer will construct the recreational facilities.

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 11 a). Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 36

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (one each per Unit)	<u>0</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
Guest	<u>0</u>	<u>12</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>17</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: Handicapped and manager	<u>0</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Total Covered & Open	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36 *</u>

* The total number of parking stalls for the Project (including Building Nos. 1-7, inclusive) is one hundred forty-four (144). Please note that the thirty six (36) parking stalls described herein include twelve (12) assigned parking stalls appurtenant to the twelve (12) Apartments in Building No. 3 plus all the guest, handicapped and manager parking stalls in the Project. Please note that the Declaration and Condominium Map reflect all one hundred five (105) Apartments which the Developer currently intends to develop in the Project, although additional or fewer Buildings and/or Apartments may be developed. Pursuant to the Developer's reserved rights under Section N.2 of the Declaration, the Developer has elected to develop and register the Project in phases, the phase covered under this Contingent Final Public Report being comprised of Building No. 3. The Developer currently intends to develop the Project in seven (7) phases. The other Apartments in the Project will be covered by one or more separate Public Reports (Preliminary, Contingent Final or Final). Please see **Exhibit C** for further explanation. Please be advised that there is no guaranty that the other Apartments or Buildings in the Project will be developed. See Sections N.2, N.3 and N.4 of the Declaration.

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

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

8. Recreational and Other Common Facilities**:

- There are no recreational or common facilities
- Swimming Pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: Includes lounge and picnic areas and a club house with meeting, conference and yoga rooms and a party deck.

** Please note that the Developer does not plan to complete the recreational facilities until three (3) of the seven (7) residential buildings proposed for the Project have been constructed. Please be advised that there is no guaranty that the developer will complete construction of three (3) of the seven (7) residential buildings and, therefore, there is no guaranty that the recreational facilities will be completed; provided, however, that if three (3) of the seven (7) residential buildings have been completed, then the developer will construct the recreational facilities.

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 _____.

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): Not Applicable.

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, Structure, 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> </u>	<u> </u>
Structures	<u> x </u>	<u> </u>	<u> </u>
Lot	<u> x </u>	<u> </u>	<u> </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 A***

as follows:

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

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

described in Exhibit _____

as follows:

<u>Apartment No.</u>	<u>*Common interest (%)</u>
311	1.057 %
312	0.702 %
313	0.683 %
314	1.036 %
321	1.036 %
322	0.683 %
323	0.683 %
324	1.036 %
331	1.036 %
332	0.683 %
333	0.683 %
334	1.036 %

Notwithstanding the foregoing Common Interest percentages, pursuant to Section N.2 of the Declaration, Common Expenses shall be calculated from time to time based on the number of Apartments which have been constructed. Please refer to **Exhibit C** for further explanation.

* The calculation of this common interest is based on the entire project, including the other six (6) buildings in the project.

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 June 15, 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 Prior to Conveyance</u>
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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:

The Developer will enter into an agreement with the general contractor for the Project whereby the contractor will agree to issue for the benefit of the Developer and purchasers the customary warranty to correct any work found defective within one (1) year after the date of substantial completion of the work (as such terms are defined in the construction contract) ("Contractor's Warranty"). The Developer does not make this warranty but merely passes on the Contractor's Warranty to Purchaser and the Association. The Developer's obligations with respect to any defects will be limited to assisting the Purchaser and or the Association in presenting to the contractor any claims based on such warranty, it being understood that such Contractor's Warranty is limited to any defects reported in writing to Seller within the first year following the date of substantial completion of the work. Any claims by Purchaser, Seller and/or the Association against a contractor for construction defects, as such terms are defined in Hawaii Revised Statutes, Chapter 672E ("Contractor Repair Act"), shall be made in accordance with the provisions of the Contractor Repair Act. Purchaser shall provide Seller with a copy of all written notices which Purchaser provides to the contractor and all responses which Purchaser receives from the contractor pursuant to the Contractor Repair Act. The Developer shall assign to Purchaser, without recourse, the Contractor's Warranty and any subcontractor's or materialman's warranties that the contractor may have secured for the benefit of purchasers.

