

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

CONDOMINIUM PROJECT NAME	THE PARKSIDE AT KILANI
Project Address	1106 and 1124 Kilani Avenue, Wahiawa, Hawaii 96786
Registration Number	6298 (partial conversion)
Effective Date of Report	<b>July 31, 2007</b>
Developer(s)	Parkside at Kilani 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.

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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

### 1. Units Covered by this Project

This Public Report only covers the twenty-eight (28) House Units in the Project developed by PARKSIDE AT KILANI LLC, a Hawaii limited liability company, the "Developer" in this Report. This Public Report does not cover Development Unit No. 2 of the Project, sometimes referred to herein as the "Church Unit."

### 2. The Project and the Creation of the House Units from Development Unit No. 1

The Parkside at Kilani condominium property regime (the "Project") was originally established by Wahia Development Partners LLC, a Hawaii limited liability company (the "Original Developer") as a project consisting of two units, Development Unit No. 1 and Development Unit No. 2. The Declaration of Condominium Property Regime of The Parkside at Kilani dated May 30, 2006 (the "Declaration"), recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Recording Office") as Document No. 3447570, created the Project.

Under Section 8.g of the Declaration, the owner of Development Unit No. 1 has the right to create multiple units within and from the 52,895 square foot limited common element land area appurtenant to Development Unit No. 1, as shown on Condominium Map No. 1836, which includes the right to demolish Development Unit No. 1 and to replace it with the new units.

By Warranty Apartment Deed dated August 30, 2006, recorded in the Recording Office as Document No. 3490891, the Original Developer conveyed Development Unit No. 1 of the Project to PARKSIDE AT KILANI LLC, a Hawaii limited liability company, the "Developer" in this Public Report.

The Developer exercised its rights under Section 8.g of the Declaration to create twenty-eight individual condominium units ("House Units") located within fourteen separate two-story buildings ("Houses"), by recordation of the Amendment and Restatement of Declaration of Condominium Property Regime of The Parkside at Kilani and Amendment of Condominium Map dated March 16, 2007 (the "Restatement of Declaration"), recorded in the Recording Office as Document No. 3581529. The Restatement of Declaration was further amended by that certain Second Amendment and Restatement of Declaration of Condominium Property Regime of The Parkside at Kilani and Amendment of Condominium Map dated July 14, 2007 (the "Second Restatement of Declaration"), recorded in the Recording Office as Document No. 3630940.

### 3. Amendment of the Project Documents

Amendments to the Second Restatement of Declaration require the vote or written consent of owners of at least seventy-five percent (75%) of the interests in the common elements, except as otherwise provided in the Second Restatement of Declaration or the Act. Given that the Church Unit possesses thirty-three percent (33%) of the interests in the common elements, this means that any amendment to the Second Restatement of Declaration shall require the affirmative vote or written consent of the owner of the Church Unit. Amendments to the Bylaws of the Association of Apartment Owners of The Parkside at Kilani, as amended and restated, require the vote or written consent of owners of at least sixty-seven percent (67%) of the interests in the common elements. Again, given that the Church Unit possesses thirty-three percent (33%) of the interests in the common elements, any amendment to the Bylaws shall require the affirmative vote or written consent of the owner of the Church Unit, unless all House Unit owners unanimously vote, or provide their written consent, in favor of the amendment to the Bylaws.

4. The Residential Phase, Residential Limited Common Elements, and House Unit Limited Common Elements

The twenty-eight House Units and the limited common elements appurtenant thereto are referred to in the Second Restatement of Declaration and in this Public Report as the "Residential Phase." As shown on page 1 of the Condominium Map, the Residential Phase covers the approximately 52,895 square feet of the Project's land that previously constituted the limited common element land area appurtenant to Development Unit No. 1. Under the Second Restatement of Declaration, the limited common elements that are now appurtenant to the House Units are divided into two categories. The first category consists of the limited common elements that are appurtenant to ALL of the House Units of the Residential Phase (areas that would typically be classified as common areas in a condominium project) and these areas are referred to in this Project as the "Residential Limited Common Elements." The second category of limited common elements are the limited common elements that are appurtenant to and for the exclusive use of SPECIFIC House Units, but not all of the House Units (areas that would typically be classified merely as limited common elements in a condominium project), and these areas are referred to in this Project as the "House Unit Limited Common Elements."

The Residential Limited Common Elements in this Project include the driveway designated as "Common Element 1" on Sheet 1 of the Condominium Map, the guest parking stalls and the structure of the House buildings (exclusive of the House Units and the limited common elements that are appurtenant to specific House Units). The House Unit Limited Common Elements include, but are not limited to, the land located beneath and surrounding each House as shown on the Condominium Map, the parking stalls and double carport adjoining each House, the mailboxes assigned to each House Unit, and the patio lanais adjoining each Type B House Unit.

5. Unit Classes in the Project

The Second Restatement of Declaration established two Unit Classes in the Project, the House Unit Class and the Church Unit Class. The twenty-eight House Units all belong to the House Unit Class. Development Unit No. 2, also referred to herein as the Church Unit, is the sole member of the Church Unit Class.

