

DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	"PALOS VERDES CONDOMINIUM"
Project Address	87-1320 Farrington Highway, Waianae, Hawaii 96792
Registration Number	6229
Effective Date of Report	February 14, 2007
Developer	PALOS VERDES DEVELOPMENT, LLC

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.

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.]

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dashed lines on the Condominium Map Bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

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

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are 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 Units 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 (attached 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	87-1320 Farrington Highway, Waianae, Hawaii 96792
Address of Project is expected to change because	N/A
Tax Map Key (TMK)	(1) 8-7-006:012
Tax Map Key is expected to change because	N/A
Land Area	2.066 acres, more or less
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	Five (5)
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Buildings(s)	5
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood

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
A – Rear Bldg behind Unit D	1	2/1	634 sq ft	15 sq ft	entry area	649 sq ft
B – Rear Bldg behind Unit C	1	2/1	558 sq ft	----	----	558 sq ft
C – Front Bldg	1	2/1	583 sq ft	----	----	583 sq ft
D – Front Bldg	1	2/1	640 sq ft	----	----	640 sq ft
E – Front Bldg	1	2/1	668 sq ft	----	----	668 sq ft
See Exhibit <u>N/A</u> .						

5	Total Number of Units
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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:	10
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit "A" 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, described such rights.	
NONE	

1.5 Boundaries of the Units

Boundaries of the Unit:
 Each unit is a free standing unit separate and apart from any other unit. Therefore the boundaries of each unit are the structural components of each unit's perimeter walls, roof and floor, as shown on the condominium map for this Project.

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):

 Alterations of an Apartment may be made with the consent of all owners, or the units affected thereby, and all of the institutional holders of all liens affecting any of the units affected.

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 Amended Exhibit ____.
 As follows:
 See attached EXHIBIT "B"

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): None

1.9 Common Elements

<p>Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit "C".</p>	
<p>Described as follows:</p> <p style="text-align: center;">See attached EXHIBIT "C"</p>	
Common Element	Number
Elevators	0
Stairways	1 exterior stairway
Trash Chutes	0

1.10 Limited Common Elements

<p>Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit "D".</p>
<p>Described as follows:</p> <p style="text-align: center;">See attached EXHIBIT "D"</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: None, except "guide dog" and such other animal as may be allowed by the association.
<input checked="" type="checkbox"/>	Number of Occupants: No more than six (6) persons are allowed (See House Rules).
<input checked="" type="checkbox"/>	Other: See House Rules
<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 "E" describes the encumbrances against title contained in the title report described below:</p>
<p>Date of the title report: January 04, 2007</p>
<p>Company that issued the title report: Fidelity National Title Insurance Company</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	5	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other (specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Describe any variances that have been granted to zoning code.			See attached EXHIBIT "F" on permitting matters		

1.14 Other Zoning Compliance Matters

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

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

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>See attached EXHIBIT "F" (starting pg 10 of 13), Dept of Planning & Permitting, City & County of Honolulu, Existing Use Permit File No. 2006/EU-17, Date Accepted on August 10, 2006; Date Approved Sept 22, 2006.</p>
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1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>(1) Based on a report issued by Archibald E. F. Wung, Registered Professional Engineer, State of Hawaii Registration No. PE 1469-S, the present condition of said units as the plumbing, mechanical and electrical installations for the use and enjoyment of the condominium appear to be in good condition. (2) There is no visible evidence of unstable structural components. (3) There are no representations made as to the expected useful life of each of the items mentioned in the foregoing paragraphs.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>(1) There was no visible evidence of unstable structural components and any damages to structural materials appeared to have been repaired. (2) The mechanical installation consisted of water and sewer lines. All supply piping, valves, and waste piping observed, appeared to be in operating condition. (3) The electrical installation, including meter boxes, circuit breakers, and installations within the individual units appeared to be in operating condition.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>NONE</p>	
<p>Estimated cost of curing any violations described above:</p> <p>NONE</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit "F" 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: (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</p> <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>Since the issuance of the Investigative Report, the Developer has applied for, and has received an Existing Use Permit dated September 22, 2006 allowing the use of five (5) existing single family dwellings. Said Existing Use Permit (see attached Exhibit "F") is attached hereto and made a part of the Declaration dated December 5, 2006 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-237604.</p>