2. Appliances:

In addition, Seller shall assign to Purchaser, without recourse, any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

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

Construction of Building No. 3 is estimated to commence in September 2006 and is currently expected to be completed in June 2008. Please note that these dates are estimates only and the actual dates of commencement and completion may vary.

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing): Under Section N.2 of the Declaration, the Developer has elected to develop and register the Project in two (2) or more phases, the phase covered by this Contingent Final Public Report being comprised of twelve (12) Apartments contained in Building No. 3. The other Apartments and Buildings in the Project will be covered by one or more separate Public Reports (Preliminary, Contingent Final and/or Final). Please see **Exhibit C** for further explanation. Please be advised that there is no guaranty that the other Apartments or Buildings in the Project will be developed. See Section N.2 of the Declaration.

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 Owners Occupants
- Specimen Sales Contract
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated March 20, 2006
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Charter 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 thirty (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 16-1 07, adopted by the Real Estate Commission, as amended).
- H) Other: _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and Hawaii 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. 6073 filed with the Real Estate Commission on June 29, 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**

The developer has entered into an Agreement dated April 12, 2006 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-078067 with the County of Hawaii to offer 20% of the Apartments in the Project (twenty one (21) Apartments) in accordance with the County of Hawaii requirements relating to affordable housing. The developer currently intends to offer the following units in Building No. 3 pursuant to this Agreement: Apartments: 322 and 323.

D. 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.

Wailuku Village, LLC, a Hawaii limited liability company
Printed Name of Developer

By:  6/26/06
Duly Authorized Signatory* Date

Matt D. Macquis, PRESIDENT OF INVEST WEST
Printed Name & Title of Person Signing Above
FINANCIAL, LLC, MANAGING MEMBER OF WAILUKU
VILLAGE, LLC

Distribution:

Department of Finance, ~~City and~~ County of ~~Honolulu~~ Hawaii

Planning Department, ~~City and~~ County of ~~Honolulu~~ Hawaii

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

EXHIBIT A

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

The Common Elements of the Project include:

1. The Land in fee simple.
2. All foundations, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, stairs and stairways, and entrances and exits of said buildings.
3. All driveways, sidewalks, parking areas, yards, gardens, trash areas, loading zones, recreational facilities, storage spaces, and outdoor cooking areas, if any.
4. All grounds and landscaping, if any, whether within or appurtenant to the Project.
5. All ducts, sewer lines, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.
7. Any area labeled common area on the Condominium Map. The Land, in fee simple, and any and all easements and appurtenances thereto.

** Please note that the Developer does not plan to complete the recreational facilities until three (3) of the seven (7) residential buildings proposed for the Project have been constructed. Please be advised that there is no guaranty that the developer will complete construction of three (3) of the seven (7) residential buildings and, therefore, there is no guaranty that the recreational facilities will be completed; provided, however, that if three (3) of the seven (7) residential buildings have been completed, then the developer will construct the recreational facilities.

The Limited Common Elements of the Project include:

1. Each Apartment has as a Limited Common Element the Apartment Yard surrounding the Apartment as shown on the Condominium Map.
2. Each Apartment has as a Limited Common Element all of any ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility of service lines which are utilized for or serve only such Apartment.
3. Each Apartment shall be assigned a parking stall as set forth in Exhibit B to the Declaration.

EXHIBIT B

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the Project that are contained in the title report dated June 15, 2006 and issued by First American Title Company, Inc.:

1. For real property taxes due and owing, reference is made to the Director of Finance, County of Hawaii.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Any adverse claim based upon the assertion that: (a) the land or any part thereof is now or at anytime has been below the ordinary highwater mark of the Pukihae Stream; (b) some portion of said land has been created by artificial means or has accreted to such portion so created; or (c) some portion of said land has been brought within the boundaries thereof by an avulsive movement of Pukihae Stream, or has been formed by accretion to any such portion.
4. Rights of others thereto entitled in and to the continued uninterrupted flow of Pukihae Stream.
5. The terms and provisions contained in Easement Agreement recorded March 30, 1992 in the Bureau of Conveyances of the State of Hawaii as Document No. 92-045795.
6. Free flowage of Pukihae Stream as shown on survey map prepared by Donald James Murray, Land Surveyor, with Murray, Smith & Associates, Ltd., dated December 7, 1994, and March 28, 1995, approved by the County of Hawaii on July 5, 1995, as set forth or disclosed by Warranty Deed recorded June 25, 2004 in said Bureau as Document No. 2004-129019.
7. Approximate area of potential flooding of Pukihae Stream as shown on survey map prepared by Donald James Murray, Land Surveyor, with Murray, Smith & Associates, Ltd., dated December 7, 1994, and March 28, 1995, approved by the County of Hawaii on July 5, 1995, as set forth or disclosed by Warranty Deed recorded June 25, 2004 in said Bureau as Document No. 2004-129019.
8. Grant of Easement recorded in said Bureau May 30, 1997 as Document No. 97-071228 in favor of Hawaii Electric Light Company, Inc., a Hawaii corporation, and Verizon Hawaii Inc., a Hawaii corporation (now Hawaiian Telcom, Inc.), for the transmission and distribution of electricity.
9. The terms and provisions contained in unrecorded Notice of Violation and Order dated May 24, 2004, as disclosed in Warranty Deed recorded June 25, 2004 as Document No. 2004-129019.
10. The terms and provisions contained in Agreement dated April 26, 2006 recorded as Document No. 2006-078067.
11. Any and all leases, subleases and/or tenancy agreements, the rights thereunder and encumbrances thereto.

EXHIBIT C

PHASING OF PROJECT

Pursuant to Section N.2 of the Declaration, the Developer has reserved the right to develop the Project in phases, with the phase being covered under this Contingent Final Public Report being comprised of Building No. 3. The Developer is under no obligation to construct any Apartments in the Project unless such Apartments are covered under a Final Condominium Public Report and the Developer may amend the description of any Apartment described in the Declaration at any time prior to obtaining a Final Condominium Public Report covering such Apartment. As part of such development in phases:

- (A) The phases are to be developed on one lot covered by a single declaration, with a number of phases located on the lot.
- (B) The Developer may file separate Preliminary, Contingent Final and/or Final Public Reports for any phase of the Project with the Real Estate Commission of the State of Hawaii.
- (C) The site work and improvements for the Project may be undertaken in phases. The site work and improvements in future phases are not integral to those earlier built.
- (D) The Developer does not plan to complete the recreational facilities until three (3) of the seven (7) residential buildings proposed for the Project have been constructed. Please be advised that there is no guaranty that the developer will complete construction of three (3) of the seven (7) residential buildings and, therefore, there is no guaranty that the recreational facilities will be completed; provided, however, that if three (3) of the seven (7) residential buildings have been completed, then the developer will construct the recreational facilities.
- (E) Each Apartment's share of the Common Expenses shall be calculated from time to time based on the number of Apartments which have been constructed. Each Apartment's share of the Common Expenses shall be calculated based on a fraction, the numerator of which shall be such Apartment's Common Interest set forth in Exhibit B to the Declaration and the denominator of which shall be the aggregate Common Interest set forth in Exhibit B to the Declaration of all Apartments for which a Certificate of Occupancy has been issued.

For Building No. 3 of the Project, each Apartment's share of the Common Expenses following the issuance of a Certificate of Occupancy for such Apartment shall be as follows:

Apartment No.	Common Interest	Share of Common Expenses
311	1.057 %	10.2 %
312	0.702 %	6.8 %
313	0.683 %	6.6 %
314	1.036 %	10.0 %
321	1.036 %	10.0 %
322	0.683 %	6.6 %
323	0.683 %	6.6 %
324	1.036 %	10.0 %
331	1.036 %	10.0 %
332	0.683 %	6.6 %
333	0.683 %	6.6 %
334	1.036 %	10.0 %

As Certificates of Occupancy are issued for additional Apartments in the Project, the shares of Common Expenses for the foregoing Apartments will be adjusted to reflect the additional Apartments.

