

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	55-003 KAMEHAMEHA HIGHWAY
Address	55-003 Kamehameha Highway, Laie, Oahu, Hawaii 96762
Registration Number	6110
Effective Date of Report	November 21, 2006
Developer	Dirk O. Julander, Kayoko Julander and Michael Thomas Ryan

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; or (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

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

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

SPECIAL ATTENTION

The Developer has disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) This public report does not constitute approval of the Project by the Real Estate Commission or any other governmental agencies, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
- (c) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (pages 13 and Exhibit K).
- (d) PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are attached as exhibits to this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Fee Owner's Address	28441 Via Mondano; San Juan Capistrano, CA 92675	
Address of Project	55-003 Kamehameha Highway, Laie, Oahu, Hawaii 96762	
Address of Project is expected to change because		
Tax Map Key (TMK)	(1) 5-5-001-001	
Tax Map Key is expected to change because	Each Unit in the Condominium Property Regime will have a separate Tax Map Key	
Land Area	9,426 sq. ft.	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	n/a	

1.2 Buildings and Other Improvements

Number of Buildings	1
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Building(s)	1
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Area
A	1	3/2.5	1,496.07 sq.ft.	138.02 sq.ft.	Lanai	
B	1	3/2.5	1,205.89 sq.ft.	305.58/83 sq.ft.	Garage/Lanai	
See Exhibit A .						

2	Total Number of Units
---	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	3
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2 for Unit B; 1 for Unit A
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit B
--

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): See Exhibit C
--

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit ____.
As follows: 50% for each unit

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

<p>Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</p>									
<p>Described in Exhibit D _____.</p>									
<p>Described as follows:</p>									
<table border="1"> <thead> <tr> <th>Common Element</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Elevators</td> <td>0</td> </tr> <tr> <td>Stairways</td> <td>0</td> </tr> <tr> <td>Trash Chutes</td> <td>0</td> </tr> </tbody> </table>		Common Element	Number	Elevators	0	Stairways	0	Trash Chutes	0
Common Element	Number								
Elevators	0								
Stairways	0								
Trash Chutes	0								

1.10 Limited Common Elements

<p>Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit E _____.</p>
<p>Described as follows:</p>

1.11 Special Use Restrictions

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit G
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit H _____ describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: August 21, 2006</p>
<p>Company that issued the title report: Hawaii Escrow & Title, Inc.</p>

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input checked="" type="checkbox"/>	Residential	2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<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(specify)		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Describe any variances that have been granted to zoning code.					

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots	
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>	

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>
--

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in fair to good structural condition consistent with their age; Subject also to normal wear and tear, the electrical and plumbing systems are operable and in fair working order.</p>	
<p>Developer's statement of the expected useful life of each item reported above: Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in relatively good structural condition consistent with their age.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: n/a</p>	
<p>Estimated cost of curing any violations described above: n/a</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u> </u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer</p>	<p>Name: Dirk O. Julander et als (see page one) Address: 28441 Via Montano, San Juan Capistrano, CA92675</p> <p>Business Phone Number: 949-477-2100 E-mail Address: doj@jbblaw.us</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	
<p>2.2 Real Estate Broker</p>	<p>Name: Staples Realty, Inc. Address: P.O. Box 522 Kahuku, HI 96731</p> <p>Business Phone Number: 293-1114 E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: Hawaii Escrow & Title, Inc. Address: 700 Bishop Street, Suite 1600 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-532-2977</p>
<p>2.4 General Contractor</p>	<p>Name: n/a Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self managed by the Association Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Jeffrey S. Grad, Esq. Address: 841 Bishop Street, Suite 1800 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-521-4757</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	July 26, 2006	2006-144614

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	July 26, 2006	2006-144615

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4298

Dates of Recordation of Amendments to the Condominium Map:

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>
Have Been Adopted and Date of Adoption	<input type="checkbox"/>
Developer does not plan to adopt House Rules	<input checked="" type="checkbox"/>

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p style="text-align: center;">See Exhibit F</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>Management of the Common Elements: The Association of Unit 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.</p>		
<p>The Initial Condominium Managing Agent for this project is (check one):</p>		
<input type="checkbox"/>	<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