1.16 Project in Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No NOT APPLICABLE</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No NOT APPLICABLE</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information: NONE</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p> <p>N/A</p>	
<p>The nature and the scope of services to be provided.</p> <p>N/A</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p> <p>N/A</p>	
<p>The duration of the provision of the services.</p> <p>N/A</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p> <p>N/A</p>	
<p>Other disclosures and information.</p> <p>NONE</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer</p>	<p>Name: Palos Verdes Development, LLC, A Hawaii Limited Liability Company</p> <p>Business Address: 1557 Lehua Street Honolulu, Hawaii 96819</p> <p>Business Phone Number: (808) 843-1611 E-mail Address: None</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>Kyle Ikeda Member-manager Lynette Ibane Member-manager Marsha Kamana'o Member-manager Telly Estoesta Member-manager Efren Casamina Member-manager</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Joe C. Pacquing Dba Granventure Realty</p> <p>Business Address: 2153 North King Street Honolulu, Hawaii 96819</p> <p>Business Phone Number: (808) 989-3535 E-mail Address: None</p>
<p>2.3 Escrow Depository</p>	<p>Name: Fidelity National Title & Escrow of Hawaii, Inc.</p> <p>Business Address: 201 Merchant Street, Suite 2100 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 536-0404</p>
<p>2.4 General Contractor</p>	<p>Name: None Business Address: None</p> <p>Business Phone Number: None</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self-Managed by the Association Business Address: None</p> <p>Business Phone Number: None</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Vernon T. Tashima, Attorney-at-Law Central Pacific Plaza, Suite 888</p> <p>Business Address: 220 South King Street Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-2951</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
Declaration	December 05, 2006	2006-237604

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Units 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
By-Laws	December 05, 2006	2006-237605

Amendments to Bylaws of the Association of Unit Owners

Land Court of Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

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

Land Court Map Number	
Bureau of Conveyances Map Number	4353
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

Are Proposed			
Have Been Adopted and Date of Adoption		✓	
Developer does not plan to adopt House Rules			

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> <ol style="list-style-type: none"> 1. To grant, reserve or adjust easements for common or public purpose. 2. By attaching an "as built" statement of an architect or engineer after new construction. 3. The right to add to, delete from, and/or modify the Project or any part thereof, including the right to merge with other projects, or by adding later phases to the Project.

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

<p>Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>
<p>Exhibit "G" 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. Also see EXHIBIT "G" on Maintenance Fees & Budget.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>	
<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	<p>Other (specify):</p> <p>1) SITE #6 – containing 1,200 square feet, a common element only for UNITS A, D & E.</p> <p>2) EASEMENT "A" – situated outside of project limits, but abuts and serves said UNITS B & C</p>

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit "H" contains a summary of the pertinent provisions of the sales contract.
<input checked="" type="checkbox"/>	Escrow Agreement dated: January 04, 2007 Name of Escrow Company: Fidelity National Title Insurance Company Exhibit "I" 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 type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
<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 type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
1. Mtg in favor of Daniel Chung Sun Chung, dated May 28, 2004, recorded as Doc No. 2004-114550.	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should Lender terminate Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.
2. Agreement of Sale dated July 13, 2005 by and between Palos Verdes Development, LLC, & Maritas Trias Cruz, recorded as Doc No. 2005-140460. Said Agreement of Sale was amended by instrument dated 7-25-06 as Doc #2006-200361.	However, should Buyer's deposit be disbursed by Escrow and the lien is foreclosed prior to conveyance to Buyer, Buyer may not be able to recover the deposit moneys.

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: NONE
Appliances: Each unit is furnished with the following – range, refrigerator & heater. There are no warranties for these appliances.

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

<p>Status of Construction:</p> <p>Unit A – Rear Bldg behind Unit D – completed in 1940 Unit B – Rear Bldg behind Unit C – completed in 1932 Unit C – Front Building completed in 1932 Unit D – Front Building completed in 1932 Unit E – Front Building completed in 1932</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 sale contract. The sales contract may also provide additional remedies of the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p> <p style="text-align: center;">Not Applicable</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p> <p style="text-align: center;">Not Applicable</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 checked="" 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.</p> <p>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

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):

N/A	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
N/A	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

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

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

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

Not Applicable

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as item 5, if any, and are being delivered to you with this report.

1. **Developer's Public Report**
2. **Declaration of Condominium Property Regime (and any amendments)**
3. **Bylaws of the Association of Unit Owners (and any amendments)**
4. **Condominium Map (and any amendments)**
5. House Rules, If any
6. Escrow Agreement
7. Hawaii's Condominium Property Act (Chapter 514B, 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: NONE

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

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

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

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

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

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

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

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

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

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

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

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

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

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

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

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

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

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

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition of 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 PROJECT.

