

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

CONDOMINIUM PROJECT NAME	MAKINI AT KINAU
Project Address	1050 KINAU STREET, HONOLULU, HAWAII 96814
Registration Number	6147 ( <b>conversion</b> )
Effective Date of Report	<b>November 6, 2007</b>
Developer(s)	AVALON MAKINI LLC, a Hawaii limited liability company

**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, including any omitted material facts, 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.

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*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.]

The Developer's Public Report for this project was issued with an effective date of December 14, 2006. Since that date, the Developer has recorded the Declaration, By-Laws and Condominium Map for the project and has acquired the fee interest in the land on which the project is built. In addition, these are the changes to the project which have occurred since December 14, 2006:

1. There are now a total of 96 units in the project instead of 97 (88 Residential Apartment units and 8 Parking Apartment Units – one Parking Apartment Unit was eliminated).
2. There are now 96 parking stalls in the project instead of 100 (which includes the 8 Parking Apartment Units).
3. The parking stalls assigned to the residential units have changed.
4. The three guest parking stalls have been eliminated.

Though at the time that the Developer's Public Report was issued the Declaration, By-Laws and Condominium Map for the project had been signed but not recorded, the documents were subsequently recorded on January 11, 2007. The Amended and Restated Declaration of Condominium Property Regime of Makini at Kinau and Amendment of Condominium Map was recorded on October 1, 2007.

This Amended Developer's Public Report supersedes in its entirety the Developer's Public Report issued with an effective date of December 14, 2006.

## TABLE OF CONTENTS

	<u>PAGE</u>
Preparation of this Report.....	1
General Information on Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units.....	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities (Check if applicable):.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions.....	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters.....	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions.....	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing.....	9
2.6 Attorney for Developer.....	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS.....	10
3.1 Declaration of Condominium Property Regime.....	10
3.2 Bylaws of the Association of Unit Owners.....	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements.....	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be Included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner.....	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties.....	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

TABLE OF CONTENTS  
(continued)

	<u>PAGE</u>
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance .....	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance .....	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing .....	14
5.7 Rights Under the Sales Contract .....	16
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract .....	16
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract .....	16
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed .....	17
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change .....	17
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT .....	18
EXHIBIT A: Unit Sizes and Types	
EXHIBIT B: Parking Stall Assignments and Types	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Encumbrances Against Title as contained in that certain Title Report issued by Island Title Corporation, dated September 14, 2007.	
EXHIBIT F: Verified Statement of a County Official	
EXHIBIT G: Estimate of Initial Maintenance Fees	
EXHIBIT H: Summary of Sales Contract	
EXHIBIT I: Summary of Escrow Agreement	

## **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 being concurrently delivered to you with 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	N/A
Address of Project	1050 Kinau Street Honolulu, Hawaii 96814
Address of Project is expected to change because	N/A
Tax Map Key (TMK)	(1)2-4-013-032
Tax Map Key is expected to change because	N/A
Land Area	37,874 sq. ft. (0.869 acres)
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	12
Number of New Building(s)	-0-
Number of Converted Building(s)	1
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, aluminum, steel, glass

**1.3 Unit Types and Sizes of Units**

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
See Exhibit <u>  A  </u> .						

<b>96</b>	<b>Total Number of Units</b>
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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:	96 (8 of which are Parking Apartment Units)
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	1 (One stall is assigned to each Residential Apartment Unit).
Attach Exhibit <u>B</u> 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.	
The Developer may amend the Declaration to re-assign and change the designation of parking stalls which are appurtenant to units owned by the Developer. Parking Apartment Units may be sold separately.	

**1.5 Boundaries of the Units**

Boundaries of the unit:  See Page 4-A.
--

**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 Pages 4-A and 4-B.
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**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 <u>A</u> . As follows:
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**1.8 Recreational and Other Common Facilities (Check if applicable):**

<input checked="" type="checkbox"/>	Swimming pool
<input checked="" type="checkbox"/>	Laundry Area
<input checked="" type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Lobby, Pool Area, Toilet, Outdoor Shower.

## **1.5 Boundaries of the Units**

Boundaries of the unit:

Each Residential Apartment Unit shall include all of the walls and partitions which are not load-bearing and which are within its boundaries and shall include only the finished surfaces of the perimeter walls, floors and ceilings. The respective units shall not include the undecorated or unfinished surfaces of the interior load-bearing walls or partitions, foundations, columns, girders, beams, footings, floor slabs, supports, roofs and ceilings located within or at the perimeter of or surrounding such unit, all of which are part of the common elements. Any shutters, awnings, window boxes, doorsteps, stoops, and all exterior doors and windows or other fixtures designed to serve a single unit, but are located outside the unit's boundaries, are limited common elements appurtenant exclusively to that unit.

Each Parking Apartment Unit shall be deemed to include a rectangular floor surface area bounded on the ends and sides by marked parallel lines (or, in some cases, by a wall, column, or other permanent boundary), as shown on the Condominium Map. Each Parking Apartment shall include the airspace enclosed by imaginary vertical planes extending upward from each of the floor surface boundary lines (or other permanent monument boundaries) to a height of ten (10) feet, or to one inch below the surface of the ceiling immediately above the Parking Apartment, whichever is lower. The Parking Apartments shall not be deemed to include the underlying slab except for its surface, nor any part of the ceiling immediately above said Parking Apartments, nor any pipes conduits, wires, or any other mechanical installations penetrating the Parking Apartments' air space.

## **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):

Except as otherwise provided in the Declaration or in the Bylaws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any unit owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of sixty-seven percent (67%) of the unit owners and accompanied by the written consent of all unit owners whose units or appurtenant limited common elements are directly affected, as determined in a reasonable manner by the Board, and in accordance with all of the requirements set forth in the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of a unit may make any alterations or additions within a unit, with the exceptions of the special use restrictions set forth in Section 1.11 below. The alterations or additions permitted by the immediately preceding provision shall require only the written approval thereof, including approval of the unit owner's plans therefor, by the holders of first mortgage liens affecting such unit (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Hawaii if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered.

The Developer shall have the Development Rights as defined in the Condominium Property Act. Without limiting the generality of the foregoing, the Developer shall have the right to add or withdraw real estate, create units, common elements, subdivide units, combine units, convert units to common elements, or otherwise alter the Project. The Developer shall have the right, as set forth in this paragraph to makes changes or alterations to the

(Continued on Page 4-B)

Project, the units, and the common elements, without the approval of, consent or joinder of any unit owner. The Developer shall have the right to renovate the lobby and other common elements, create amenities such as spas, barbecue areas and otherwise change the Project and shall have the right to change the configuration of, alter the number of rooms of, decrease or increase the size of, change or delete appliances or fixtures or change the location of any unit (and the limited common elements appurtenant thereto) in the Project or to make other alterations in the Project. The Developer's rights to make changes to any unit shall not apply to any unit that has been conveyed to a purchaser thereof, except for minor changes to any common elements within or connected to the unit and minor changes to the unit which do not affect the physical location, design or size of any unit and do not affect the value of the unit. The Developer's rights to alter other portions of the Project without the approval or joinder of any unit owner shall be binding on any owner of a unit that has been conveyed so long as such changes do not materially and adversely affect the value of the sold units or the enjoyment and use by the owner of any sold units of any amenities (such as the swimming pool) in the Project. The Developer shall also have the right to amend the Declaration and the Condominium Map as provided in Section T of the Declaration. Notwithstanding any other provision in the Declaration to the contrary, the Board of Directors of the Association (the "Board") shall have the right to install or cause the installation of antennas, conduits, chases, cables, wires, and other television signal distribution and telecommunications equipment upon the common elements of the Project; provided that the same shall not be installed upon any limited common element without the consent of the owner or owners of the unit or units for the use of which the limited common element is appurtenant; and the installation of antennas, conduits, chases, cables, wires, and other television signal distribution and telecommunications equipment upon the common elements by the Board shall not be deemed to alter, impair, or diminish the common interest, common elements, and easements appurtenant to each unit, or to be a structural alteration or addition to any building constituting a material change in the plans of the Project filed in accordance with the Condominium Property Act; provided that no such installation shall directly affect any nonconsenting unit owner. The Board shall have the right to abandon or change the use of any television signal distribution and telecommunications equipment due to technological or economic obsolescence or to provide an equivalent function by different means or methods. The abandonment or change of use of any television signal distribution or telecommunications equipment by the Board due to technological or economic obsolescence or to provide an equivalent function by different means or methods shall not be deemed to alter, impair or diminish the common interest, common elements, and easements appurtenant to each unit or to be a structural alteration or addition to any building different in any material respect from the plans of the Project filed in accordance with the Condominium Property Act.

