

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Moanakea Villas, LLC
Address 231 West Naauao Street, Hilo, Hawaii 96720
Project Name(*): MOANAKEA VILLAS
Address: Kapiolani Street, Hilo, Hawaii 96720

Registration No. 6081 Effective date: November 15, 2006
Expiration date: August 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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

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

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 this report before the Developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales Contracts executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V.B of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

“The effective date for the Developer’s Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed 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.

TABLE OF CONTENTS

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

General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Moanakea Villas, LLC Phone: (808) 935-3205
Name* (Business)
231 West Naauao Street, Hilo, Hawaii 96720
Business Address

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):

E. Dean Pinner - Member
Pascale Creek Pinner - Member

Real Estate Broker*: Hilo Brokers, Ltd. Phone: (808) 969-9400
Name (Business)
80 Pauahi Street, Suite 105
Business Address
Hilo, Hawaii 96720

Escrow: First American Title Company, Inc. Phone: (808) 536-3866
Name (Business)
1177 Kapiolani Boulevard
Business Address
Honolulu, Hawaii 96714

General Contractor*: Heartwood Pacific, LLC Phone: (808) 327-6700
Name (Business)
P.O. Box 1719
Business Address
Keaau, Hawaii 96749

Condominium Managing Agent*: Hawaii First, Inc. Phone: (808) 531-5566
Name (Business)
800 Bethel Street, Suite 501
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Steven S.C. Lim / Carlsmith Ball LLP Phone: (808) 935-6644
Name (Business)
121 Waianuenu Avenue
Business Address
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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2006-118503
Book _____ Page _____
 Filed - Land Court Document No. _____

The Declaration referred to above has been amended by the following instruments: First Amendment to Declaration of Condominium Property Regime of Moanakea Villas dated October 12, 2006, recorded at the Bureau of Conveyances as Document No. 2006-193114.

- 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 the condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 4270
 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]: Not applicable.

- 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. 2006-118504
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]: Not applicable.

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>Majority of Board</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:

At any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory hereto, the Developer may amend the Declaration and/or the Condominium Map in any manner without approval or consent of any unit purchaser. This power to amend does not limit or restrict the Developer's right as a unit owner to amend the Declaration as provided therein.

The Developer, acting alone, may amend the Declaration to file the "as built" verified statement of a registered architect or professional engineer (with plans, if applicable), certifying that the final plans fully and accurately depict the apartments as built.

The Developer reserves the non-exclusive right to grant easements and rights-of-way over, under, and across the Common Elements for utilities services, sewers and/or drains, provided that such easements do not materially impair or interfere with the use of any Apartments.

The Developer reserves the right to develop, construct, transfer, convey and/or sell the Apartments in increments, and to change the Apartment floor plans, or create one or more new Apartments floor plans for any or all of the Apartments in an increment. In connection with this right, the Developer may amend the Declaration and/or the Condominium Map to reflect changes in the floor plans and, if deemed appropriate by the Developer, in the Common Interest to reflect changes in the floor area.

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 purposes 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: Kapiolani Street
Hilo, Hawaii 96720

Tax Map Key: (3) 2-3-012-060
(TMK)

Address TMK is expected to change because a street address has not yet been assigned.

Land Area: 23,311 square feet acre(s) Zoning: CDH
(Downtown Hilo Commercial)

Fee Owner: Moanakea Villas, LLC
 Name
231 West Naauao Street, Hilo, Hawaii 96720
 Address

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: Three (3) Floors Per Building Three (3)

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other related building materials

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>18</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

Pets: No pets are allowed

Number of Occupants: _____

Other: Only residential uses allowed by Hawaii County Code and State Land Use laws; no short term rentals of less than 30 days.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 3 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
A	6	2 / 2	972	73.5	lanai
B	6	2 / 2	887	66	lanai
C	3	2 / 2	878	65	lanai
D	3	2 / 2	1,008	100	lanai

Total Number of Apartments: 18

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

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

Boundaries of Each Apartment:

Each Apartment shall be deemed to include (i) the walls and partitions which are not load-bearing and which are within the perimeter walls, and (ii) doors and door frames, windows and window frames, the inner decorated or finished surfaces of the walls, floors, and ceilings surrounding the Apartment, and the air space within the perimeters of the Apartment.