EXHIBIT A:	Cont'd from Pg 4, Sec. 1-4 – Parking Stalls
EXHIBIT B:	Cont'd from Pg 4, Sec. 1-7 – Common Interest
EXHIBIT C:	Cont'd from Pg 5, Sec. 1-9 – Common Elements
EXHIBIT D:	Cont'd from Pg 5, Sec. 1.10 – Limited Common Elements
EXHIBIT E:	Cont'd from Pg 5, Sec. 1.12 – Encumbrances Against Title
EXHIBIT F:	Cont'd from Pg 6, Sec. 1.13 – Uses Permitted by Zoning and Zoning Compliance Matters
EXHIBIT G:	Cont'd from Pg 12, Sec. 4.2 – Estimate of the Initial Maintenance Fees
EXHIBIT H:	Cont'd from Pg 13, Sec. 5.1 – Summary of Sales Contract
EXHIBIT I:	Cont'd from Pg 13, Sec. 5.1 – Summary of Escrow Agreement

Hazardous Materials

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

Lead Warning Statement

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

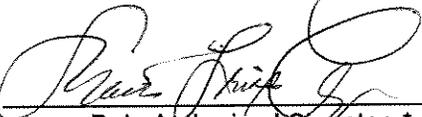
For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified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

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report 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.

PALOS VERDES DEVELOPMENT, LLC, a Hawaii limited Liability Company
Printed Name of Developer

By: 

Duly Authorized Signatory*

By: 

Duly Authorized Signatory*

KYLE IKEDA, Member/Manager JAN 19 2007
Printed Name & Title of Person

MARITES TRIAS CRUZ, Purchaser JAN 19 2007
Printed Name & Title of Person

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.

1.4 Parking Stalls (continued from page 4)

Total Parking Stalls in the Project:	10
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit "A" 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)	

Parking Stalls:

Total Parking Stalls: 10

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>0</u>	<u>8</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>10</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: <u>None</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Covered & Open:	<u>8</u>		<u>2</u>		<u>0</u>		<u>10</u>

If the Developer has reserved any rights to assign or re-assign parking stalls, described such rights.

NONE

EXHIBIT "A"

1.7 Common Interest (continued from Page 4)

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:..

EXHIBIT "B"

As Follows:

Unit No. -----	Location -----	<u>Undivided Interest</u>
Unit A –	Rear Bldg behind Unit D	20%
Unit B –	Rear Bldg behind Unit C	20%
Unit C –	Front Building	20%
Unit D –	Front Building	20%
Unit E –	Front Building	20%

Each of the above units shall have appurtenant thereto an undivided percentage interest of twenty percent (20%) *for purposes of voting* on all matters affecting all units of the Project.

END OF EXHIBIT "B"

1.9 Common Elements (continued from page 5)

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designed 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:

The common elements will include all parts of the land and improvements, other than the units and limited common element appurtenant thereto, and all elements mentioned in the Condominium Property Act which are actually constructed on the land herein described, and specifically shall include, but not limited to:

- a) Land herein described in Exhibit "A", attached to the Declaration in fee simple.
- b) All common yards, Project boundary walls, if any, grounds, landscaping and walkways, if any.
- c) All electrical equipment, wiring and other appurtenant installations, including power and light, water, sewer and gas lines; pipes, wires, conduits or other utility or service lines, including TV cable which are utilized by, or serve more than one building.
- d) Site 6 containing 1,200 square feet, a common element only for Units A, D, and E.

Common Element	Number
Elevators	0
Stairways	1 exterior stairway
Trash Chutes	0

1.10 Limited Common Elements (continued from page 5)

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

EXHIBIT "D"

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

- a) Statutory Items: Any part of the unit, or project, defined as limited common element by the Condominium Property Act.
- b) Yard Space Site: Each unit will have a certain area of land, designated on said Condominium Map as "Site", upon which each unit is situated, and which is a limited common element for such unit as follows:

UNIT No. -----	Location -----	<u>SITE</u>	<u>SQ FT</u>
Unit A – Rear Building	behind Unit D	1	20,434
Unit B – Rear Building	behind Unit C	2	31,530
Unit C – Front Building		3	4,178
Unit D – Front Building		4	3,873
Unit E – Front Building		5	28,785
Common Driveway (for Units A, D & E)		6	1,200

Each unit owner shall maintain, repair and keep in good order and condition, the limited common element appurtenant to such owner's unit.

NOTE: Land areas referenced herein are not legally subdivided lots.