There is no prohibition in the Declaration and Bylaws and therefore the Board has the right to assess and charge limited common element expenses to all unit owners by following the procedure set forth in Section 514B-41(C) of the Condominium Property Act.

#### **1.11 Special Use Restrictions (cont'd).**

The installation of individual washing machines, dryers, dishwashers, and/or portable/interior air conditioning systems within the Residential Apartment Units is not permitted. With the approval of the Board of Directors, outdoor, window-mounted air conditioners may be permitted. Installation shall be in accordance with any requirements prescribed by the Board.

Leases and rental agreements must be for terms not less than thirty (30) days.

**1.9 Common Elements**

<p><b>Common Elements:</b> 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 <u>C</u> .</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>2</td> </tr> <tr> <td>Stairways</td> <td>2</td> </tr> <tr> <td>Trash Chutes</td> <td>1</td> </tr> </tbody> </table>		Common Element	Number	Elevators	2	Stairways	2	Trash Chutes	1
Common Element	Number								
Elevators	2								
Stairways	2								
Trash Chutes	1								

**1.10 Limited Common Elements**

<p><b>Limited Common Elements:</b> 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 <u>D</u> .</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 checked="" type="checkbox"/>	Pets: No pets (including, but not limited to dogs, cats, birds or any other animal) are permitted in the Project, except aquarium fish.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See page 5-A.
<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 <u>E</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: September 14, 2007</p>
<p>Company that issued the title report: Island Title Corporation</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	88	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	A-2
<input type="checkbox"/>	Commercial	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational	0	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (specify) Parking	8	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	A-2
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.			N/A.		

**1.14 Other Zoning Compliance Matters**

**Conforming/Non-Conforming Uses, Structures and Lots**

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.

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.

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.

	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"/>

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:

**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input checked="" type="checkbox"/> <b>Applicable</b></p> <p><input type="checkbox"/> <b>Not Applicable</b></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:</p> <p>Based on an Existing Conditions Report prepared by a Hawaii-licensed architect, the present condition of structural components and mechanical and electrical installations material to the use and enjoyment of the units appear to be in fair to good condition.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>See Page 7-A.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>A maintenance shed is in violation of current codes. The Developer will demolish the maintenance shed.</p>	
<p>Estimated cost of curing any violations described above:</p> <p>The Developer estimates that the cost of demolishing the maintenance shed will be approximately \$30,000.00.</p>	

<p><b>Verified Statement from a County Official</b></p> <p>Regarding any converted structures in the project, attached as Exhibit <u>F</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"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(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</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <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> <p>See Page 7-A.</p>

## 1.15 Conversions

Developer's statement of the expected useful life of each item reported above:

Reference is made to the Makini Reserve Study Summary which is available for review and which was prepared by Armstrong Consulting, Inc. dated July 17, 2006, which includes a life span estimate for certain components including the electrical upgrade, built up roofing system, elevator modernization and other components. In addition, the Existing Conditions Report states that the "apartment building, swimming pool, surface parking, landscaping and related improvements are generally in fair to good condition," the "existing mechanical systems appear to be in satisfactory condition," and the electrical systems within the Project, including "access control, surveillance, fire alarm, power, and lighting systems appear to be in good general working order." In providing this information, the Developer has relied on the Existing Conditions Report and the Reserve Study and on the consultants who provided these reports and the Developer does not warrant the same. No representations are made with respect to the expected useful life of each of these items.

Other Disclosures and information:

Except as hereinafter provided, and subject to the penalties set forth in Hawaii Revised Statutes Section 514B-69(b), the Project is in compliance with all zoning and building ordinances and codes, and all other permitting requirements applicable to the Project, pursuant to Hawaii Revised Statutes Section 514B-5 and 514B-32(a)(13). No variances have been granted to achieve the compliance. The Department of Planning and Permitting of the City and County of Honolulu has approved the Project's parking area and the Project contains no legal nonconforming conditions, uses, or structures. The Developer has submitted a revised parking layout plan eliminating four parking stalls and restriping corridors and stalls. The revised parking plan has been reviewed and approved by the Department of Planning and Permitting of the City and County of Honolulu as part of the Developer's building permit application for the proposed improvements.

As set forth in the letter dated August 7, 2006, from the Director of Planning and Permitting of the City and County of Honolulu, attached hereto as Exhibit F, there is a violation of current code as follows: A maintenance shed is in violation. The Developer is required to cure these violations and may use purchaser deposit money to pay the costs of demolition of the maintenance shed. The Developer intends to demolish the maintenance shed (which will cure the violation) within one year from the date of this public report. The letter also noted that conditions to approval of joint development had not yet been met. Attached as part of Exhibit F is a letter dated August 9, 2006, from the Director stating that the conditions had been met and the Developer could proceed with processing building permits. The conditional use permit for joint development of parcel 30 and parcel 32 is in full force and effect. This means that both parcels are considered as one zoning lot in accordance with the Land Use Ordinance of the City and County of Honolulu, Section 21-5.380 and instead of there being only 65 parking spaces on one of the lots (the change that required approval), there are now a total of 96 parking spaces (88 parking spaces as limited common elements appurtenant to the residential apartment units and 8 parking spaces as parking apartment units) on the two combined lots. Also in paragraph 2 of said letter, the Director stated, "Approval from the Department of Planning and Permitting is required for any changes to the parking layout." In securing the building permit for renovations to the Project, the Developer also secured approval from the Department of Planning and Permitting to the changes to the parking layout.

**1.16 Project In Agricultural District**

<p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></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. N/A.</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 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. N/A.</p>	
<p>Other disclosures and information: N/A.</p>	

**1.17 Project with Assisted Living Facility**

<p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below</b></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. N/A</p>	
<p>The nature and the scope of services to be provided. N/A</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses. N/A</p>	
<p>The duration of the provision of the services. N/A</p>	
<p>Other possible impacts on the project resulting from the provision of the services. N/A</p>	
<p>Other disclosures and information. N/A</p>	

## 2. PERSONS CONNECTED WITH THE PROJECT

<p><b>2.1 Developer(s)</b></p>	<p>Name: Avalon Makini LLC  Address: 841 Bishop Street, Suite 1601  Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 587-7770  E-mail Address: <a href="mailto:ccamp@avalon-development.com">ccamp@avalon-development.com</a></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>The Developer is a Hawaii limited liability company whose sole member and manager is Avalon SMC, LLC.</p> <p>Avalon SMC, LLC is a member-managed Hawaii limited liability company whose sole member is Avalon Development Company LLC.</p> <p>Avalon Development Company LLC is a manager-managed Hawaii limited liability company whose sole member and manager is Christine Camp.</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: Avalon Realty, LLC  Address: 841 Bishop Street, Suite 1601  Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 722-7818  E-mail Address: <a href="mailto:kendhchong@aol.com">kendhchong@aol.com</a>  Ken Chong, Principal Broker.</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Island Title Corporation  Address: First Hawaiian Tower, Suite 400  1132 Bishop Street  Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 531-0261</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: Ralph S. Inouye Co., Ltd.  Address: 2831 Awaaloa St.  Honolulu, Hawaii 96819</p> <p>Business Phone Number: (808) 839-9002</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Hawaiiana Management Company, Ltd.  Address: 711 Kapiolani Boulevard, Suite 700  Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 593-6896</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Raymond S. Iwamoto  Address: Schlack Ito Lockwood Piper &amp; Elkind  Fort Street Tower, Suite 1500  Topa Financial Center  745 Fort Street  Honolulu, HI 96813  Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 523-6006  E-mail Address: <a href="mailto:riwamoto@sil-law.com">riwamoto@sil-law.com</a></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	January 11, 2007	2007-005736