6. Allocation of Expenses and Voting Rights by Unit Class

Each House Unit shall have a specified percentage of common interest in the Common Elements of the Project as set forth in Exhibit B attached to this Public Report and a specified percentage of Class Common Interest (the percentage share assigned to a Unit within a Unit Class) in the Residential Limited Common Elements as set forth in Exhibit C attached to this Public Report.

All owners of units in the House Unit Class, in addition to being responsible for his or her share of the Common Expenses of the Project, shall also be responsible for his or her proportionate share of all House Unit Class Common Expenses of the Project. Some examples of the House Unit Class Common Expenses are: all charges, costs and expenses incurred for the administration, maintenance and repair of the Residential Limited Common Elements including, without limitation, all compensation of the Managing Agent related to or connected with the operation and maintenance of the Residential Limited Common Elements, any labor, services, materials, supplies, and equipment therefor, and all premiums for any required hazard and liability insurance covering the Residential Limited Common Elements.

All House Unit owners shall have the right to vote his or her House Unit Class Common Interest with respect to matters requiring voting by Unit Class. Examples of when the House Unit owners would vote their respective House Unit Class Common Interest include, without limitation, the following: (a) for the election and/or for the removal of directors representing the House Unit Class on the Board of Directors of the Association; (b) to approve or disapprove the borrowing of money if the cost of such borrowing shall constitute a House Unit Class Common Expense; (c) to approve or disapprove the Board exceeding the adopted annual operating budget by more than 20% to the extent the excess spending will

constitute a House Unit Class Common Expense; and (d) for the rebuilding of the Residential Limited Common Elements in the event such improvements are damaged or destroyed by an uninsured casualty.

7. Board of Directors of the Association

The initial Board of Directors of the Association shall have four (4) members who shall be selected by and from the Unit Classes as follows: one (1) director by and from the Church Unit Class and three (3) directors by and from the House Unit Class. The Board of Directors shall at all times manage and maintain the common elements, exclusive of the limited common elements, on behalf of all Unit Owners, and the Residential Limited Common Elements, on behalf of all owners in the House Unit Class. All other limited common elements shall be managed and maintained by the owner of the Unit to which such limited common element is appurtenant, unless otherwise provided in the Declaration or the Bylaws. Accordingly, the Board of Directors shall not be responsible for managing and maintaining the limited common elements appurtenant to and for the exclusive use of the Church Unit which areas shall be managed by the owner of the Church Unit at its expense.

To explain more clearly how the Association will operate, take as an example the hypothetical situation in which the Board decides it would be desirable to construct a water fountain in the turn-around area of the driveway located within the Residential Limited Common Elements and the cost to build the water fountain would require the borrowing of money. In this hypothetical, the Board would have to send written notice to all owners of the purpose and use of the funds the Board wishes to borrow and, given that the water fountain is for the sole benefit of the House Unit owners and to be constructed at the exclusive expense of the House Unit owners, the House Unit owners representing fifty percent (50%) of the House Unit Class Common Interest must vote or give written consent to the borrowing. If the cost of constructing the water fountain exceeds \$25,000.00, the Board is required to obtain a bond in an amount equal to one hundred percent (100%) of the costs of construction guaranteeing completion of the construction and naming as obligees collectively, the Association, the Board, all unit owners and their respective mortgagees. All expenses for constructing and maintaining the water fountain, including the cost of the bond and all costs of the borrowing, will be assessed only against the House Unit owners as a House Unit Class Common Expense. The directors representing the House Unit Class on the Board would have the authority to decide if it is prudent to obtain additional insurance to cover the water fountain and, if they so determine, the premiums for the additional insurance would also constitute a House Unit Class Common Expense.

8. Church Unit Owner's Reserved Right to Create Additional Units

Pursuant to the provisions contained in Section 8.g of the Declaration, the owner of the Church Unit has the reserved right to create within and from the limited common element land area appurtenant to the Church Unit, one or more additional individual condominium units at such owner's expense, including, without limitation, the removal of the Church Unit and replacement of the same with multiple units. As part of this reserved right, the Church Unit owner has the right to amend the Declaration and the Condominium Map and, under the terms of Section 11.b, has the right to form a sub-association and to adopt sub-association bylaws, all without obtaining the consent or joinder of the Association, the Board, or any other Unit owners or their mortgagees. In the event that these additional units were ever created, however, the owner of the Church Unit would be required to obtain from the Real Estate Commission an effective date for a public report covering the new units and the creation of the sub-association. At this point in time, Developer is not aware of any plans by the current owner of the Church Unit to exercise this reserved right, however, this does not constitute a representation or warranty that the right may never be exercised in the future.

As stated above in paragraph 2, the Developer exercised its reserved right under Section 8.g of the Declaration to create the twenty-eight (28) House Units covered by this report. The Developer's reserved right under Section 8.g of the Declaration terminates forever upon the first conveyance of a House Unit to a third party other than the Developer.