EXHIBIT "D"

1.12 Encumbrances Against Title (continued from page 5)

ENCUMBRANCES AGAINST TITLE

Date of Title Report: January 04, 2007
Company that issued the title report Fidelity National Title

1. Real property tax assessments for the fiscal year 2006-2007:
Tax Map Key No.: (1) 8-7-006:012 CPR 0000

First Installment: \$1,166.21 Paid
Second Installment: \$1,166.21 Open
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Reservations contained in Land Patent Grant No. S-14,808.
4. Any facts, rights, interest, or claims which may exist or arise by reason of the following facts disclosed by survey map dated May 8, 2004 and survey letter dated May 10, 2004 prepared by Gil P. Bumanglag, Licensed Professional Land Surveyor, Certificate No. 8948:
 - a) The edges of concrete driveways flushed to the ground, DWY-1 and DWY-2, extend outside the perimeter line of subject Parcels 13 and 12 by about 2.0 feet and 6.0 feet, respectively.
 - b) Overhead utility lines serving Parcel 11, OH-1, runs over and across subject Parcel 12 from 0.0 feet to 3.0 feet at a length of about 44.0 feet.
5. That certain mortgage in favor of DANIEL CHUNG SUN CHUNG, dated May 28, 2004, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-114550.
6. An Agreement of Sale, dated July 13, 2005, by and between PALOS VERDES DEVELOPMENT, LLC, a Hawaii limited liability company, and MARITES TRIAS CRUZ, a single woman, as Tenant in Severalty, recorded in the Bureau of Conveyances of the State of Hawaii, as Document No. 2005-140460.

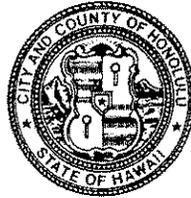
Said Agreement of Sale was amended by instrument dated July 25, 2006 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-200361.

7. Easement dated November 9, 2005, in favor of HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, for utility purposes, recorded in said Bureau as Document No. 2005-233237.
8. Designation of Easement "A" (14 foot wide for access purposes in favor of Lot 4) affecting Lot 3 of "Puu-O-Hulu House Lots" being portions of Lot 15-A-2, and designation of restriction of vehicular access rights.
9. Condominium Map No. 4353, recorded in the Bureau of Conveyances of the State of Hawaii.
10. Covenants, conditions, and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as contained in the Declaration of Condominium Property Regime of "PALOS VERDES CONDOMINIUM", dated December 05, 2006 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-237604.
11. By-Laws of the Association of Apartment Owners of "PALOS VERDES CONDOMINIUM", dated December 05, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-237605.
12. Upon conveyance of any Apartment Unit(s), said Apartment shall become subject to the following:
 - a) Terms, provisions and conditions as contained in the Original Apartment Deed and the effect of any failure to comply with such terms, provisions and conditions.
 - b) Any and all easements encumbering the apartment herein mentioned, and/or the common interest apartment thereto, as created by or mentioned in said Declaration, as said Declaration may be amended from time to time in accordance with the law and/or in the Apartment Deed, and/or as delineated on said Condominium Map.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
ACTING DIRECTOR

DAVID K. TANQUE
DEPUTY DIRECTOR

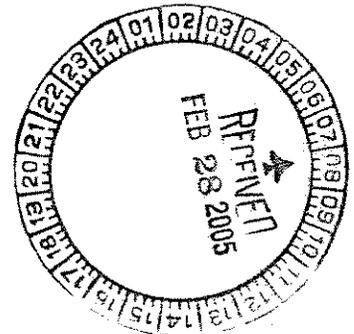
2004/ELOG-2451(AS)

February 25, 2005

Mr. Vernon T. Tashima
Attorney at Law
Central Pacific Plaza, Suite 888
220 South King Street
Honolulu, Hawaii 96813

Dear Mr. Tashima:

Subject: Condominium Conversion Project
87-1320 Farrington Highway
Tax Map Key: 8-7-006: 012



This is in response to your letter dated October 27, 2004 requesting verification that the structures located at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the five one-story single-family detached dwellings met all applicable code requirements when they were moved in 1956 and posted in 1957 onto this 89,994-square foot R-5 Residential District zoned lot. The number of all-weather-surface off-street parking spaces (5) is considered nonconforming.

For your information, the five dwelling units are considered nonconforming dwelling units. Since there is no Existing Use Permit (EUP) approved for these dwellings, if any structure is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with Article 4 and other provisions of the Land Use Ordinance. Only two dwelling units are permitted on this lot without an EUP, site development, cluster or PDH approval. ✖

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

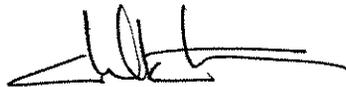
Mr. Vernon T. Tashima
Page 2
February 25, 2005

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 ordinances or 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.