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 1, 2007	2007-174209

#### 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	January 11, 2007	2007-005737

#### 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	N/A
Bureau of Conveyances Map Number	4362
Dates of Recordation of Amendments to the Condominium Map: October 1, 2007	

**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 checked="" type="checkbox"/> May 24, 2007
Developer does not plan to adopt House Rules	<input 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%	67%
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>The Developer has reserved the right to amend the Declaration, Bylaws and Condominium Map (a) at any time prior to the filing of the first unit conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project or any of the units, by any institutional lender lending funds on the security of the Project or any of the units, by any purchaser, insurer or guarantor of loans, including, for example, the Federal Housing Administration, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the units, or by any governmental agency; (c) to file the "as built" verified statement required by the Condominium Property Act, Section 514B-34; (d) to reflect alterations of the Project which the Developer is permitted to make pursuant to Section R of the Declaration. See Page 4-B. Under the Bylaws, the Developer has also reserved the right to designate and appoint a person to hold at least one (1) position on the Board of Directors, provided that the Developer owns at least one (1) unit in the Project.</p>

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<p><b>Management of the Common Elements:</b> 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"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input checked="" type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<p><b>Estimate of the Initial Maintenance Fees:</b> 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>G</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 checked="" type="checkbox"/>	Electricity for the common elements
<input checked="" type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) Electricity and water for the Units and common elements

### 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 type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) Unit Owners are to be separately billed an additional monthly fee for use of an Air Conditioning system.

## 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>H</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: June 29, 2006, as amended August 14, 2006. Name of Escrow Company: Island Title Corporation Exhibit <u>I</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 checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input checked="" type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit <u>A</u> .
<input checked="" 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 checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
N/A	N/A. See page 13-A.

### 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: See Page 13-A.

Appliances: See Page 13-A.

### **5.3 Blanket Liens**

Developer's Note: There are no blanket liens at this time. However, the Developer may place a blanket mortgage on the entire Project when the Developer purchases the property from the fee owner. This mortgage will be a blanket lien affecting the title to all of the individual units. Effect: If the Developer places a blanket mortgage on the Project and defaults under this mortgage before the units are conveyed to the Buyers, the mortgagee or a foreclosure purchaser will have the right to decide whether to terminate or honor the sales contracts for the units. If there is a termination of the sales contract, the Buyers will be refunded, less any escrow cancellation fees, and the Buyers will have no further interest under the sales contracts.

### **5.4 Construction Warranties**

Building and Other Improvements:

None. There are no warranties on the Units, the common elements, the limited common elements, the Project or anything in the Units or in the Project with the sole and limited exception of manufacturer's warranties on new appliances. The Developer makes no warranties and there will be no contractor's warranty with respect to the materials or workmanship involved in the renovations of the Units, common areas or any other area of the Project, if any.

Appliances:

Appliance warranty information is not yet available because appliances have not yet been purchased. However, the Developer will transfer to the Buyer, without warranty, any manufacturer's warranties on new appliances that are transferable and cover appliances that may be sold with the units.

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

<p>Status of Construction: There is no construction of the Project as the Project was originally constructed in 1971. The Developer is undertaking a renovation program which includes the following: renovation of the lobby, renovation or replacement of all bedroom jalousie windows on the makai side of the building, replacement of all bedroom windows with awning windows for the units on the mauka side of the building and interior renovations for some and not all of the units which might include, without limitation, installation of new appliances, cabinets, countertops, flooring, paint, closet doors, fixtures, and toilet, and other renovations such as electrical upgrades to allow the use of outside air conditioning systems. The Developer estimates that completion of any additional repairs and renovation of the Project will occur on or before April 30, 2008. Units will be sold in "as is" condition.</p>
<p>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.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A. All units have been constructed.</p>
<p>Completion Deadline for any repairs required for a unit* being converted, as set forth in the sales contract:  * The required demolition of the <u>maintenance shed</u> will be completed within one year from the effective date of this Report.</p>

**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 type="checkbox"/>	<p>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.</p>
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**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

<p>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):</p>	
<input type="checkbox"/>	<p>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</p>
<input checked="" type="checkbox"/>	<p>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.</p>

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

<p><b>Box A</b> <input type="checkbox"/></p>	<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><b><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.</b></p>
<p><b>Box B</b> <input checked="" type="checkbox"/></p>	<p>The Developer has <b>not</b> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> 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.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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 30 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

**Unit Variations.** As provided in Section 5.5 above, certain residential apartment unit owners may enter into an agreement with the Developer whereby the Developer may perform certain renovations to such owner's residential apartment to include new cabinets, countertops, paint, flooring, closet doors, fixtures, toilet, appliances and a refinished tub. This list is subject to change, depending on the agreement between the buyer and Developer, but will be finalized and confirmed at the time a sales contract is signed for the unit. The Developer also intends to offer a Discount Addendum whereby if a buyer prefers to purchase the unit with the existing appliances, kitchen cabinets, flooring, toilet, etc. and executes the Discount Addendum with the Developer, then the Developer will not renovate the selected unit but will sell the unit without any of these upgrades. The amount of the discount from the sales price will be set forth in the Addendum. If the purchaser executes a Discount Addendum to the Sales Contract to buy the unit without renovations, the foregoing items will not be installed in the Unit and the Unit will be sold with the existing appliances, cabinets, etc and therefore the interior of unrenovated units may vary substantially from the other units.

**Parking Apartment Units.** The Parking Apartment Units shall be used for the parking of vehicles only and for such other customary usages of parking spaces such as the occasional cleaning of vehicles, subject to the rules and regulations of the Association that are applicable to all parking stalls that are limited common elements. Ownership of a Parking Apartment Unit shall not entitle the owner to use any of the common elements of the Project, including without limitation the swimming pool, laundry and other common elements not essential to parking in the Parking Apartment Unit.

### **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 material, 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 or 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 or 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 paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

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 Sections 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 and include either or all material facts, material or pertinent changes to any information contained in or omitted from 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.

AVALON MAKINI LLC, a Hawaii limited liability company

Printed Name of Developer

By:

  
Duly Authorized Signatory\*

October 1, 2007

Date

Christine Camp, Manager

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**

**\*\* See Page 7-A.**

## **EXHIBIT A**

### **Unit Sizes and Types**

The Project contains a total of ninety-six (96) Residential Apartment Units and Parking Apartment Units (88 Residential Apartment Units and 8 Parking Apartment Units).

The Project's Residential Apartment Units are divided into six (6) different Types, designated herein and on the Condominium Map as Types 1, 1R, 2, 2R, 2A and 2B. The Residential Apartment Units are located on floors numbered 2 through 12, as shown on the Condominium Map.

The Project's Parking Apartment Units are considered to be of one (1) Type: "regular". The numbers of the Parking Apartment Units are shown in the Declaration and herein (but not on the Condominium Map) as prefixed with the letter "P". The Parking Apartment Units are either covered or partially covered and vary in net floor area, as shown herein and on the Condominium Map. The Parking Apartment Units are located on the Project land as shown on the Condominium Map.

The different types of Apartment Units are more particularly described as follows:

#### **Residential Apartments:**

The Project contains eighty-eight (88) Residential Apartment Units.