<p>Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>
<p>Exhibit <u> L </u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>		
<input type="checkbox"/>	<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Water
<input type="checkbox"/>	<input type="checkbox"/>	Sewer
<input type="checkbox"/>	<input type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	<input type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u> K </u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: Name of Escrow Company: Exhibit <u> J </u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If the developer defaults under the sales contracts Developer will re fund the Buyer's Deposit, less escrow cancellation fees, the Buyer shall have no further interest in the Project

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements: No warranty is given on the building and other improvements in the Unit
Appliances: No warranty is given on any of the appliances

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction:	n/a
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.	
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:	
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:	

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input checked="" type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

Box A <input type="checkbox"/>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
Box B <input type="checkbox"/>	<p>The Developer has not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

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

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

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

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

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

REQUIREMENT THAT THE UNITS BE "DETACHED DWELLING UNITS. •• Since the area of the Land on which the Project is located is less than 10,000 square feet, but more than 7500 square feet, the Land Use Ordinance ("LUO") requires the two dwelling units must be "detached dwelling units", which is defined as two dwelling units which are attached by a carport, garage or solid wall without openings which shall not be less than 15 feet or 50% of the longer dwelling. The two Units are connected by an interior solid wall, which is intended to meet the LUO requirement. Each Unit has an easement on or over the Limited Common Element of the other Unit and over the Common Elements, so that each Unit may be attached to the other in the manner shown on the Condominium Map. Each Unit Owner also has a nonexclusive easement to enter at reasonable times and upon reasonable advance notice (except in an emergency) upon the Limited Common Element appurtenant to the other Unit and in or within the other Unit itself for the purposes of (aa) attaching in the manner shown on the Condominium Map the Unit of the Unit Owner utilizing this easement ("Acting Owner") to the Unit of the non-Acting Owner, in a manner that will comply with the LUO, but in such a manner as not to unreasonably interfere with the use and enjoyment (other than on a temporary basis) by such non-Acting Owner of his Unit; and (bb) and for the repair, maintenance and replacement of the Acting Owner's Unit.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

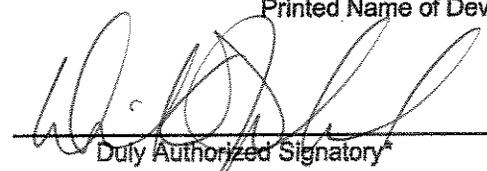
For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report any pertinent or material change or both in any information contained in this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

DIRK O. JULANDER

Printed Name of Developer

By:


Duly Authorized Signatory*

10/27/06
Date

DIRK O. JULANDER

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report any pertinent or material change or both in any information contained in this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

KAYOKO JULANDER

Printed Name of Developer

By:


Duty Authorized Signatory*

10/27/06
Date

KAYOKO JULANDER

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report any pertinent or material change or both in any information contained in this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

MICHAEL THOMAS RYAN

Printed Name of Developer

By:


Duly Authorized Signatory*

10/27/06
Date

MICHAEL THOMAS RYAN

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.

EXHIBIT A

Unit Types and Sizes of Units

3.7.1 Unit A is located on single level. Unit A contains three bedrooms, two and one-half bathrooms, dining/living area, kitchen area, living area and a lanai area. Unit A has a net living area of approximately 1496.07 square feet. The approximate area of its lanai is approximately 138.02 square feet.

3.7.2 Unit B is also located on a single level. Unit B contains three bedrooms, two and one-half bathrooms, dining area, kitchen area, living room, lanai and a garage. Unit B has a net living area of approximately 1205.89 square feet. The approximate area of its garage is 305.58 square feet and of its lanai is 83 square feet.

End of Exhibit "A"

EXHIBIT B:

Boundaries of the Units

Paragraph 5 (b) of the Declaration states:

(b) Boundaries of Unit. Notwithstanding the floor areas set forth hereinabove and the manner in which such floor areas have been measured, each Unit shall include the spaces within the perimeter walls, floors and ceilings of that portion of the building in which such Unit is located as shown on the Condominium Map, subject to the following: (i) all lath, furring wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors, or ceilings, are a part of the common elements; (ii) if any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a limited common element appurtenant solely to that Unit, and any portion thereof serving more than one Unit or any portion of the common elements is a part of the common elements; (iii) subject to (ii) above, all spaces, interior non-load-bearing partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit; and (iv) any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are limited common elements appurtenant exclusively to such Unit.