Sincerely yours,



for HENRY ENG, FAICP
Acting Director of Planning
and Permitting

HE:ft

Doc 354396

LINDA LINGLE
GOVERNOR

HIGHWAY DESIGN BRANCH, ROOM 688A
BRIDGE DESIGN SECTION, ROOM 611
CADASTRAL DESIGN SECTION, ROOM 600
HIGHWAY DESIGN SECTION, ROOM 609
HYDRAULIC DESIGN SECTION, ROOM 636
TECHNICAL DESIGN SERVICE, ROOM 688

RIGHT-OF-WAY BRANCH, ROOM 691

TRAFFIC BRANCH, ROOM 602

MOTOR VEHICLE SAFETY OFFICE, ROOM 511



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
HIGHWAYS DIVISION AT KAPOLEI
601 KAMOKILA BOULEVARD, ROOM 691
KAPOLEI, HAWAII 96707

RODNEY K. HARAGA
DIRECTOR

Deputy Directors
BRUCE Y. MATSUI
BARRY FUKUNAGA
BRIAN H. SEKIGUCHI
BRENNON T. MORIOKA

IN REPLY REFER TO:

HWY-RM
3.83473

February 13, 2006

Mr. Kyle Ikeda
President
Palos Verdes Development, LLC
1810 North King Street
Honolulu, Hawaii 96819

Dear Mr. Ikeda:

**SUBJECT: FARRINGTON HIGHWAY, 93A-02-70, NANAKULI, OAHU,
REQUEST FOR NEW ACCESS OPENINGS FOR DRIVEWAY
CONNECTIONS, TMK NO: 1/8-7-006:013**

Conceptually we have no objections to granting the relocation of the existing and new access onto Farrington Highway. However, final approval is subject to the following conditions:

- 1) The developer/property owner shall comply with all applicable statutes, ordinances, rules and regulations of the Federal, State and County governments.
- 2) The owner shall submit two (2) Metes and Bounds descriptions as well as parcel maps of the access locations.
- 3) The owner must enter into an "Exchange of Vehicle Rights" document whereby the additional access opening(s) will be permitted. The owner must also convey all other abutter's rights of vehicle access along Farrington Highway frontage to the State of Hawaii. Thus, no access will be permitted to and from the property except at the designated permitted accesses.
- 4) The access rights being given to the owner(s) by the State Dept of Transportation will be for the use of three (3) single family residential lots conveyed with one access per single family lot. Any future increase in density of the lot by an owner, via CPR or the subdivision of the existing/proposed lots, shall require the owner to obtain the use of additional access rights to Farrington Highway.

Mr. Kyle Ikeda
Feb 13, 2006
Page 2

HWY-RM
3.83473

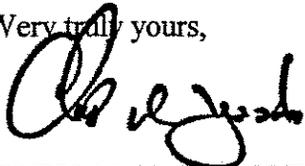
- 5) Design and construction of the improvements are to comply with State Highways Division Standards and the current Americans with Disabilities Act (ADA).
- 6) An appraisal of the additional access rights and payment of fair market value is required.
- 7) The owner shall be responsible for all administrative costs, documentation and recording fees incurred for the requested access relocation.

If the conditions are acceptable, please have the owners sign the Acceptance portion of this letter and return it to this office with the requested information and a check for \$1,000.00 made payable to the State of Hawaii, Department of Transportation, as a deposit for defrayment of administrative costs. The \$1,000.00 will be used for services rendered and is non-refundable should Palos Verdes Development, LLC decide not to proceed with their proposal. Should the total cost exceed the remittance, the owners shall pay the difference and any overage will be refunded.

If we do not receive the signed acceptance and check within thirty (30) days from the date of this letter, we will assume that you are no longer interested in pursuing the matter.

If you have any questions, please contact me, at 692-7331.

Very truly yours,



CHRIS M. YAMAMOTO
Right-of-Way Agent
Property Management Section

Mr. Kyle Ikeda
Feb 13, 2006
Page 3

HWY-RM
3.83473

ACKNOWLEDGEMENT/ACCEPTANCE:

With respect to our request for the new access openings onto Farrington Highway from the proposed driveways; I/we hereby acknowledge and accept as final and a satisfactory resolution, the terms and conditions as stated in Department of Transportation letter (ref HWY-RM 3.83473) dated Feb 13, 2006.

FEE TITLE PROPERTY OWNER: TMK: (1) 8-7-006:013

PRINT NAME

DATE

MAILING ADDRESS

AUTHORIZED SIGNATURE

PRINT NAME

TITLE

PRINT NAME

DATE

MAILING ADDRESS

AUTHORIZED SIGNATURE

PRINT NAME

TITLE

LINDA LINGLE
GOVERNOR

HIGHWAY DESIGN BRANCH, ROOM 688A
BRIDGE DESIGN SECTION, ROOM 611
CADASTRAL DESIGN SECTION, ROOM 600
HIGHWAY DESIGN SECTION, ROOM 609
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TECHNICAL DESIGN SERVICE, ROOM 688

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TRAFFIC BRANCH, ROOM 602

MOTOR VEHICLE SAFETY OFFICE, ROOM 511



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
HIGHWAYS DIVISION AT KAPOLEI
601 KAMOKILA BOULEVARD
KAPOLEI, HAWAII 96707