Permitted Alterations to Apartments:

Each Apartment Owner shall have the right, at the sole cost and expense of such Owner, to install, modify, and remove partitions and mezzanines, to paint, paper, panel, plaster, tile, finish and do other such work on the interior surfaces of the ceilings, floors and walls of the Apartments, to substitute new finished surfaces for the finished surfaces then existing in said ceilings, floors and walls, and to finish, alter or substitute any plumbing, electrical or other such fixtures attached to said ceilings, floors or walls, all of which shall be subject to the approval of the Board as may be required by the Act; provided, however, that this provision shall not be construed as permitting interference with or damage to the structural integrity of any building or interference with the use and enjoyment of the Common Elements by other Owners or violation of any building or fire codes, nor shall it be construed to limit the intent expressed in Paragraph F.1. of the Declaration. The Developer may make certain alterations as provided in Paragraph M.2 of the Declaration.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for this apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has X elected to provide the information in a published announcement or advertisement.

SALES TO OWNER-OCCUPANT NOTICE PUBLICATION

PROJECT NAME: MOANAKEA VILLAS

REGISTRATION NO.: _____

1. Moanakea Villas condominium project is located at Ponahawai, District of South Hilo, Island, County and State of Hawaii. The street address of the project is _____ Kapiolani Street, Hilo, Hawaii 96720.
2. The minimum price of the residential units is between \$350,000.00 and \$375,000.00. The minimum price is an estimate only based on current market conditions. The Developer reserves the right to change the sales price of the units, including the minimum price stated in this notice, prior to sale should market conditions or other factors warrant price adjustment in the Developer's discretion.
3. The residential units shall be sold in fee simple.
 - a. The units designated for sale to owner-occupants constitute a proportionate representation of all the residential units in the project with regard to factors of square footage, number of bedrooms and bathrooms, floor level, and whether or not the unit has a lanai;
 - b. Developer shall have the right to substitute a unit designated for owner-occupants with an unit that is not so designated; provided that the units are similar with regard to the factors enumerated in subsection (a). The substitution shall not require the developer's submission of a supplementary public report.
4. For a thirty-day period following the initial date of sale of the condominium project, fifty percent (50%) of the residential units being marketed shall be offered only to prospective owner-occupants.
5. Any interested individual may contact the developer's real estate broker, Hilo Brokers, Ltd., to secure an owner-occupant affidavit, public report, and any other information concerning the project. Hilo Brokers, Ltd.'s telephone number is (808) 969-9400, and its address is 80 Pauahi Street, Suite 105, Hilo, Hawaii 96720.

7. Parking Stalls*:

Total Parking Stalls: 25

	<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		<u>18</u>					<u>18</u>
Guest		<u>6</u>					<u>6</u>
Unassigned							
Extra for Purchase							
Other: <u>van accessible</u>		<u>1</u>					<u>1</u>
Total Covered & Open		<u>25</u>					<u>25</u>

Each residential apartment will have the exclusive use of at least 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 B 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

Other: Courtyard

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):

N/A.

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	_____	_____
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 non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

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

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

described in Exhibit B.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit B.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, is divided amongst the eighteen (18) apartments based on set square footage, and are:

described in Exhibit _____.

as follows:

Units 101, 102, 201 and 202	5.76224%
Units 301 and 302	5.76223%
Units 103, 105, 203, 205, 303 and 305	5.25242%
Units 103, 204 and 304	5.19731%
Units 106, 206 and 306	6.10671%

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 C describes the encumbrances against the title contained in the title report dated June 16, 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.

[X] 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:

Limited construction warranty from the Developer for one year from date of closing of the sale of the Apartment. See Developer's Limited Warranty attached to Sales Contract.

Except as warranted in the Developer's Limited Warranty, DEVELOPER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, THE COMMON ELEMENTS OR THE PROJECT. Except as warranted in the Developer's Limited Warranty, Developer disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which a buyer may encounter with respect to the apartments or the project.

2. Appliances:

Only those warranties provided by applicable appliance manufacturer.

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

Construction of the Project is estimated to commence in September 2006 and is currently expected to be completed in December 2007. Please note that these dates are estimates only and the actual dates of commencement and completion may vary.