End of Exhibit "B"

EXHIBIT C:

Permitted Alterations to the Units

Paragraph 19 of the Declaration states:

(a) Generally. Except as otherwise provided in the Declaration, replacement or replacement of the Project or of any building or other structure or construction of any additional building or any material structural alteration or material addition to any structure different in any material respect from the Condominium Map shall be undertaken by the Association or any Unit Owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of all the Unit Owners and accompanied by the written consent of the holders of all liens affecting any of the Units, and in accordance with complete plans and specifications therefor. Promptly upon completion of such replacement, restoration or construction, the Association shall record in the Recording Office an amendment to the Declaration, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

(b) Alterations by an Owner within a Unit or on its Dwelling Area. Notwithstanding any other provision in the Declaration to the contrary, subject to Subparagraph (c) below, a Unit owner may make alterations or additions within his Unit or may enlarge or expand his Unit laterally (but not vertically) within or upon the Dwelling Area appurtenant to such Unit, without the consent or joinder of the Board, the Association, any other Unit Owner, or any other person, provided, that (i) the approval thereto shall be given by the holder of a first mortgage on such Unit (if the mortgage holder requires such approval) and (ii) the approval and/or permit shall be first obtained from the appropriate agencies of the State of Hawaii and the City and County of Honolulu (if such agencies so require).

No alteration or addition to be placed upon the Dwelling Area appurtenant to the Unit shall be permitted if the effect of such change would be to exceed the Unit's proportionate share of the allowable floor area or lot area coverage for buildings on the Land, as such rights are governed by the land use and zoning ordinance of the City and County of Honolulu in effect when the change is to be made. The term "proportionate share" shall be a fraction having as its numerator the area of the Dwelling Area appurtenant to such Unit and having as its denominator the area of the Dwelling Areas appurtenant to the both of the Units.

(c) Certain Work by Unit Owner Prohibited. Notwithstanding anything in to the contrary in the Declaration, no Unit owner (a) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament or detract from the appearance of the Project; or (b) shall add any material structure or excavate any basement or cellar; or (c) interfere with or deprive any other Unit owner of the use or enjoyment of any part of the Project, without in every such case obtaining the prior consent of all of the Unit owners, together with the prior written consent of all mortgagees of record.

End of Exhibit "C"

Exhibit "D"

Rights Reserved by the Developer to make changes to the Condominium Project or the Condominium Documents.

The Declaration provides the following:

(d) Reserved Right of Declarant to Subdivide and Consolidate.

(i) Notwithstanding any provision to the contrary, Declarant shall have the right without the joinder of any other Unit Owner or any other person at any time up to and including December 31, 2016 to cause in accordance with County Rules the Land or portion thereof to be legally subdivided or to be legally consolidated with an adjoining property. In connection with such subdivision, portions of the Land may be removed from the Project in accordance with the Act. The foregoing described rights may be referred to as "Subdivision Rights".

(ii) In connection with the exercise of the Subdivision Rights, Declarant shall have the right, without being required to obtain the consent or joinder of any person, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Land (aa) to execute and deliver (on behalf of all of the Unit Owners and their respective mortgagees, if necessary) applications, petitions, agreements and other instruments which such Declarant deems necessary or desirable (including without limitation, documents to be filed or recorded with the City and County of Honolulu (or any entity thereof), the Recording Office, other governmental agencies, public utility companies or private parties); (bb) to deliver documents and to take such actions in connection therewith as shall be in the sole and absolute discretion of Declarant, and his delivery of such instrument or the taking of such action shall be sufficient determination; (cc) to amend this Declaration and the Condominium Map to reflect the subdivision and consolidation, removal of portions of the Land and additions to the Land and removal the cancellation and removal of the Project from under the Act; and (dd) to grant easements for access and utility purposes across the Land in favor of any portion of the Land which is removed or land that is added to the Project, so long as such does not materially affect the rights of the Unit Owners.