There are twenty-two (22) Type 1 Units and twenty-two (22) Type 1R Units. Each Type 1 and 1R Unit includes one bedroom, one bathroom, a kitchen, a living/dining room, and a lanai. The approximate net living area and lanai area of each Type 1 Unit is shown below.

There are sixteen (16) Type 2 Units and sixteen (16) Type 2R Units. Each Type 2 and 2R Unit includes two bedrooms, one bathroom, a kitchen, a living/dining room, and a lanai. The approximate net living area and lanai area of each Type 2 and 2R Unit is shown below.

There are eleven (11) Type 2AR Units. Each Type 2AR Unit includes two bedrooms, one bathroom, a kitchen, a living/dining room, and a lanai. The approximate net living area and lanai area of each Type 2A Unit is shown below.

There is one (1) Type 2B Unit. The Type 2B Unit includes two bedrooms, one bathroom, a kitchen, a living/dining room, and an enclosed lanai. The approximate net living area and lanai area of the Type 2B Unit is shown below.

#### **Parking Apartments:**

The Project contains eight (8) Parking Apartment Units. Each Parking Apartment Unit is either a covered or partially covered stall. The Parking Apartment Units vary in size, as shown below.

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The numbers, types, approximate areas, parking stall assignment and common interests of the Units are set forth in the chart that begins on the following page.

### Residential Apartment Units

<u>Residential Apt. No.</u>	<u>Number of BR / Baths</u>	<u>Unit Type</u>	<u>Net Living Area (Sq. Ft.)</u>	<u>Other Areas (Lanai) Sq. Ft.</u>	<u>Total Sq. Ft. Area</u>	<u>Common Area Int. %</u>	<u>Parking Stall No.</u>	<u>Owner Occupant Unit **</u>
201	2/1	2B	609.0	52.6	661.6	1.3934%	68	No
202	2/1	2R	605.0	52.6	657.6	1.2811%	102	Yes
203	1/1	1R	466.8	52.6	519.4	0.9881%	93	Yes
204	1/1	1	466.8	52.6	519.4	0.9881%	97	No
205	1/1	1	466.8	52.6	519.4	0.9881%	99	Yes
206	1/1	1R	466.8	52.6	519.4	0.9881%	94	No
207	2/1	2AR	606.2	52.6	658.8	1.2840%	59	No
208	2/1	2	605.0	52.6	657.6	1.2811%	89	Yes
301	2/1	2	605.0	52.6	657.6	1.2811%	58	Yes
302	2/1	2R	605.0	52.6	657.6	1.2811%	64	No
303	1/1	1R	466.8	52.6	519.4	0.9881%	92	No
304	1/1	1	466.8	52.6	519.4	0.9881%	101	Yes
305	1/1	1	466.8	52.6	519.4	0.9881%	98	Yes
306	1/1	1R	466.8	52.6	519.4	0.9881%	90	Yes
307	2/1	2AR	606.2	52.6	658.8	1.2840%	88	No
308	2/1	2	605.0	52.6	657.6	1.2811%	65	No
401	2/1	2	605.0	52.6	657.6	1.2811%	87	No
402	2/1	2R	605.0	52.6	657.6	1.2811%	57	Yes
403	1/1	1R	466.8	52.6	519.4	0.9881%	100	Yes
404	1/1	1	466.8	52.6	519.4	0.9881%	14	No
405	1/1	1	466.8	52.6	519.4	0.9881%	91	Yes
406	1/1	1R	466.8	52.6	519.4	0.9881%	13	No
407	2/1	2AR	606.2	52.6	658.8	1.2840%	86	No
408	2/1	2	605.0	52.6	657.6	1.2811%	56	Yes
501	2/1	2	605.0	52.6	657.6	1.2811%	85	Yes
502	2/1	2R	605.0	52.6	657.6	1.2811%	55	No
503	1/1	1R	466.8	52.6	519.4	0.9881%	95	No
504	1/1	1	466.8	52.6	519.4	0.9881%	12	Yes
505	1/1	1	466.8	52.6	519.4	0.9881%	96	No
506	1/1	1R	466.8	52.6	519.4	0.9881%	2	Yes
507	2/1	2AR	606.2	52.6	658.8	1.2840%	84	Yes
508	2/1	2	605.0	52.6	657.6	1.2811%	54	No
601	2/1	2	605.0	52.6	657.6	1.2811%	83	No
602	2/1	2R	605.0	52.6	657.6	1.2811%	53	Yes
603	1/1	1R	466.8	52.6	519.4	0.9881%	16	Yes
604	1/1	1	466.8	52.6	519.4	0.9881%	4	No
605	1/1	1	466.8	52.6	519.4	0.9881%	15	Yes

<u>Residential Apt. No.</u>	<u>Number of BR / Baths</u>	<u>Unit Type</u>	<u>Net Living Area (Sq. Ft.)</u>	<u>Other Areas (Lanai) Sq. Ft.</u>	<u>Total Sq. Ft. Area</u>	<u>Common Area Int. %</u>	<u>Parking Stall No.</u>	<u>Owner Occupant Unit **</u>
606	1/1	1R	466.8	52.6	519.4	0.9881%	10	Yes
607	2/1	2AR	606.2	52.6	658.8	1.2840%	82	No
608	2/1	2	605.0	52.6	657.6	1.2811%	52	Yes
701	2/1	2	605.0	52.6	657.6	1.2811%	67	Yes
702	2/1	2R	605.0	52.6	657.6	1.2811%	73	No
703	1/1	1R	466.8	52.6	519.4	0.9881%	11	No
704	1/1	1	466.8	52.6	519.4	0.9881%	5	Yes
705	1/1	1	466.8	52.6	519.4	0.9881%	3	No
706	1/1	1R	466.8	52.6	519.4	0.9881%	39	Yes
707	2/1	2AR	606.2	52.6	658.8	1.2840%	66	Yes
708	2/1	2	605.0	52.6	657.6	1.2811%	44	No
801	2/1	2	605.0	52.6	657.6	1.2811%	75	No
802	2/1	2R	605.0	52.6	657.6	1.2811%	78	Yes
803	1/1	1R	466.8	52.6	519.4	0.9881%	9	Yes
804	1/1	1	466.8	52.6	519.4	0.9881%	40	No
805	1/1	1	466.8	52.6	519.4	0.9881%	1	Yes
806	1/1	1R	466.8	52.6	519.4	0.9881%	41	No
807	2/1	2AR	606.2	52.6	658.8	1.2840%	74	No
808	2/1	2	605.0	52.6	657.6	1.2811%	79	Yes
901	2/1	2	605.0	52.6	657.6	1.2811%	76	No
902	2/1	2R	605.0	52.6	657.6	1.2811%	80	No
903	1/1	1R	466.8	52.6	519.4	0.9881%	37	No
904	1/1	1	466.8	52.6	519.4	0.9881%	8	Yes
905	1/1	1	466.8	52.6	519.4	0.9881%	81	No
906	1/1	1R	466.8	52.6	519.4	0.9881%	7	Yes
907	2/1	2AR	606.2	52.6	658.8	1.2840%	77	No
908	2/1	2	605.0	52.6	657.6	1.2811%	38	Yes
1001	2/1	2	605.0	52.6	657.6	1.2811%	45	No
1002	2/1	2R	605.0	52.6	657.6	1.2811%	49	Yes
1003	1/1	1R	466.8	52.6	519.4	0.9881%	6	No
1004	1/1	1	466.8	52.6	519.4	0.9881%	60	No
1005	1/1	1	466.8	52.6	519.4	0.9881%	18	No
1006	1/1	1R	466.8	52.6	519.4	0.9881%	61	No
1007	2/1	2AR	606.2	52.6	658.8	1.2840%	46	No
1008	2/1	2	605.0	52.6	657.6	1.2811%	50	Yes
1101	2/1	2	605.0	52.6	657.6	1.2811%	47	Yes
1102	2/1	2R	605.0	52.6	657.6	1.2811%	51	No
1103	1/1	1R	466.8	52.6	519.4	0.9881%	42	No
1104	1/1	1	466.8	52.6	519.4	0.9881%	72	Yes
1105	1/1	1	466.8	52.6	519.4	0.9881%	43	No