RODNEY K. HAI
DIRECTOR

Deputy Director
BARRY FUKUI
BRIAN H. SEKI
BRENNON T. MI

IN REPLY REFER TO
HWY-
3.82

March 16, 2006

Mr. Kyle Ikeda
President
Palos Verdes Development, LLC
1810 North King Street
Honolulu, Hawaii 96819

Dear Mr. Ikeda,

SUBJECT: FARRINGTON HIGHWAY, 93A-02-70, NANAKULI, OAHU,
REQUEST FOR NEW ACCESS OPENINGS FOR DRIVEWAY
CONNECTIONS, TMK NO: 1/8-7-006:013

The State of Hawaii offers for sale the property rights within the State Right-of-Way, for F
Thousand and no dollars (\$5,000).

Payment to the State of Hawaii, Department of Transportation include the following:

Fair Market Consideration	\$ 5,000.00
Document Preparation	\$ 500.00
Legal Review	\$ 250.00
Abstracting	\$ 250.00
SUBTOTAL	\$ 6,000.00
DEPOSIT (CREDIT)-	\$ 1,000.00
BALANCE DUE	\$ 5,000.00

Mr. Kyle Ikeda
Page 2
March 16, 2006

HWY-RM
3.83558

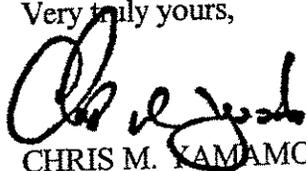
If the offer and other costs as stated above are acceptable, please have the property owners acknowledge their acceptance by signing and returning the attached. If we do not receive the signed acceptance (attachment) within the specified thirty (30) day time limit, then this offer shall be null and void without any further action on our part.

Pending receipt of the signed acceptance and check for the balance of \$5,000.00 made payable to the State of Hawaii, Department of Transportation, we shall then process for the Grant of Vehicle Access.

Please be reminded that terms and conditions as stated in our letter dated February 13, 2006 (HWY-RM 3.83473) are still applicable.

Should you have any questions, please don't hesitate to call me at (808) 692-7331.

Very truly yours,



CHRIS M. YAMAMOTO
Right-of-Way Agent
Property Management Section

Mr. Kyle Ikeda
Page 3
March 16, 2006

HWY-RM
3.83558

ACCEPTANCE:

The undersigned hereby accepts the terms as stated herein, to purchase from the State of H: the access property rights within the State Right-of-Way for \$5,000.00

It is agreed that the conveyance shall be by Grant of Vehicle Access

Signature

Date

Quinta A. Cameron
Signature

3/28/06
Date

Please complete by printing/typing in the requested information below for the Grant of Vehicle Access document:

Palos Verdes Development LLC 1810 N. King St. Ste
Complete Name Address Hom. H# 96819

Exact name as it will be signed for Notary Purposes

Tenancy

PALOS VERDES DEVELOPMENT
1557 LEHUA ST.
HONOLULU, HI 96819

220

DATE 3/28/06 58-157/1213

PAY
TO THE
ORDER OF

State of Hawaii, Dept. of Transportation \$ 5,000.00
Five thousand and 00/100 DOLLARS



Central Pacific Bank
centralpacificbank.com Member FDIC

1-808-544-0500 (Oahu) 1-800-342-8422 (Toll Free)



FOR

[Signature]

⑈000220⑈ ⑆121301578⑆4000⑈228466⑈

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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



MUFI HANNEMANN
 MAYOR

HENRY ENG, FAICP
 DIRECTOR

DAVID K. TANOUE
 DEPUTY DIRECTOR

2006/EU-17(NA)

PERMIT:	EXISTING USE
File Number:	2006/EU-17
Applicant/Landowner:	Kyle Ikeda
Location:	87-1320 Farrington Highway - Waianae
Tax Map Key:	8-7-6: 12 (TMK 8-7-6: 13 for access purposes only)
Zoning:	R-5 Residential District
Date Received:	July 31, 2006
Date Accepted:	August 10, 2006

APPROVAL is granted to the existing use, five (5) existing single-family dwellings, in accordance with the application documents (plans date stamped July 31, 2006), subject to the following conditions:

1. All work shall be in accordance with approved application documents, the conditions enumerated below and the Land Use Ordinance (LUO) unless otherwise stated by this permit.
2. The EU permit is only for the continued use, repair, alteration, expansion, relocation, or reconstruction of the existing dwellings. This Existing Use approval does not certify that the existing structures and improvements comply with the current zoning code or other regulations.
3. In accordance with Section 2.100(a) of the LUO, in the event of destruction, uses may be continued and structures may be rebuilt under the approved existing use plan, provided that such restoration is permitted by the Building Code and Flood Hazard Regulations and is started within two (2) years.
4. Only **minor modifications** to the EU plans shall be allowed. Any major modification which may have an adverse impact on surrounding land uses, increases the number of dwelling units, and/or involves the reconstruction and/or expansion of a dwelling(s) which is part of a larger development, shall require the processing of a Cluster Housing Permit.
5. The applicant or owner(s) shall incorporate this Existing Use Permit into the restrictive covenants which run with the land, to serve as notice to all owners and tenants. The draft covenant shall be submitted for review and approval by the DPP. Upon approval of

the covenant, a certified recorded copy shall be filed with the DPP, prior to the change in any ownership or the issuance of any permits.

6. If the project will be condominiumized, the applicant or owner(s) shall submit a draft copy of the Condominium Property Regime (CPR) map and documents to the DPP for our review. Future work subsequent to the creation of a CPR may require approval from the homeowners association prior to the start of work. If the EU Permit is incorporated into the CPR documents, a separate declaration of restrictive covenants is not required.
7. All new work shall comply with the applicable LUO standard for the underlying zoning district, unless otherwise stated herein:
 - (a) A minimum 10-foot setback for new structures, fences or walls shall be required from the common access driveway. In no case shall the portion of any dwelling or carport (i.e., roof overhang or downspout) extend into a common element.
 - (b) Within the project, the minimum distances between buildings shall be as follows:
 - (i) 10 feet between two one-story dwellings;
 - (ii) 15 feet between a one-story and a two-story dwelling or portion thereof; and
 - (iii) 20 feet between two-story dwellings.
 - (c) The maximum floor area per dwelling unit shall not exceed 2,500 square-feet.
8. All new work shall be compatible in design with the existing and surrounding structures. The Director may require the redesign of exterior entrances, stairways, bar areas, including plumbing and electrical systems, to ensure that the number of dwellings is not increased.
9. A minimum of 10 parking spaces, or two (2) parking spaces per unit, shall be provided. Any alterations or expansions to any of the units shall comply with Land Use Ordinance requirements for parking.
10. An all weather surface shall be provided at all driveways, including the access easement on Tax Map Key 8-7-6: 13, and required parking areas prior to the issuance of a building permit or any change of ownership, whichever comes first, subsequent to this approval.
11. Any alterations or expansions to any of the units that occurs beyond 150 feet from Farrington Highway shall comply with Honolulu Fire Department (HFD) requirements for

- fire protection. These may include the installation of a new fire hydrant and/or turnaround area, or alternative system as approved by the HFD.
12. New or reconstructed fences constructed above retaining walls shall be of an open material such as chain link or wrought iron, and be limited to 42 inches in height.
 13. All existing trees six (6) inches or greater in diameter shall be retained on-site, or replacement landscaping shall be required. All landscaping shall be maintained in a healthy visual condition at all times.
 14. Approval of this permit does not constitute compliance with other governmental agencies' requirements. They are subject to separate review and approval. The applicant will be responsible for insuring that the final plans for the project approved under this permit comply with all applicable governmental agencies' provisions and requirements.
 15. The Director of Planning and Permitting may modify the conditions of this permit by imposing additional conditions, modifying existing conditions, or deleting conditions deemed satisfied upon a finding that circumstances related to the approved project have significantly changed so as to warrant a modification to the conditions of approval.
 16. The applicant and/or landowner shall notify the Director of Planning and Permitting of the transfer in ownership of the property. In the event of a change of ownership, the Director shall notify the new owner (by copy of this permit report) that the site and/or facility is permitted and/or governed by this permit, and that compliance with all the conditions of approval is required.
 17. In the event of the noncompliance with any of the conditions set forth herein, the Director of Planning and Permitting may terminate all uses approved under this permit or halt their operation until all conditions are met or may declare this permit null and void or seek civil enforcement.

Any party wishing to appeal the Director's action must submit a written petition to the Zoning Board of Appeals (ZBA) within 30 calendar days from the date of mailing or personal service of the Director's written decision. (Zoning Board of Appeals Rules Relating to Procedure for Appeals, Rule 22-2, Mandatory Appeal Filing Deadline). Essentially, the Zoning Board of Appeals rules require that a petitioner show that the Director based his action on an erroneous finding of a material fact, and/or that the Director acted in an arbitrary or capricious manner, or manifestly abused his discretion. Generally, the ZBA can only consider the evidence previously presented to the Director of Planning and Permitting. The filing fee for appeals to the ZBA is \$200 (payable to the City and County of Honolulu).