(iii) Exercise of the Subdivision Rights shall be subject to the following terms and conditions:

(aa) The portion of the Land that may be legally subdivided and removed from the Project (specifically from Dwelling Area B) shall be a portion of Dwelling Area B which is reasonably necessary to provide access between Lot B (shown on the Site Map portion of the Condominium Map) ("Lot B") and Kamehameha Highway;

(bb) The portion of the land adjoining the Land that may be consolidated with and added to the Land (specifically to Dwelling Area A) shall be a portion of Lot B located contiguous to Dwelling Area A which theretofore had provided access between Lot B and Kamehameha Highway;

(cc) All associated costs and expenses shall be borne by Declarant and/or by the Owner of Lot B;

(dd) Any real property which is consolidated with the Land shall be added to Dwelling Area A, and any portion of the Land which is subdivided and removed from the Land shall be removed from Dwelling Area B;

(iv) If a portion of the Land shall be removed or if land shall be added to the Project, then Declarant shall execute and record in the Recording Office without the payment of any consideration and without the consent or joinder of the Association, the Board, any other Unit Owner or any other person an amendment to the Declaration and the Condominium Map (and shall deliver concurrently to the Board true and correct recorded copies thereof), which shall include at least the following:

(aa) a description of the Land remaining subject to the Condominium Property Regime; and

(bb) an amended site map which shall depict the Land then subject to the Condominium Property Regime, and

(cc) any additional common and Limited Common Elements and easements which shall thereafter be appurtenant to the Units in the Project still remaining, any revisions to the Common Interest effective upon such subdivision and removal in accordance with Section 6 of the Declaration and such other matters necessary or desirable to effect any such change in the Project.

(v) If a portion of the Land shall be removed or if land shall be added to the Project, then, at the request of Declarant

(xx) in the case of such removal, (i) each Unit Owner shall execute and deliver a recordable or other instrument of conveyance transferring to the Declarant (or its nominee) all rights such Unit Owner may have in the portion of the Land being removed; and (ii) shall cause to be delivered to Declarant a release of mortgage or other instrument executed by the holder of any mortgage, if any, affecting the Owner's Unit to the effect that the land being removed from the Project is not encumbered by the lien of any such mortgage; and

(yy) in the case of such addition, each Unit Owner shall execute and deliver a recordable or other instrument of conveyance accepting his common interest in the land being added to the Project.

End of Exhibit "D"

EXHIBIT E:

Common Elements

COMMON ELEMENTS. Paragraph 6 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

COMMON ELEMENTS. One freehold estate is hereby designated in (i) all of portions of the Project other than the Units and (ii) any other interests in real estate for the benefit of Unit owners that are subject to the Declaration.

The foregoing is collectively referred to as the "common elements", and is intended to include specifically, but not limited to:

- (a) the Land , together with the reversions, remainders, rents, issues and profits thereof, and all rights, easements, privileges and appurtenances thereunto belonging or appertaining.
- (b) Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

End of Exhibit "E"

EXHIBIT F
Limited Common Elements

LIMITED COMMON ELEMENTS. Paragraph 7 of the Declaration designates:

7. LIMITED COMMON ELEMENTS.

(a) Certain parts of the common elements, herein called and designated limited common elements, are hereby set aside and reserved for the exclusive use of a specific Unit, which Unit shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

All costs relating to such limited common elements (including all improvements located thereon, such as planting areas, fences and other perimeter boundary markers and electric lighting fixtures) shall be borne exclusively by the Owner of the Unit to which such limited common elements are appurtenant.

(b) The limited common elements so set aside and reserved are as follows:

(i) Any entrance, exit, gateway, entry, patio, yard, driveway or steps which would normally be used only for the purposes of ingress to and egress to and from a single Unit shall be a limited common element appurtenant to and reserved for the exclusive use of such Unit.

(ii) That portion of the Land shown on the Condominium Map on which a Unit is located (which for convenience, may be referred to as a "Dwelling Area",) is for the exclusive use of the Unit located thereon.

The Dwelling Areas appurtenant to the Units are, subject to change in accordance with Section 19 below, and are presently as follows:

Unit A: Dwelling Area A, 3,410 square feet.

Unit B: Dwelling Area B, 6,016 square feet.

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

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

End of Exhibit "F"

EXHIBIT G:

Special Use Restrictions

Paragraph 11 of the Declaration states:

11. PERMITTED AND PROHIBITED USES.

(a) A Unit may be occupied and used only for permanent or temporary residential purposes by the respective owners thereof, their tenants, families, and social guests, and for any other residential purpose permitted under the Land Use Ordinance of the City and County of Honolulu, as amended from time to time.

(b) A Unit owner shall have the absolute right to sell, rent, lease or otherwise transfer his Unit in connection with any permitted occupancy or use for any length of time subject to the provisions of this Declaration, the Bylaws, or the House Rules (if any).