<u>Residential Apt. No.</u>	<u>Number of BR / Baths</u>	<u>Unit Type</u>	<u>Net Living Area (Sq. Ft.)</u>	<u>Other Areas (Lanai) Sq. Ft.</u>	<u>Total Sq. Ft. Area</u>	<u>Common Area Int. %</u>	<u>Parking Stall No.</u>	<u>Owner Occupant Unit **</u>
1106	1/1	1R	466.8	52.6	519.4	0.9881%	71	Yes
1107	2/1	2AR	606.2	52.6	658.8	1.2840%	48	Yes
1108	2/1	2	605.0	52.6	657.6	1.2811%	25	No
1201	2/1	2	605.0	52.6	657.6	1.2821%	31T	Yes
1202	2/1	2R	605.0	52.6	657.6	1.2811%	35	Yes
1203	1/1	1R	466.8	52.6	519.4	0.9881%	62	Yes
1204	1/1	1	466.8	52.6	519.4	0.9881%	70	No
1205	1/1	1	466.8	52.6	519.4	0.9881%	63	Yes
1206	1/1	1R	466.8	52.6	519.4	0.9881%	69	No
1207	2/1	2AR	606.2	52.6	658.8	1.2850%	33T	No
1208	2/1	2	605.0	52.6	657.6	1.2821%	32T	Yes

\* Net Living Area is the floor area of the unit measured from the interior surface of the unit perimeter walls

\*\* Developer reserves the right to substitute the units designated for sale to Owner-Occupants in this report.

#### **Parking Apartment Units**

<u>Parking Apartment Number:</u>	<u>Parking Stall Number:</u>	<u>Total Sq. Ft. Area</u>	<u>Common Interest</u>
P19	19	171.0	0.0010%
P20	20	180.5	0.0010%
P21	21	229.6	0.0010%
P22	22	229.6	0.0010%
P23	23	161.5	0.0010%
P24	24	161.5	0.0010%
P26	26	180.5	0.0010%
P34	34	229.6	0.0010%

- Parking Apartment Units are covered or partially covered stalls.

**END OF EXHIBIT A**

**EXHIBIT B****Parking Stall Assignments and Types**

<b><u>Residential Apt. No.</u></b>	<b><u>Parking Stall Number</u></b>	<b><u>Type of Stall</u></b>	<b><u>Covered/Uncovered</u></b>
201	68	Regular	Uncovered
202	102	Regular	Uncovered
203	93	Regular	Uncovered
204	97	Regular	Uncovered
205	99	Regular	Uncovered
206	94	Regular	Uncovered
207	59	Regular	Uncovered
208	89	Regular	Uncovered
301	58	Regular	Uncovered
302	64	Regular	Uncovered
303	92	Regular	Uncovered
304	101	Regular	Uncovered
305	98	Regular	Uncovered
306	90	Regular	Uncovered
307	88	Regular	Uncovered
308	65	Regular	Uncovered
401	87	Regular	Uncovered
402	57	Regular	Uncovered
403	100	Regular	Uncovered
404	14	Regular	Uncovered
405	91	Regular	Uncovered
406	13	Regular	Uncovered
407	86	Regular	Uncovered
408	56	Regular	Uncovered
501	85	Regular	Uncovered
502	55	Regular	Uncovered
503	95	Regular	Uncovered
504	12	Regular	Uncovered
505	96	Regular	Uncovered
506	2	Regular	Uncovered
507	84	Regular	Uncovered
508	54	Regular	Uncovered
601	83	Regular	Uncovered
602	53	Regular	Uncovered
603	16	Regular	Uncovered
604	4	Regular	Uncovered
605	15	Regular	Uncovered
606	10	Regular	Uncovered

<u>Residential Apt. No.</u>	<u>Parking Stall Number</u>	<u>Type of Stall</u>	<u>Covered/Uncovered</u>
607	82	Regular	Uncovered
608	52	Regular	Uncovered
701	67	Regular	Uncovered
702	73	Regular	Uncovered
703	11	Regular	Uncovered
704	5	Regular	Uncovered
705	3	Regular	Uncovered
706	39	Regular	Uncovered
707	66	Regular	Uncovered
708	44	Regular	Uncovered
801	75	Regular	Uncovered
802	78	Regular	Uncovered
803	9	Regular	Uncovered
804	40	Regular	Uncovered
805	1	Regular	Uncovered
806	41	Regular	Uncovered
807	74	Regular	Uncovered
808	79	Regular	Uncovered
901	76	Regular	Uncovered
902	80	Regular	Uncovered
903	37	Regular	Uncovered
904	8	Regular	Uncovered
905	81	Regular	Uncovered
906	7	Regular	Uncovered
907	77	Regular	Uncovered
908	38	Regular	Uncovered
1001	45	Regular	Uncovered
1002	49	Regular	Uncovered
1003	6	Regular	Uncovered
1004	60	Regular	Uncovered
1005	18	Regular	Uncovered
1006	61	Regular	Uncovered
1007	46	Regular	Uncovered
1008	50	Regular	Uncovered
1101	47	Regular	Uncovered
1102	51	Regular	Uncovered
1103	42	Regular	Uncovered
1104	72	Regular	Uncovered
1105	43	Regular	Uncovered
1106	71	Regular	Uncovered

<u>Residential Apt. No.</u>	<u>Parking Stall Number</u>	<u>Type of Stall</u>	<u>Covered/Uncovered</u>
1107	48	Regular	Uncovered
1108	25	Compact	Covered
1201	31T	Regular	Covered
1202	35	Regular	Covered
1203	62	Regular	Uncovered
1204	70	Regular	Uncovered
1205	63	Regular	Uncovered
1206	69	Regular	Uncovered
1207	33T	Regular	Covered
1208	32T	Regular	Covered

- The actual size of each stall varies.
- As disclosed in the Sales Contract, Seller may restripe the parking stalls, including the parking stall assigned to Buyer's Unit and the size of said parking stall may decrease to a compact sized stall.

**END OF EXHIBIT B**

## EXHIBIT C

### Common Elements

The common elements consist of all portions of the Project other than the units, including specifically, but not limited to:

- a. The Land in fee simple, and any easements appurtenant thereto;
- b. All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished portions of unit perimeter walls, party and load-bearing walls and partitions, roofs, the portions of the boundaries of the units described as common elements in paragraph 1. a. above, elevator cars, shafts, and doors, and related equipment, stairs and stairways, walkways, corridors, ramps, fences, entrances, entryways and exits of the building within the Project;
- c. All walkways, sidewalks, retaining walls, fences, gates, yard areas, driveways, drive lanes and all other common ways, parking areas, loading zones, pool enclosure areas, all landscaping, fences, gates, walls enclosing common elements, yards, and grounds;
- d. Those portions of any pipes, cables, conduits, chutes, flues, ducts, wires, vents, shafts, other utility or service lines, sewage treatment equipment and facilities (if any), electrical equipment, electrical closets, storage rooms, communications rooms, or other central and appurtenant transmission facilities and installations over, under and across the Project, or any other fixtures, whether located partially within and partially outside the designated boundaries of a unit, which serve more than one unit;
- e. The swimming pool and Pool Area within the Project, including the outdoor shower and restroom;
- f. The lobby;
- g. All utility and maintenance rooms, closets and facilities, electrical and mechanical rooms, closets, and facilities, storage rooms, closets, and facilities, accessory equipment areas, trash chutes and rooms, and refuse areas;
- h. All laundry rooms, washers, dryers, and any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;
- i. The limited common elements described in Exhibit D attached hereto.