- (F) Until effective dates for Final Public Reports have been issued for the remaining Buildings in the Project, there is no guaranty that the other Apartments or Buildings in the Project will be developed.
- (G) In order to carry out the provisions of, or exercise the rights, powers or privileges reserved in, Section N.2 of the Declaration, the Developer may file amendments to the Declaration, Bylaws and/or Condominium Map for the Project to describe any changes to the Apartments or Buildings or Common Elements therein described at any time, notwithstanding the lease, sale or conveyance of any or all of the Apartments in the Project, and the Developer may execute, file and deliver any such amendment to the Declaration, Bylaws and/or the Condominium Map for the Project and to such Apartment Deeds as may have been issued, and any and all other instruments necessary or desirable.

EXHIBIT D

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment No.</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
311	\$290.34	\$3,484.10
312	\$193.56	\$2,322.73
313	\$187.87	\$2,254.42
314	\$284.65	\$3,415.78
321	\$284.65	\$3,415.78
322	\$187.87	\$2,254.42
323	\$187.87	\$2,254.42
324	\$284.65	\$3,415.78
331	\$284.65	\$3,415.78
332	\$187.87	\$2,254.42
333	\$187.87	\$2,254.42
334	\$284.65	\$3,415.78
Total	\$2,846.49	\$34,157.85

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total(**)

Utilities & Services				
Air Conditioning			n/a	n/a
Electricity				
	[X]	common elements only	\$345.13	\$4,141.60
	[]	common elements and apartments		
Elevator			\$72.48	\$869.74
Gas			n/a	n/a
	[]	common elements only		
	[]	common elements and apartments		
Refuse Collection			\$129.43	\$1,553.10
Telephone			n/a	n/a
Water and Sewer			\$474.56	\$5,694.70
Maintenance, Repairs and Supplies				
Building			\$60.40	\$724.78
Grounds			\$409.85	\$4,918.15
Management				
Management Fee			\$172.57	\$2,070.80
Payroll and Payroll Taxes			\$172.57	\$2,070.80
Office Expenses			\$8.63	\$103.54
Insurance			\$690.27	\$8,283.20
Reserves (*)			\$258.85	\$3,106.20
Taxes and Government Assessments				
Audit Fees			\$17.26	\$207.08
Other (Legal/Professional)			\$17.26	\$207.08
TOTAL			\$2,846.49	\$34,157.85

I, Nancy Cabral, as agent for/and/or employed by Day-Lum Rentals & Management, Inc., the condominium managing agent/developer for the Wailuku Village condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Nancy Cabral
Signature

6/28/06
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. Developer discloses that no reserve study has been conducted in accordance with Section 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules.

(**) Yearly totals may appear inconsistent with monthly fees due to rounding.

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

EXHIBIT E

SUMMARY OF SALES CONTRACT

The specimen Sales Contract, filed with the Commission, provides for, among other things, a description of the Apartment to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Sales Contract.

Among other provisions the specimen Sales Contract provides:

1. That the Sales Contract shall be binding when (i) a true copy of the Contingent Final Public Report (or Final Public Report, if applicable) together with a Receipt Form required by Hawaii Revised Statutes Section 514A-62 is delivered to the Purchaser, (ii) the Purchaser has an opportunity to read the report(s), and (iii) a Deemed Acceptance of such report(s) by the Purchaser shall have occurred.

2. The Seller has entered into an Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with the Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. In the event that a purchase contract is cancelled, Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.

3. The Sales Contract requires the Purchaser to pay the total purchase price by a series of payments prior to Closing, as follows: Purchaser shall make a deposit when Purchaser signs the Sales Contract. The balance shall be due on or before closing.

4. The Sales Contract provides that the Purchaser's Deposits shall be placed into an interest bearing account with all of the interest to be credited to Seller.