(c) No Unit Owner shall use his Unit for any purpose which will injure the reputation of the Project or suffer anything to be done or kept in his Unit or elsewhere in the Project which will: (i) jeopardize the soundness of any building, (ii) interfere with or unreasonably disturb the rights of other owners or occupants, (iii) obstruct any walkway, stairway or corridor of any building, (iv) increase the rate of fire and extended coverage insurance on any building or the contents thereof, or (v) reduce the value of any building.

(d) A Unit owner may make alterations in or additions to his Unit or in the common elements only in accordance with Paragraph 19(b) below.

(e) No Unit Owner shall install or affix an antenna or satellite dishes to the building in which the Unit is located.

End of Exhibit "G"

EXHIBIT H

Encumbrances Against Title

ENCUMBRANCES AGAINST TITLE

1. ASSESSMENTS OR CHARGES LEVIED BY MUNICIPAL OR GOVERNMENTAL AUTHORITY OR IMPOSED BY ANY OTHER LAWFULLY CONSTITUTED BODY AUTHORIZED BY STATUTE TO ASSESS, LEVY AND COLLECT THE SAME, IF ANY.
2. TITLE TO ALL MINERALS AND METALLIC MINES RESERVED TO THE STATE OF HAWAII.
3. A 25-FOOT BUILDING SETBACK LINE, FROM THE FRONT PROPERTY LINE, AND A 10-FOOT SETBACK LINE FROM THE SIDE AND REAR PROPERTY LINES, AS SET FORTH IN UNDATED LEASE (ACKNOWLEDGED NOVEMBER 9, 1988 AND JULY 21, 1988), RECORDED IN THE BUREAU OF CONVEYANCES OF THE STATE OF HAWAII IN LIBER 22925, PAGE 664.
4. THE TERMS, PROVISIONS, COVENANTS, EASEMENTS AND RESERVATIONS AS CONTAINED IN THE DECLARATION OF PROTECTIVE PROVISIONS, DATED DECEMBER 15, 1982, RECORDED IN LIBER 16787, PAGE 394, BUT OMITTING ANY COVENANTS OR RESTRICTIONS IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS.
5. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, EXCEPTIONS AND OTHER PROVISIONS AS CONTAINED IN THE LIMITED WARRANTY DEED AND GRANTEE'S COVENANTS, DATED MARCH 8, 1994, RECORDED AS DOCUMENT NO. 94-051828, BUT OMITTING ANY COVENANTS OR RESTRICTIONS IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS.
6. MATTERS AS SHOWN ON CONDOMINIUM MAP NO. 298 , RECORDED IN THE OFFICE OF THE ASSISTANT REGISTRAR OF THE LAND COURT OF THE STATE OF HAWAII.
7. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS AND EASEMENTS, BUT OMITTING ANY COVENANTS OR RESTRICTIONS IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS, AS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME DATED JULY 26, 2006, RECORDED AS DOCUMENT NO. 2006 - 144614.
8. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF **55-003 KAMEHAMEHA HIGHWAY** DATED JULY 26, 2006, RECORDED AS DOCUMENT NO. 2006 - 144615.
9. ANY AND ALL EASEMENTS ENCUMBERING THE APARTMENT HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENANT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION, AND/OR SAID APARTMENT DEED, AND/OR AS DELINEATED ON SAID CONDOMINIUM MAP.
10. REAL PROPERTY TAXES DUE AND PAYABLE. FOR MORE INFORMATION PLEASE CONTACT THE DIRECTOR OF FINANCE, CITY AND COUNTY OF HONOLULU.

End of Exhibit "H"

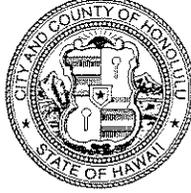
EXHIBIT I

Verified Statement from a County Official

Letter from the City and County of Honolulu Department of Planning and Permitting dated May 9, 2006 is attached.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4432 • FAX: (808) 527-6743
DEPT. INTERNET: www.honolulu.gov • INTERNET: www.honolulu.gov



MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2006/ELOG-499(LT)

May 9, 2006

Jeffrey S. Grad, Esq.
Attorney at Law
A Law Corporation
Suite 1800, Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Re: Condominium Conversion Project
55-003A Kamehameha Highway
Tax Map Key: 5-5-001: 001

This is in response to your letter dated March 1, 2006, requesting verification that the structure on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story two-family detached dwelling with four (4) all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1973 on this 9,426 square-foot R-5 Residential District zoned lot.