END OF EXHIBIT C

## EXHIBIT D

### **Limited Common Elements**

The limited common elements set aside and reserved for the exclusive use of certain units, and such units are as follows:

- a. Each Residential Apartment Unit shall have appurtenant thereto as a limited common element the parking stall designated as appurtenant to the unit on Exhibit "B" attached hereto;
- b. Each of the Residential Apartment Units shall have appurtenant thereto as a limited common element the mailbox designated with the unit's number and located in the ground floor lobby area of the building.
- c. With respect to any chute, flue, duct, wire, conduit, cable, vent, shaft or other utility, service line and any other fixture which lies partially within and partially outside of a unit, those portions thereof serving only that unit shall be a limited common element appurtenant exclusively to such unit;
- d. Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purpose of ingress to and egress from a specific unit or units shall be limited common elements appurtenant to and reserved for the exclusive use of such unit or units;
- e. Any shutters, awnings, window boxes, doorsteps, stoops, the exterior doors and windows that are part of the boundary of a unit and the lanai shown on the Condominium Map as adjacent to any exterior door of such unit and which lanai is accessible through such door are limited common elements appurtenant exclusively to such unit.
- f. The Residential Apartment Units as a group shall have appurtenant thereto as limited common elements, all common elements of the Project that are not required for the use, support and maintenance of the Parking Apartment units, including without limitation, the swimming pool, the elevators, the stairwells, hallways, laundry rooms, , and all parts of the building and other parts of the Project not required for parking of vehicles in the Parking Apartment Units and not required for ingress and egress and pedestrian and vehicular access to and from Kinau Street and for structural support of the Parking Apartment Units. Such limited common elements are for the exclusive use of the owners of the Residential Apartment Units and their tenants and guests and the owners of the Parking Apartment Units shall not have access to nor the right to use such limited common elements.

**END OF EXHIBIT D**

**EXHIBIT E**

**Encumbrances Against Title as Contained in that certain  
Title Commitment issued by Island Title Corporation, dated September 14, 2007**

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
  
2. As to that certain parcel of land (being portions(s) of that land(s) described in and covered by Royal Patent Grant 3355 to James Lycett) situate, lying and being at Kulaokahua Plains, Honolulu, City and County of Honolulu, State of Hawaii, being LOT "A", and thus bounded and described as per survey dated May 16, 2006, being 30,075 square feet, more or less:
  - (a) A perpetual right-of-way for road purposes, being a strip of land twenty (20) feet wide, more particularly described as per survey prepared by Ryan M. Suzuki, Land Surveyor, with R.M. Towill Corporation, dated May 16, 2006, to-wit:

Beginning at the Southwest corner of this right-of-way, being also along the Northeast side of Kinau Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 3,063.76 feet South and 1,011.33 feet East and thence running by azimuths measured clockwise from True South:

1.	201°	12'	120.00	feet;
2.	291°	12'	20.00	feet;
3.	21°	12'	120.00	feet along a portion of Royal Patent Grant 3355 to James Lycett;
4.	111°	12'	20.00	feet along the northeast side of Kinau Street to the point of beginning and containing an area of 2,400 square feet, more or less.
  
  - (b) Restriction of rights of access into and from Lunalilo Freeway, Federal Aid Interstate Project No. I-H1-1 (23), which restriction was imposed by the State of Hawaii, by Quitclaim Deed dated May 21, 1969, recorded as Liber 6946, Page 10.

3. A CRM Wall crosses the south boundary of the subject lot into Kinau Street for a maximum distance of four-tenths (0.4) of a foot, as shown on survey map prepared by Ryan M. Suzuki, Land Surveyor, with R.M. Towill Corporation, revised May 24, 2006.

4. AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 21-5.380 OF THE LAND USE ORDINANCE (LUO)

Dated: July 27, 2006  
Recorded: Document No. 2006-138544  
Parties: HOWARD R. GREEN, also known as Howard Green, Successor Trustee under unrecorded Trust Agreement made by Freda Martin, also known as Frederica Martin, Charles M. Martin, Beryl Martin Haxton, Joan Martin Rodby and Anne Martin Wilson dated December 19, 1974, "Declarant"

5. Condominium Map No. 4362, filed in the Bureau of Conveyances, State of Hawaii, as amended.

6. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF MAKINI AT KINAU, AS AMENDED

Dated: January 11, 2007  
Recorded: Document No. 2007-005736  
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

AMENDED AND RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME OF MAKINI AT KINAU AND AMENDMENT OF CONDOMINIUM MAP

Dated: October 1, 2007  
Recorded: Document No. 2007-174209  
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

7. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF MAKINI AT KINAU

Dated: January 11, 2007  
Recorded: Document No. 2007-005737  
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

8. FIRST MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (FIXTURE FILING)

Dated: January 10, 2007  
Recorded: Document No. 2007-005739  
Mortgagor: AVALON MAKINI LLC, a Hawaii limited liability company  
Mortgagee: FIRST HAWAIIAN BANK, a Hawaii corporation  
Amount: \$16,400,000.00

9. ASSIGNMENT OF LEASES AND RENTS

Dated: January 10, 2007  
Recorded: Document No. 2007-005740  
Assignor: AVALON MAKINI LLC, a Hawaii limited liability company  
Assignee: FIRST HAWAIIAN BANK, a Hawaii corporation  
Re: All of Assignor's right, title and interest in and to any and all unrecorded leases, subleases and tenancy agreements demising a portion of the land herein described to secure the repayment of \$16,400,000.00

10. UCC FINANCING STATEMENT

Recorded: January 11, 2007  
Document No. 2007-005741  
Debtor: AVALON MAKINI LLC, a Hawaii limited liability company  
Secured Party: FIRST HAWAIIAN BANK, a Hawaii corporation

11. Any unrecorded leases, subleases, and/or tenancy agreements demising a portion of the land herein described, and any encumbrances affecting the same.
12. Any lien, or right to a lien for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
13. The lien of any real property taxes not yet due and payable.

**END OF EXHIBIT E**

**EXHIBIT F**

**DEPARTMENT OF PLANNING AND PERMITTING  
CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 523-4432 • FAX: (808) 527-6743  
DEPT. INTERNET: [www.honoluluicpp.org](http://www.honoluluicpp.org) • INTERNET: [www.honolulu.gov](http://www.honolulu.gov)

MUFI HANNEMANN  
MAYOR



HENRY ENG, FAICP  
DIRECTOR

DAVID K. TANQUE  
DEPUTY DIRECTOR

2006/ELOG-529(AS)

August 7, 2006

Design Partners Incorporated  
1580 Makaloa Street, Suite 1100  
Honolulu, Hawaii 96814

Attention: Mr. Duane Hamada

Gentlemen:

Re: Condominium Conversion Project  
1050 Kinau Street  
Tax Map Key: (1) 2-4-13: 032

This is in response to your letter dated March 7, 2006, requesting verification that the structure located at the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the 12-story 88-unit apartment building met all applicable code requirements when it was constructed in 1968 along with 88 all-weather-surface off-street parking spaces on this 30,074 square-foot A-2 Apartment District zoned lot.

Investigation also revealed the following:

- 1) On July 20, 2006, a conditional use permit (File No. 2006/CUP-65) was approved with conditions for the joint development of Parcel 30 and the above-referenced Parcel 32. However, at the time of this letter the conditions have not been met.
- 2) On March 3, 1970, Building Permit No. 82277 was issued for a swimming pool. The construction of the pool eliminated approximately eight (8) parking spaces. However, since that time, the parking layout, including access driveways, has been further altered and there are now only 65 parking spaces on this zoning lot. Approval from the Department of Planning and Permitting is required for any changes to the parking layout.
- 3) A storage/maintenance shed, approximately 14 feet by 30 feet, has been constructed on the ewa side of the building without first obtaining the required building permit. If a permit cannot be obtained, then the shed must be demolished.

Design Partners Incorporated  
August 7, 2006  
Page 2

Note: A permit for the storage shed (item #3) and approval for the parking layout (item #2) must be obtained in a timely manner or a notice of violation will be issued.