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:

- | | |
|--|---|
| <input checked="" type="checkbox"/> not affiliated with the Developer | <input type="checkbox"/> the Developer or the Developer's affiliate |
| <input type="checkbox"/> self-managed by the Association of Apartment Owners | <input type="checkbox"/> other _____ |

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and 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 D 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 May 4, 2006
Exhibit F 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 sale contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the Developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within thirty (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 given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6081 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

1. CONTRACTOR REPAIR ACT. CHAPTER 672E, HAWAII REVISED STATUTES, EFFECTIVE JULY 1, 2004, CONTAINS IMPORTANT REQUIREMENTS THE BUYER MUST FOLLOW BEFORE THE BUYER MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIR, OR CONSTRUCTED THE BUYER'S HOME OR FACILITY. NINETY (90) DAYS BEFORE THE BUYER FILES A LAWSUIT OR OTHER ACTION, THE BUYER MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS THE BUYER ALLEGES ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. THE BUYER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT THE BUYER'S ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

2. Buyer's Deposits. Buyer's deposits will not be used for construction or related costs.

- 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.

MOANAKEA VILLAS, LLC

Printed Name of Developer

By: E. Dean Pinner June 28, 2006
Duly Authorized Signatory* Date

E. Dean Pinner, Member of Moanakea Villas, LLC

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii

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

MOANAKEA VILLAS

EXHIBIT "A"

DESCRIPTION OF BUILDINGS AND APARTMENTS

1. **Description of the Buildings:** The Project is shown on the Condominium Map and consists of three (3) residential buildings, designated by the numbers 1, 2 and 3. Each building has three (3) residential stories and no basement. Building 1 contains six (6) Apartments, Building 2 contains nine (9) Apartments and Building 3 contains three (3) Apartments. The buildings and Apartments are constructed principally of wood, metal, glass, and concrete. If the descriptions and divisions set forth in the Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended only to show the layout, location, Apartment numbers, dimensions and elevations of the Apartments and is not intended and shall not be deemed to contain or make any other representation or warranty.

2. **Description of the Apartments:** The Project consists of eighteen (18) freehold estates in the spaces within the perimeter walls, floors, and ceilings of the eighteen (18) Apartments. The eighteen (18) Apartments shown on the Condominium Map are hereby designated as the Apartments of the Project. The following Apartments are designated as handicap accessible: 201, 202, 203, 204, 205 and 206.

a. **Apartment Numbers and Locations.** The Apartment numbers and the location of Apartments are shown on the Condominium Map. Apartments located in the buildings of the Project are designated by a three-digit number, the first digit indicating the level of which the Apartment is located.

Building 1 contains the following Apartments: 101, 102, 201, 202, 301 and 302. Building 2 contains the following Apartments: 103, 104, 105, 203, 204, 205, 303, 304 and 305. Building 3 contains the following Apartments: 106, 206 and 306.

b. **Layout and Area.** There are four (4) types of Apartments in the Project, designated as Floor Plans A, B, C and D.

(1) Floor Plan A consists of two (2) bedrooms, two (2) baths, a living room, a kitchen, hallways, closets, a laundry room and a lanai, with a net floor area of 1,045.5 square feet (972 square feet of living area and 73.5 square feet of lanai).

(2) Floor Plan B consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, hallways, closets, a laundry room and a lanai, with a net floor area of 953 square feet (887 square feet of living area and 66 square feet of lanai).

(3) Floor Plan C consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, hallways, closets, a laundry room and a lanai, with a net floor area of 943 square feet (878 square feet of living area and 65 square feet of lanai).

(4) Floor Plan D consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, hallways, closets, a laundry room and a lanai, with a net floor area of 1108 square feet (1,008 square feet of living area and 100 square feet of lanai).

The foregoing approximate total square footage of the enclosed portions of the Apartments is computed from and to the interior surfaces of the Apartment perimeter walls, including lanais, and no reduction is made to account for interior load-bearing walls, ducts, vents, shafts and the like located within the perimeter walls.

END OF EXHIBIT "A"

MOANAKEA VILLAS

EXHIBIT "B"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. Common Elements. One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements", including specifically, but not limited to:

- (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.

2. Limited Common Elements. Certain parts of the Common Elements, herein called the "Limited Common Elements", are hereby designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Apartment to which the Limited Common Element is appurtenant, and if there is more than one Apartment to which the Limited Common Element is appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided in this Paragraph.

a. One (1) automobile parking stall shall be assigned to each of the Apartments. Any parking space easement appurtenant to an Apartment may be transferred

from Apartment to Apartment in the Project by way of amendment to this Declaration as hereinafter provided and as provided in Section 514A-14, Hawaii Revised Statutes, as may be amended. Please refer to the Project Declaration, subparagraph, B.4.a, Paragraph E, subparagraph F.7 and Exhibit B thereto for additional information relating to parking at the Project.