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

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

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-Family Code Enforcement Branch at 527-6341.

Very truly yours,

A handwritten signature in black ink, appearing to read "Henry Eng", is written over the typed name and title.

Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:ft

doc448821

EXHIBIT J

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT.

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow & Title, Inc.:

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow Agent. Any interest earned on funds deposited in escrow shall accrue to the credit of the Developer; except that, if Escrow is requested to establish a separate account for a purchaser, the purchaser shall pay Escrow a fee of \$25.00 for each such separate account and shall furnish Escrow the purchaser's social security or federal identification number, and any interest earned on funds deposited in such account shall accrue to the credit of the purchaser.

2. Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow with respect to a sales contract shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued an effective date of the Developer's Public Report on the Project;

(b) The purchaser shall have been given and shall have acknowledged receipt of (i) a copy of said Public Report and (ii) notice of purchaser's thirty-day cancellation right upon a form prescribed by the Real Estate Commission; and

(c) The purchaser shall have waived the right to cancel or be deemed to have the right to cancel, in accordance with Section 514B-86 of the Act; and

(d) The Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

At the request of Escrow, Developer's attorney shall delivered a written opinion to Escrow that the foregoing conditions shall have been complied with and the purchaser's sales contract has become effective.

3. Return of Funds and Documents. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of any option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) A purchaser shall have exercised his thirty-day cancellation right to rescind the sales contract pursuant to Section 514B-86 of the Act; or

(d) In the event of a material change in the Project, a purchaser shall have exercised his thirty-day cancellation right to rescind the contract pursuant to Section 514B-87 of the Act.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) If the purchaser indicated the purchaser's intention to be an owner-occupant of a Unit under Section 514B-95 et. seq. of the Act by signing a document entitled "Affidavit of Intent to Purchase and Reside in an Owner-Occupant Designated Condominium Residential Unit," and if the purchaser and the Developer so request in writing, Escrow will refund the purchaser's deposits upon the occurrence of any of the following events:

(i) No sales contract has been offered to the purchaser (A) within six (6) months of the issuance of an effective date for the Project's first condominium public report (if the "chronological system" defined in section 514B-95 of the Act has been used to establish a final reservation list), or (B) within six (6) months of the public lottery (if the "lottery system" described in section 514B-95 of the Act has been used to establish a final reservation list). In this case only, no cancellation fees will be subtracted from the refund; or

(ii) Before signing a sales contract, the purchaser requests that his name be removed from the Developer's final reservation list; or

(iii) The purchaser chooses not to sign a sales contract; or

(iv) The purchaser is unable to obtain a loan (or a commitment for a loan) for sufficient funds to purchase the Unit by the time the sales contract allows the purchaser to obtain a loan or a commitment for a loan, and either the purchaser or the Developer chooses to cancel the sales contract. The Act requires that the purchaser shall have at least fifty (50) calendar days from the day the Developer signs and accepts the sales contract to obtain a loan or a commitment for a loan; or

(v) The purchaser is required by the Act to rescind the sales contract because the purchaser will not or cannot reaffirm at closing the purchaser's intention to be an owner-occupant of the Unit. In this case, Escrow will refund only what remains (if anything) of purchaser's deposits after Escrow pays the Developer the greater of five percent (5%) of the purchaser's deposits or a sum equal to the Developer's actual damages caused by the purchaser's rescission of the sales contract.

Except for cancellations under subparagraph (e) (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

4. Purchaser's Default. Developer shall give notice in writing to Escrow of the occurrence of each event which initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the purchaser notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before the due date thereof or if the purchaser fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer the sales contract of such purchase and any other documents theretofore delivered by Developer to Escrow, and shall return other documents theretofore delivered to Escrow in connection with the purchase of the unit to the person from whom, or entity from which, such documents were received; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

End of Exhibit "J"

Exhibit "K"

Summary of the Sales Contract Provisions.

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT. The Sales Contract consists of two documents: a Hawaii Association of Realtors Standard form of Deposit Receipt Offer and Acceptance ("DROA") and a document attached to the DROA which is entitled "SPECIAL CPR PROVISIONS ATTACHED TO THE DROA".