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES & BUDGET

In the Matter of Responsibilities of Expenses and Maintenances:

As to SITE #6:

Any or all expenses of maintenance of, or matters relating to Site #6 shall be equally borne by, or be the responsibility of, the Owners of:

Unit No. ----- Location -----

Unit A – Rear Building behind Unit D
 Unit D – Front Building
 Unit E – Front Building

As to Easement "A":

Any or all expenses of maintenance of, or matter relating to, Easement "A", shall be equally borne by, or be the responsibility of, the Owners of:

Unit No. ----- Location -----

Unit B – Rear Building behind Unit C
 Unit C – Front Building

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
<u>As to SITE #6:</u>	
• Unit A – Rear Building behind Unit D	5.00 x 12 = 60.00
• Unit D – Front Building	5.00 x 12 = 60.00
• Unit E – Front Building	5.00 x 12 = <u>60.00</u>
Sub-Total	180.00
<u>As to Easement "A":</u>	
• Unit B – Rear Building behind Unit C	5.00 x 12 = 60.00
• Unit C – Front Building	5.00 x 12 = <u>60.00</u>
Sub-Total	120.00

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services:

Air Conditioning
Electricity: [] common elements only
 [] common elements and apartments

Elevator
Gas: [] common elements only
 [] common elements and apartments

Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and Supplies:

Building
Grounds

Management:

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other :	SITE #6 – Common Driveway serves Units A, D & E	15.00	x	12	=	180.00
	EASEMENT "A" – serves Units B & C	10.00	x	12	=	<u>120.00</u>
	TOTAL					300.00

I, KYLE IKEDA, the condominium developer for the "PALOS VERDES CONDOMINIUM" condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Signature

JAN 19 2007

Date

END OF EXHIBIT "G"
Page 2 of 2

EXHIBIT "H"

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

The Deposit Receipt Offer and Acceptance Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums, which must be paid in connection with the purchase of an apartment (C-1).
- (b) That the sale is subject to the Buyer's approval of condominium documents (C-67).
- (c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment (C-70).
- (d) That the transaction shall be processed by an escrow company, licensed to do business in Hawaii (C-9).
- (e) Requirements relating to the purchaser's financing of the purchase of an apartment (C-24 and C-25).
- (f) That the Developer shall provide to Buyer all existing warranty documents covering the improvements, appliances, etc., but makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project (C-56).
- (g) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price (C-6).
- (h) Risk of loss passes to Buyer upon closing or possession, whichever occurs sooner (C-15).

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF THE PROVISIONS OF THE ESCROW AGREEMENT

Among other provisions of the Escrow Agreement, the Agreement provides that:

Disbursement from the escrow fund may be made to pay for construction costs upon certification and approval for payment by an architect or engineer, and approved by Seller's lender. However, the agreement further provides that no disbursement of Purchaser's funds shall be made until (a) Escrow is notified by Seller that Real Estate Commission has issued an effective date for a Final Public Report, superseding all prior reports, on the project and that each purchaser has been given a copy of said Final Public Report; (b) purchaser executes the form of Receipt for Public Report and Notice of Right to Cancel and waives his right to cancel; and (c) the completion of construction of the project and the forty-six day lien period has expired or Seller has posted a Surety Bond or submits title insurance with lien waivers.

Further, Purchaser shall be entitled to a refund of Purchaser's funds, and Escrow shall pay the funds to Purchaser, without interest and less Escrow's cancellation fee upon receipt by Escrow of a written request from Seller to return to Purchaser the funds of such Purchaser then held hereunder by Escrow.

Subject to such deduction as may be provided in the Sales Contract, and an escrow cancellation fee, the purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to the purchaser, without interest, upon purchaser's written request, and, if any, one of the following events has occurred:

(a) Seller has instructed Escrow in writing to return to the purchaser the funds of the purchaser then being held hereunder by Escrow; or

(b) Seller has notified Escrow in writing of the Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated herein or otherwise available to the seller; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Public Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514B-86 and 514B-89, Hawaii Revised Statutes, as amended; and, upon any such cancellation, purchaser shall be entitled to a prompt refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended, or

(e) If, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes:

i) no sales contract is offered to purchaser who was placed on the Developer's reservation list of owner-occupants, or upon a request from a person who is on the final reservation list but who has elected not to execute a sales contract; or

ii) the purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within fifty (50) calendar days following the end of the ten (1) calendar-day period during which the Developer is limited to selling to owner-occupants.

Upon the return of said funds to the purchaser as aforesaid, Escrow shall return to seller such purchaser's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract. Other documents delivered to Escrow relating to the sale of the units identified in such Sales Contracts will be returned to the person from whom or entity from which they were received.

(f) In the event of default of the purchaser, purchaser's initial deposits shall be retained by Seller, as liquidated damages.

END OF EXHIBIT "I"

Page 2 of 2