There are a total of twenty-five (25) parking stalls all numbered consecutively, and designated on the Condominium Map. One (1) parking stalls, which is unnumbered, is reserved for handicapped parking. The unassigned parking stalls, labeled "Visitor", shall be Common Elements for guest and general parking purposes for the entire Project, subject to such reasonable regulations as the Board may adopt by House Rule.

Entry patios, porches, decks, lanais, steps, entry walkways and stairways which are used only for the purposes of ingress to and egress from a particular Apartment shall be appurtenant to and for the exclusive use of said Apartment.

All Common Elements of the Project which are rationally related to less than all of the Apartments shall be Limited Common Elements appurtenant to the Apartment(s) to which they are so related.

END OF EXHIBIT "B"

MOANAKEA VILLAS

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. A Grant of Easement for sewer and pipeline purposes, in favor of Mary H. Show, recorded in Book 1436, Page 117 of Official Records.
3. Easement (3,021 square feet) for roadway purposes, as described in or disclosed by the instrument recorded in Book 4191, Page 348 of Official Records.
4. Real property taxes due and owing, if any. Reference is made to the Office of the Tax Assessor, County of Hawaii.

END OF EXHIBIT "C"

MOANAKEA VILLAS

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES*

AND

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment Type</u>	<u>Monthly Fee x 12 months</u>	<u>X</u>	<u># of Units</u>	<u>= Yearly Total</u>
A (1,045.5 square feet)	\$354.44	\$4,253.28	6	\$25,519.68
B (953 square feet)	\$323.08	\$3,876.96	6	\$23,261.76
C (943 square feet)	\$319.69	\$3,836.28	3	\$11,508.84
D (1,108 square feet)	\$375.62	\$4,507.44	3	\$13,522.32
TOTAL				\$73,812.60

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		\$	\$
Electricity			
<input checked="" type="checkbox"/> common elements only		\$ 225.00	\$2,700.00
<input type="checkbox"/> common elements and apartments			
Elevator			
Gas		\$	\$
<input type="checkbox"/> common elements only		\$	\$
<input type="checkbox"/> common elements and apartments		\$	\$
Refuse Collection		\$	\$
Telephone		\$	\$
Water and Sewer		\$ 700.00	\$ 8,400.00

Maintenance, Repairs and Supplies

Building		\$ 100.00	\$ 1,200.00
Grounds		\$ 200.00	\$ 2,400.00
Refuse Contract		\$ 245.00	\$ 2,940.00
Supplies		\$ 50.00	\$ 600.00

Management

Administrative Supplies		\$ 20.00	\$ 240.00
Audit/Tax Fees		\$ 50.00	\$ 600.00
Management Fee		\$ 565.00	\$ 6,780.00
Management Reimbursable Expenses		\$ 80.00	\$ 960.00
GET Taxes		\$ 1.00	\$ 12.00

Insurance

Condominium Insurance Package		\$1,625.00	\$19,500.00
General Liability		\$ 85.00	\$ 1,020.00
Umbrella		\$ 120.00	\$ 1,440.00
Directors/Officers & Liability		\$ 65.00	\$ 780.00

Other: Miscellaneous

Reserves(*)		\$2,000.00	\$24,000.00
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Taxes and Government Assessments

Other		\$	\$
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Legal Fees

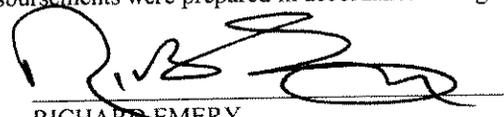
Dues & Subscriptions		\$	\$
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Security Service		\$	\$
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TOTAL

\$6,151.05 \$73,812.60

I, RICHARD EMERY, as agent for and employed by HAWAII FIRST INC., the condominium managing agent/developer for the MOANAKEA VILLAS 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.



RICHARD EMERY

Dated: June 26, 2006

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514-83.6, HRS, an 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.

DEVELOPER'S STATEMENT REGARDING RESERVES

In arriving at the figure for "Reserves" as set forth in Exhibit "D", Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 8, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. The figure is an estimate based on reasonable projections of reserve requirements.

The Developer's management contract with Hawaii First Inc., the Managing Agent, requires the Managing Agent to prepare a certified professional Reserve Study for the first full fiscal year that follows the Association's first year after the annual meeting as a part of the annual budget.

MOANAKEA VILLAS, LLC,
a Hawaii limited liability company



By: E. DEAN PINNER
Its: Member

END OF EXHIBIT "D"

MOANAKEA VILLAS

EXHIBIT "E"

SUMMARY OF SALES CONTRACT

The sales contract that will be used will provide, in addition to the price, description and location of the apartment, and other terms and conditions under which a buyer will agree to purchase an apartment in the Project, the following:

(a) What a buyer must do to qualify for a loan if the buyer wants a mortgage loan to cover part of the purchase price.