The Special Provisions are intended to amend the DROA, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the DROA, the provision contained in the Special Provisions shall prevail.

1. Description of the Property to be Conveyed: Fee simple title to the Unit, together with the furnishings and appliances, if any, and the undivided interest in the common elements set forth in the DROA.. Title will be conveyed subject to the encumbrances of record.
2. Purchase Price and Terms. The purchase price for the Unit is set forth on page 2 of the DROA is to be paid in the method and at the times set forth in the DROA. This may include payment of (a). An initial deposit; (b). An additional cash deposit, if set forth in the DROA ; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.
3. Financing of Purchase. Paragraph C-24 of the DROA Form (if elected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.
4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the DROA, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Unit Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.
5. Closing. Seller has agreed to cause the Unit to be sold to the Buyer within the time period set forth on page 3 of the DROA .
6. Sales Contract May be Subject to Seller's Mortgage.(s)
 - (a) The Sales Contract is an agreement by Seller to transfer the Unit in the future on the closing date. Until closing, Seller has the right to have a mortgage or mortgages placed against the Unit. If the Seller places a future mortgage against the Unit prior to the closing date, Buyer's rights will be subject to such mortgage or mortgages. If Seller were to default under such mortgage or mortgages prior to the closing, then Buyer could lose his rights under the Sales Contract. If such event were to occur, then Buyer's deposits would be returned to him.
 - (b) Notwithstanding that the Sales Contract may be subject to a mortgage or mortgages prior to closing, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Unit to Buyer at closing free and clear of any mortgage.
7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the DROA is selected; (b) Buyer defaults under the Sales Contract (paragraph 6(b) of the Special Provisions); (c) Buyer dies prior to Closing Date (paragraph 6(a) of the Special Provisions) or (d) the Final Public Report shall not have been issued and Buyer shall not have waived his right to cancel (called the "Effective Date"). Pursuant to Paragraph 6(b) of the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's default or otherwise without notice as to monetary defaults, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.
8. Rights of Buyer to Cancel the Sales Contract.

(A) Paragraph 6 of the Sales Addendum gives the Buyer the right to cancel the Sales Contract for any reason subject to the conditions set forth therein. Pertinent provisions within Paragraph 6 are as follows:

"(a) The Buyer may cancel the Sales Contract at any time up to midnight of the thirtieth day after:

- (i) The date that the Buyer signs the Sales Contract; and
- (ii) All of the items specified in subsection (a)(1) of §514B-86 HRS (which are listed in Paragraph 11(b) [of the Sales Contract]) have been delivered to the Buyer.

(b) If the Buyer cancels, then the Buyer will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs associated with the purchase, which cost and fees shall not exceed \$250.

(c) The Buyer may waive the right to cancel, or shall be deemed to have waived the right to cancel, by:

- (i) Checking the waiver box on the cancellation notice and delivering it to the Seller.
- (ii) Letting the thirty-day cancellation period expire without taking any action to cancel; or

(iii) Closing the purchase of the unit before the cancellation period expires.

(B) Paragraph 7 of the Sales Addendum gives the Buyer the right to cancel the Sales Contract if there are material changes in the Property or the Project, subject to the conditions set forth therein. Pertinent provisions within Paragraph 7 are as follows:

"(a) Rescission Right. Except for any additions, deletions, modifications and exercise by Seller of reservations made pursuant to the terms of the Declaration of Condominium Property Regime for the Project, the Buyer may rescind his purchase of the Property even though this sales contract is binding upon him if there is a material change in the Project which directly, substantially, and adversely affects the use or value of (1) the Buyer's Property or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use.

(b) Waiver of Rescission Right. Upon delivery to the Buyer of a description of the material change on a form prescribed by the Real Estate Commission, the Buyer may waive the buyer's rescission right provided in subsection (a) by:

- (i) Checking the waiver box on the option to rescind sales contract instrument, signing it, and delivering it to the Seller;
- (ii) Letting the thirty-day rescission period expire without taking any action to rescind; or

(iii) Closing the purchase of the unit before the thirty-day rescission period expires.

(c) In the event of rescission pursuant to the provisions of this section, the Buyer shall be entitled to a prompt and full refund of any moneys paid."