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,



Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE:ft

doc469993

DEPARTMENT OF PLANNING AND PERM. G  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 525-4432 • FAX: (808) 527-6743  
DEPT. INTERNET: www.honolulu.gov • INTERNET: www.honolulu.gov

MUFU HANNEMANN  
MAYOR



HENRY ENG, FAICP  
DIRECTOR

DAVID K. TANOUÉ  
DEPUTY DIRECTOR

2006/ELOG-1918(DT)

August 9, 2006

Ms. Laurie Ann K. Sato  
Avalon Development Company  
841 Bishop Street, Suite 1601  
Honolulu, Hawaii 96813

Dear Ms. Sato:

Re: Conditional Use Permit (CUP) No. 2006/CUP-65  
Joint Development Agreement  
1048 Kinau Street - Makiki  
Tax Map Key 2-4-13: 32

The executed joint development agreement, filed with the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2006-138544, meets Condition 1 of the above CUP. You may now proceed with processing of building permits.

If you have any questions, please call Dana Teramoto of our staff at 523-4648.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Henry Eng".

for Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE:cs

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**END OF EXHIBIT F**

## **EXHIBIT G**

### **Estimate of Initial Maintenance Fees**

Attached as Exhibit "1" is a breakdown of the monthly maintenance charges and the monthly estimated cost for each unit in the Project, prepared by Hawaiiana Management Company, Ltd., a Hawaii corporation, which is certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each unit are subject to change based on the actual cost of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, unit owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments.

The Developer will assume all the actual common expenses of the Project (and therefore a unit owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer sends the owners written notice that, after a specified date, the unit owners shall be obligated to pay for the portion of common expenses that is allocated to their respective units. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

The Units are not separately metered for electricity and/or water. There are no separate sub meters for the individual units and no sub meters to measure the utilization of electricity or water for the common elements, including the swimming pool. Instead, the Association will receive a master bill from the provider of the utility service. The payment of the master utility bills will be a common expense of the Association. As provided in the Bylaws, the Board of Directors will then separately bill each Unit for their owner's share of the utility bills. The Bylaws gives the Board the discretion to allocate the charges to each Unit in an equitable and fair manner, as determined by the Board in its sole business judgment and discretion. The Board may choose to allocate electricity and water according to the same or different methods, including without limitation, in accordance with the common interest appurtenant to each unit or some variation thereof, or in accordance with some other method, such as a method based on number of occupants in a Unit, Unit size, number of rooms, etc. Any method chosen by the Board will apply to the master bills which master bills will be for the utility usage for the entire Project, the units and the common elements, including the swimming pool, the elevators, laundry rooms, etc. Each unit owner will be legally obligated to pay the utility bills as charged to the unit owner by the Board as a common expense payable by each owner in the same manner as all other charges for common expenses. The allocation of the utility charges as determined by the Board shall be binding on each owner regardless of the relative usage of the common elements, such as the swimming pool by the owners or occupants of the units. If and until the Board decides on a different method of allocating the utility charges, all utility charges will be allocated in accordance with the common interest appurtenant to each Unit.

<p>NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY UNIT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.</p>
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**END OF EXHIBIT G**

EXHIBIT "1"

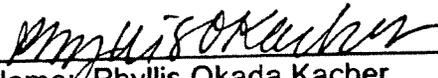
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

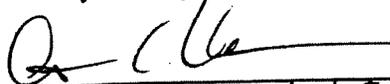
1. That I am the Senior Vice President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of the Makini at Kinau condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing September 1, 2006, based on generally accepted accounting principles.

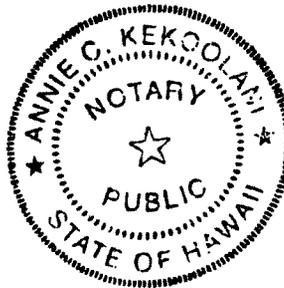
DATED: Honolulu, Hawaii, this 7<sup>th</sup> day of August, 2006.

  
Name: Phyllis Okada Kacher  
Title: Senior Vice President  
Hawaiiana Management Company, Ltd.

Subscribed and sworn to before me  
this 7<sup>th</sup> day of August, 2006.

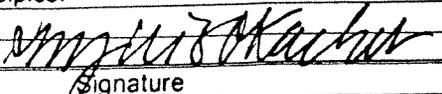
  
Typed or Printed Name: Annie C. Kekoolani  
Notary Public, State of Hawaii

My commission expires: 02-16-2010



## Estimate of Fee Disbursement

Makini at Kinau  
(88 units)

	Monthly	Annually
<b>CASH RECEIPTS</b>		
Maintenance Fees	\$28,439.00	\$341,268.00
Laundry Machines	\$1,000.00	\$12,000.00
Total Cash Receipts	\$29,439.00	\$353,268.00
<b>EXPENSES</b>		
<b>UTILITIES</b>		
Electricity	\$6,300.00	\$75,600.00
Water/Sewer	\$2,900.00	\$34,800.00
Gas	\$2,240.00	\$26,880.00
Telephone	\$300.00	\$3,600.00
<b>BUILDING MAINTENANCE</b>		
Elevator	\$1,500.00	\$18,000.00
Electrical/Lighting	\$200.00	\$2,400.00
Refuse	\$1,250.00	\$15,000.00
Building Supplies/Repairs	\$1,000.00	\$12,000.00
<b>PROFESSIONAL SERVICES</b>		
Management Fees	\$1,355.00	\$16,260.00
Admin Supplies/Svcs	\$400.00	\$4,800.00
Audit/Accounting	\$100.00	\$1,200.00
Legal	\$150.00	\$1,800.00
Building Maintenance	\$3,467.00	\$41,604.00
Security	\$1,000.00	\$12,000.00
Landscaping	\$300.00	\$3,600.00
Resident Manager	\$0.00	\$0.00
Wcomp	\$0.00	\$0.00
TDI	\$0.00	\$0.00
Health Care	\$0.00	\$0.00
Payroll Taxes	\$0.00	\$0.00
Payroll Prep	\$0.00	\$0.00
<b>INSURANCE/OTHER</b>		
Property Insurance	\$1,563.00	\$18,756.00
Comp. Gen. Liability	\$355.00	\$4,260.00
Comm. Umbrella	\$262.00	\$3,144.00
Boiler & Machinery	\$186.00	\$2,232.00
Director & Officer	\$113.00	\$1,356.00
Fidelity Bond	\$39.00	\$468.00
GET	\$25.00	\$300.00
Condo Registration	\$34.00	\$408.00
Reserves	\$4,400.00	\$52,800.00
<b>Total</b>	<b>\$29,439.00</b>	<b>\$353,268.00</b>
I, Phyllis Kacher, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for the Makini at Kinau project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.		
		8-7-06
Signature		Date
Pursuant to 514B-148, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.		
Estimate of Fee Disbursement is based on the assumption, confirmed by the developer, of a reserve fund starting balance of \$190,000 with recommended annual reserve contributions at \$52,800 which will increase annually by 2% starting in 2009.		