5. The Sales Contract provides that closing costs and expenses shall be allocated as follows: Seller shall pay 60% of the premium for the Title Policy, the cost of drafting of conveyance documents, Seller's notary fees, conveyance tax, and 50% of escrow fees. Purchaser shall pay 40% of the premium for the Title Policy, and any additional costs relating to the issuance of extended coverage policy (including a lender's policy), the cost of drafting of any revisions or addenda to the purchase contract, the cost of obtaining Purchaser's consents, if any, Purchaser's notary fees, all recording fees, 50% of escrow fees, and any mortgage fees, and Hawaii General Excise Tax.

6. The Sales Contract provides that Seller shall complete construction of the Project so as to permit normal occupancy of the Apartment covered by the Sales Contract within two (2) years from the date that the Purchaser executes the Sales Contract; provided, however, that such two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in beginning or completing construction if such delay is caused by fire, earthquake, act of God, the elements, war or civil disturbances, litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or materials, or any other matter or condition beyond Seller's control.

7. The Sales Contract provides that the description of the improvements constituting an Apartment ("Apartment Specifications") shall be negotiated between Seller and Purchaser and will be attached as an exhibit to the Sales Contract.

8. The Sales Contract provides that it may not be assigned by Purchaser, in whole or in part, without the prior written consent of Seller which consent may be withheld by Seller in its sole and absolute discretion. Any assignment of the Sales Contract made without Seller's written consent is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Sales Contract to affiliated entities for estate planning purposes without the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under the Sales Contract.

9. The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Project, the sale of the Apartment or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after the Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii. Notwithstanding the foregoing, claims by Purchaser, Seller and/or the Association against a contractor for construction defects, as such terms are defined in Hawaii Revised Statutes, Chapter 672E ("Contractor Repair Act"), shall be handled in accordance with the provisions of the Contractor Repair Act. The dispute resolution procedures set forth in the Sales Contract shall be modified as necessary to comply with the provisions of the Contractor Repair Act.

The foregoing is only a summary of some of the key terms of the Sales Contract. It is incumbent upon a prospective Purchaser to read the full text of the Sales Contract with care.

EXHIBIT F

SUMMARY OF ESCROW AGREEMENT

A copy of the executed Escrow Agreement for the Project between First American Title Company, Inc. ("Escrow") and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of the funds of a purchaser of an Apartment (a "Purchaser") pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement specifically permits the disbursement of Purchaser's funds under a Sales Contract prior to closing, subject to certain conditions, to pay for certain Project costs, including costs of constructing the Project's buildings, fixtures and other improvements, Developer's architectural, engineering, finance and legal fees, and other incidental expenses of the Project (excluding marketing expenses and brokerage fees relating to the sales of Apartments).

The Escrow Agreement provides in part that any interest earned on money on deposit shall be paid to the parties in accordance with the terms of the Sales Contract. Unless Purchaser has waived or is deemed to have waived the right to a refund, Purchaser shall be entitled to a refund of Purchaser's Deposits held by Escrow, less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract, Escrow Agreement and Chapter 514A, Hawaii Revised Statutes, as amended, if any one of the following occurs:

1. Developer and Purchaser have requested Escrow in writing to return to Purchaser the Purchaser's Deposits held by Escrow; or
2. Developer has notified Escrow of Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any cancellation or rescission provided therein or available to Developer; or
3. Purchaser has notified Escrow of Purchaser's exercise of Purchaser's right to cancel or rescind the Sales Contract under Hawaii Revised Statutes § 514A-62 or 63, respectively.

By law, the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00) so long as the cancellation occurs prior to the time the Sales Contract becomes effective (following issuance of the Final Public Report).

If the Purchaser enters into a Sales Contract pursuant to a Contingent Final Public Report and the Real Estate Commission does not issue an effective date for a Final Public Report by the expiration of the Contingent Final Public Report, and Developer or Purchaser elects to rescind the Sales Contract by giving written notice thereof to the other, with a copy to Escrow, Purchaser will be entitled to a refund of Purchaser's Deposits together with all interest earned thereon as provided in the Sales Contract, Escrow Agreement and Hawaii Revised Statutes § 514A-64.5.

Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

The foregoing is only a summary of some of the key terms of the Escrow Agreement. It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.