(b) That a buyer's money will be held in escrow, under the terms of the escrow agreement.

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

(d) That in the event buyer fails to perform buyer's obligations under the sales contract (seller not being in default), seller may (1) bring an action for damages for breach of contract, (2) retain the initial deposit and all additional deposits provided for herein as liquidated damages, and (3) buyer shall be responsible for any costs incurred in accordance with the sales contract.

(e) That in the event seller fails to perform seller's obligations under the sales contract (buyer not being in default), buyer may (1) bring an action for damages for breach of contract, (2) seek specific performance of the sales contract, and (3) seller shall be responsible for any costs incurred in accordance with the sales contract.

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

It is incumbent on the buyer to read the full text of the Sales Contract.

END OF EXHIBIT "E"

MOANAKEA VILLAS

EXHIBIT "F"

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

A copy of the executed Condominium Escrow Agreement dated May 4, 2006, between First American Title Company, Inc., as Escrow Agent, and Developer, has been filed with the Commission. The Escrow Agreement provides for the deposit of buyer's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides, in part, that any interest earned on money on deposit may be retained by the Developer unless the Sales Contract directs otherwise. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a buyer to a refund of buyer's deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund buyer's deposits, without interest earned and 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 and Chapter 514A, Hawaii Revised Statutes, as amended.

By law the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). 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.

If a buyer fails to make a payment to the Escrow Agent as required under the Sales Contract or fails to perform in any matter that is being handled by the Escrow Agent, the Escrow Agent shall notify the Developer of any such failure on the part of the buyer. If the Developer subsequently certifies in writing to the Escrow Agent that the Defendant has terminated the Sales Contract and provides the Escrow Agent with a copy of the notice(s) of termination which were sent to the buyer, the Escrow Agent will treat all of the funds paid by the buyer towards the Sales Contract as the Developer's funds and not as the buyer's funds. Upon written request from by the Developer, the Escrow Agent shall pay those funds, less any escrow cancellation fee, to the Developer.

The buyer's funds held by the Escrow Agent may be disbursed after (1) the Real Estate Commission has issued an effective date for a Final Report on the Project; (2) the buyer has been given a copy of the Final Report and has acknowledged receipt or same or has been deemed to have acknowledged receipt of same and waived or deemed to have waived the buyer's right to cancel the Sales Contract; (3) the Developer or its attorney has delivered a written opinion to the Escrow Agent that the buyer's contract has become effective and stating that the requirements of Sections 514A-40, 514A-62, 514A-63 and 514A-64.5, Hawaii Revised Statutes, have been complied with and all contracts delivered to the Escrow Agent are binding upon the purchasers; (4) the Developer has given the Escrow Agent a written waiver of any option reserved in any Sales Contract to cancel the Sales Contract; (5) the Developer has delivered to the Escrow Agent a certificate from the Developer's architect

stating that the Project is in full compliance with the Federal Fair Housing Amendment Act of 1988; and (6) the Escrow Agent has closed the buyer's Sales Contract in accordance with Section 6 of the Escrow Agreement.

The Escrow Agent will return a buyer's funds held by the Escrow Agent under a Sales Contract, together with any interest which may have accrued to the credit of the buyer, if any one of the following occurs: (1) the Developer and the buyer both request in writing that the Escrow Agent return the buyer's funds being held by the Escrow Agent to the buyer; (2) the Developer or the buyer notifies the Escrow Agent of the Developer's or the buyer's exercise of an option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission available to the Developer or the buyer; (3) a buyer whose funds were obtained prior to the issuance of the Final Report notifies the Escrow Agent of the buyer's exercise of the buyer's right to cancel the Sales Contract under Section 514A-62, Hawaii Revised Statutes; or (4) the buyer notifies the Escrow Agent of the buyer's exercise of the buyer's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes.

As set forth in the Sales Contract, if the Developer defaults under the Sales Contract, and the remedy of specific performance is not available to the buyer for any reason, the buyer, if not in default under the Sales Contract, shall be entitled to a rescission and refund of all deposits, paid by the buyer, plus liquidated damages in an amount equal to the Deemed Interest (as defined in the Sales Contract).

It is incumbent upon a prospective buyer to read the executed Escrow Agreement with care.

END OF EXHIBIT "F"