END OF EXHIBIT "1"

## EXHIBIT H

### Summary of Sales Contract

The Sales Contract provides for the sale of a condominium unit (the "Unit") by the Developer to a Buyer. A specimen Sales Contract has been submitted to the Real Estate Commission and is available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT, INCLUDING ANY ADDENDUM, IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Contract, among other things, covers in more detail the following items:

1. The Sales Contract is a binding agreement and provides the price for the unit, the amount of payments and when they are to be made to escrow. Although binding, the Seller may cancel the Sales Contract if the Buyer defaults or fails to furnish satisfactory evidence of ability to pay the purchase price or if the Buyer intends to finance the purchase and fails to obtain a loan commitment by the time specified in the Sales Contract. In certain cases, the Buyer may be responsible for escrow cancellation fees.
2. The Sales Contract provides that in addition to the purchase price, the Buyer will pay closing costs which includes notary fees, cost of drafting the recording the deed, title costs and title insurance premiums, fees such as telephone hook up fees, conveyance tax, Buyer's lender's costs, other customary fees, pro rated real property taxes and 50% of the escrow fee. In addition to two month's maintenance fees in advance (prorated depending on the closing date), another two month's maintenance fee will be payable by Buyer as a start up fee to be applied to start up costs and/or association reserves or to reimburse Seller for any advances.
3. THE SALES CONTRACT PROVIDES THAT THE PROJECT IS A CONVERSION OF AN EXISTING BUILDING AND THAT BUYER IS PURCHASING THE UNIT AS-IS, WITH ALL DEFECTS AND WITHOUT ANY WARRANTIES. THE SALES CONTRACT FURTHER PROVIDES THAT NO WARRANTIES ARE GIVEN AS TO THE STRUCTURAL, MECHANICAL AND ELECTRICAL SYSTEMS OF THE PROJECT, OR THE UNIT, THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS, OR ANYTHING IN THE UNITS WITH THE SOLE EXCEPTION OF MANUFACTURER'S (AND NOT SELLER'S) WARRANTIES IF A UNIT IS SOLD WITH NEW APPLIANCES OR FIXTURES CONTAINED IN THE UNIT. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AND THERE WILL BE NO CONTRACTOR'S WARRANTY WITH RESPECT TO THE MATERIALS OR WORKMANSHIP INVOLVED IN THE RENOVATION OF THE UNITS OR THE PROJECT. ALL UNITS WILL BE SOLD WITH NEW APPLIANCES AS DESCRIBED IN THE SALES CONTRACT UNLESS THE BUYER EXECUTES A DISCOUNT ADDENDUM IN WHICH CASE THE BUYER WILL PURCHASE THE UNIT WITH THE EXISTING APPLIANCES LOCATED IN THE UNIT. THE SELLER WILL MAKE AVAILABLE TO THE BUYER ANY EXISTING MANUFACTURER'S WARRANTIES ON NEW APPLIANCES. THE SALES CONTRACT FURTHER PROVIDES THAT THE SELLER HAS MADE NO REPRESENTATIONS ABOUT THE PHYSICAL CONDITION OF THE PROJECT OR UNIT.
4. By signing the Sales Contract, the Buyer acknowledges that the model units may not be exact replicas of the units in the Project. The Sales Contract provides that the Buyer will have an opportunity to inspect the Unit prior to Closing and defects found as a result of the inspection shall not be grounds to cancel this Contract. The Sales Contract provides that the Seller has no obligation to repair or remedy defects and that the Buyer agrees to close on the Unit in as is condition with all defects. The Sales Contract provides that the Seller has no responsibility for existing or future termite damage, mold or other condition, or for safety and security within the Project.
5. The Sales Contract provides that the Condominium Map for the Project is intended to show only the layout, location, unit numbers and dimensions of the units in the Project and is not intended to be and is not a warranty or promise of any kind by the Seller. The Sales Contract provides that certain items shown on the Condominium Map may change due to field changes and other factors. The Sales Contract provides that

Seller reserves the right to amend the Condominium Map, the Declaration and the other Project documents from time to time to reflect such changes.

6. The Sales Contract provides that Escrow may disburse to Seller all or portions of Buyer's funds deposited with Escrow prior to closing and prior to completion of construction of the Project to pay for project costs, construction costs, including repairs necessary to cure violations of county zoning and building ordinances and codes, and for architectural, engineering, finance and legal fees, and other incidental expenses of the Project, in accordance with and subject to the requirements of Hawaii's condominium law (Chapter 514B of the Hawaii Revised Statutes, as amended).
7. The Sales Contract confirms that NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S UNIT and that IF BUYER WANTS TO RENT OR SELL THE UNIT, HOW BUYER DOES SO WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED IN THE SALES CONTRACT AND IN THE DECLARATION, THE BY-LAWS, AND ANY OTHER DOCUMENTS AFFECTING THE PROPERTY. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE UNIT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE UNIT OR ABOUT THE TAX EFFECTS OF BUYING THE UNIT.
8. The Sales Contract provides that the Seller will bear the risk of loss to the Unit and the percentage interest in the common elements until the Date of Occupancy or the date the Condominium Unit Deed is recorded, whichever is first. After that date, the Buyer will bear the risk of loss to the Unit and the percentage common interest in the common elements.
9. Under the Sales Contract, the Developer promises to complete renovation of the units and common elements within the Project within one (1) year from the effective date of the Public Report, provided that the one (1) year period may be extended under certain circumstances specified in Section G.18 of the Sales Contract and, if not completed by this date (as it may be extended), the Buyer will have a right to cancel the Sales contract and receive a refund of all deposits.
10. The Sales Contract contains provisions relating to the sale of units to those buyers who qualify as owner-occupants under Hawaii's condominium law.
11. By signing the Sales Contract, the Buyer acknowledges that Seller may restripe the parking stalls, including the parking stall assigned to Buyer's Unit and the size of said parking stall may decrease to a compact sized stall.
12. If the Buyer defaults under the Sales Contract, the Seller may terminate the Sales Contract and Buyer may lose all of the deposits with Escrow and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract, the Buyer shall be entitled to specific performance of the Sales Contract, or shall have the right to cancel and terminate the Sales Contract, or, at its option, at its option, may pursue other legal remedies.
13. If the Buyer cancels and terminates the Sales Contract because of the Developer's default, the Developer shall repay to the Buyer all sums the Buyer has paid to the Developer or to Escrow under the Sales Contract.
14. The Sales Contract provides that the Parking Apartment Units are to be used only for the parking of vehicles and ownership of a Parking Apartment Unit shall not entitle the owner to use the swimming pool, laundry room, or other common elements of the Project.
15. The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws, and Rules and Regulations.

16. The Sales Contract provides that prior to the Effective Date of the Sales Contract, the Seller shall have the right to change the Project and modify the Project's documents in any way, including (but not limited to) the right to increase the purchase price under the Sales Contract or to terminate the Project, in which case the Buyer will be entitled to a refund of all sums paid by Buyer under the Sales Contract.
17. By signing the Sales Contract, the Buyer acknowledges that sales, construction, and renovation activity at the Project by the Developer may continue after closing of the Buyer's purchase.
18. The Sales Contract limits the Buyer's right to assign or transfer the Sales Contract and provides that the Seller may require a consent fee for any transfer.

The foregoing provisions are intended to comply with (and shall be construed consistent with) the requirements of the Hawaii Contractor Repair Act, Chapter 672E of the Hawaii Revised Statutes ("Act"). In the event of an irreconcilable conflict between the foregoing provisions and the provisions of said Act, the provisions of the Act shall govern and control.

NOTE: ALL BUYERS SHOULD READ THE SALES CONTRACT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER.

**END OF EXHIBIT H**

## EXHIBIT I

### **Summary of Escrow Agreement**

Copies of the Escrow Agreement between the Seller and Island Title Corporation are submitted to the Real Estate Commission herewith and will be made available to prospective buyers upon request. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement shall be deposited within two business days after receipt by Escrow in an interest bearing account at a federally insured institution in the State of Hawaii, and all interest paid thereon shall accrue as specified in the Reservation of Sales contract, and if not specified, shall accrue to Seller.

2. Disbursements from the buyer's escrow fund shall not be made by Escrow until the Real Estate Commission has issued a Public Report on the Project, the buyer has been provided a copy of the Public Report and receipt and notice form, and buyer has signed the receipt and notice form and waived his right to cancel or the cancellation period has elapsed, and Seller has advised Escrow that the sales contract has become binding and the requirements of the Condominium Property Act have been met.

3. Disbursements from the buyer's escrow fund may be made to Seller, to be used by Seller for construction costs of the Project.

**IMPORTANT NOTICE REGARDING YOUR DEPOSITS:** 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."

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

**END OF EXHIBIT I**