(C) Buyer may also cancel the Sales Contract if Buyer fails to qualify for permanent financing if Paragraph C-24 of the DROA has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges Buyer having received (a) a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, and that the Developer's Public Report includes the report itself, the Project's recorded declaration and bylaws, house rules if any, a letter-sized condominium project map, and all amendments. (Provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map.) and (b) a notice of the buyer's thirty-day cancellation right on a form prescribed by the Real Estate Commission.

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

10. Paragraph 12 of the Special Provisions contains provisions generally disclaiming all warranties relating to construction, design, materials or workmanship of the Unit being bought and the Project. This sales are made in "**AS IS**" condition. Buyer is cautioned to have his own inspection of the property and the Unit.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

End of Exhibit "K"

EXHIBIT "L"
DISCLOSURE ABSTRACT
Dated: August 1, 2006

1. (a) PROJECT: 55-003 KAMEHAMEHA HIGHWAY
55-003 Kamehameha Highway
Laie, Oahu, Hawaii 96762
 - (b) DEVELOPER: DIRK O. JULANDER and KAYOKO JULANDER; and
MICHAEL THOMAS RYAN
28441 Via Mondano
San Juan Capistrano, California 92675
Telephone: (949) 477-2100
 - (c) MANAGING AGENT: Self-Managed by the Association
of Apartment Owners
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: See also, Reserve Study, which is Attachment "1" hereto.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:

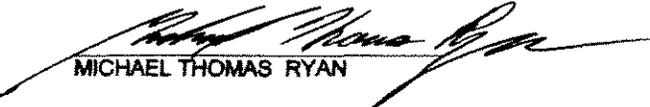
The Developer is not giving any warranty on the materials and workmanship of the Units.

4. USE OF UNITS. The 55-003 KAMEHAMEHA HIGHWAY Condominium Project will consist of two (2) units which shall be occupied and used only purposes permitted by the Land Use Ordinance for the City and County of Honolulu ("LUO") then in effect

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.


DIRK O. JULANDER


KAYOKO JULANDER


MICHAEL THOMAS RYAN

"Developer"

G:\CPRA\CLIENT\Julander Laie\EXHIBIT L revised to include Exh 1.wpd

EXHIBIT "1"

**ESTIMATE OF INITIAL MAINTENANCE FEES,
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
AND RESERVE STUDY
FOR
55-003 KAMEHAMEHA HIGHWAY CONDOMINIUM PROJECT**

Estimate of Initial Maintenance Fees:

Unit	Monthly Fee	X 12 Months	= Yearly Total
A	\$ <u>137.50</u>		\$ <u>1,650</u>
B	\$ <u>137.50</u>		\$ <u>1,650</u>

Detail of Maintenance Fee Disbursements:

	<u>Monthly Fee</u>	<u>Annual Total</u>
Utilities and Services		
Electricity	\$ _____	\$ <u>-0-</u>
Water/Sewer	\$ _____	\$ <u>-0-</u>
Maintenance, Repairs and Supplies		
Building	\$ _____	\$ <u>-0-</u>
Grounds Contract	\$ _____	\$ <u>-0-</u>
Management		
Administrative Supplies	\$ _____	\$ <u>-0-</u>
Audit/Tax Fees	\$ _____	\$ <u>-0-</u>
Management Fee	\$ _____	\$ <u>-0-</u>
Management Reimbursable Expenses	\$ _____	\$ <u>-0-</u>
GET Taxes	\$ _____	\$ <u>-0-</u>
Insurance		
Casualty, Hurricane, Liability	\$ <u>187.50</u>	\$ <u>2,250</u>
Flood Insurance	\$ <u>-0-</u>	\$ <u>-0-</u>
Other: Miscellaneous		
Reserves	\$ <u>87.50</u>	\$ <u>1,050</u>
TOTAL	\$ <u>275.00</u>	\$ <u>3,300</u>

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

**55-003 KAMEHAMEHA HIGHWAY CONDOMINIUM PROJECT
RESERVE STUDY**

ITEM	CONDITION	EST COST	NEXT DUE	COST PER YEAR
Roof (15 years)		<u>\$10,500</u>		<u>\$700</u>
Paint (10 years)		<u>\$ 2,500</u>		<u>\$250</u>
Contingency		\$_____		<u>\$100</u>
Estimated Replacement Reserve next 12 months				<u>\$1,050</u>
Reserve Payment per Unit (2), per month				<u>\$87.50</u>