9. Agreement to Defer Off-Site Improvements

Pursuant to Section 14-21.1, Article 21, of the Revised Ordinances of Honolulu, 1990, as amended, the Developer is required to construct and dedicate certain general plan and development plan street setback improvements including, but not limited to, the construction of a concrete sidewalk, curb, gutter, and roadway pavement fronting the portion of the Project's land bearing Tax Map Key No. (1) 7-4-09:02 (the "Street Setback Improvements"). The Developer has entered into an agreement (the "Deferral Agreement") with the City and County of Honolulu, Department of Planning and Permitting (the "City"), under which the City has agreed to defer the commencement date of the required Street Setback Improvements, which are more particularly described in Exhibit B to the Deferral Agreement. The Deferral Agreement was recorded in the Recording Office as Document No. 3593678 and constitutes an encumbrance against the Residential Phase. A copy of the Deferral Agreement is concurrently delivered to you with this report. The Deferral Agreement provides that the date for the required construction of the Street Setback Improvements is deferred until February 15, 2027, although the Director of the Department of Planning and Permitting shall have the right to shorten the period of deferral upon ninety days notice to Developer or when the road widening improvements are constructed along the frontage of the adjacent property. The obligations under the Deferral Agreement run with the land and shall be binding upon all purchasers of units in the Residential Phase and their successors and assigns. This means that the owners of the units in the Residential Phase will be responsible, and will have to pay, for the construction of the Street Setback Improvements and the dedication of the Street Setback Improvements to the City. It is currently estimated that the construction of the Street Setback Improvements will cost approximately \$25,000.00. The actual cost of constructing the Street Setback Improvements will vary depending upon when the construction is required by the City and whether, at that time, the City requests any changes to the Street Setback Improvements as permitted under the terms of the Deferral Agreement. Until the City requests the construction of the Street Setback Improvements, the area that will be affected by such construction shall remain in its current, existing condition.

10. Second Floor House Units – Loft Space

The House Units located on the second floor of the Houses currently contain a loft area. A purchaser of an upper House Unit, prior to the closing of the sale of such unit, may have the option of choosing to delete the loft space in return for a reduction in the purchase price as determined by the Developer. In the event that a purchaser chooses this option, the Declaration and the Condominium Map will be amended, at Developer's expense, to reflect the elimination of the loft area and the reduced square footage of the House Unit. Neither the Common Interest nor the Class Common Interest appurtenant to the upper House Unit without a loft, however, will change.

11. Commission Oversight of Developer's Public Report

Pursuant to the provisions of Section 514B-57(a), Hawaii Revised Statutes, the Real Estate Commission of the State of Hawaii at any time may require a developer to amend or supplement the form or substance of a developer's public report to assure adequate and accurate disclosure to prospective purchasers.

## 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 .....	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 Agent .....	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

	<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 Types and Sizes of Units	
EXHIBIT B: Common Interest in the Common Elements and Parking Stalls	
EXHIBIT C: Class Common Interest for the House Unit Class and the Church Unit Class	
EXHIBIT D: Common Elements and Limited Common Elements	
EXHIBIT E: Encumbrances Against Title	
EXHIBIT F: Developer's Reserved Rights	
EXHIBIT G: Estimate of the 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 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	Not applicable	
Address of Project	1106 and 1124 Kilani Avenue, Wahiawa, Hawaii 96786	
Address of Project is expected to change because	Not applicable	
Tax Map Key (TMK)	(1) 7-4-009-002 and (1) 7-4-009-070	
Tax Map Key is expected to change because	individual CPR numbers may be assigned to the units	
Land Area	79,936 square feet	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable	

## 1.2 Buildings and Other Improvements

Number of Buildings	15
Floors Per Building	14 two-story Buildings; 2 of the two-story Buildings have basements; 1 one-story Building
Number of New Building(s)	14
Number of Converted Building(s)	1 (Church Building)
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Houses - Wood, steel, glass; Church Building only - concrete

## 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	12	3 /2	1,232			1,232
B	14	3 /2	1,450		480 (patio lanai)	1,930
C	2	3 /2	2,418			2,418
Church Unit	1	Recreation & assembly building; kitchen, lounge, offices and meeting rooms		7,265.87		7,265.87
See Exhibit A .						

29	<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:	82
Number of Guest Stalls in the Project:	3
Number of Parking Stalls Assigned to Each Unit:	2 each for 28 House Units; 23 for Church 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.	
Not applicable.	

**1.5 Boundaries of the Units**

Boundaries of the units other than the Church Unit:
The space within the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls (if any), the floors and the ceilings surrounding each unit.

**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):
Not applicable.

**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>B</u> . Exhibit C describes the "Class Common Interest". The Class Common Interest is the percentage share assigned to a Unit within a Unit Class, as set forth in the Second Restatement of Declaration and Second Restatement of Bylaws and in Exhibit C herein.
As follows:

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

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

**1.9 Common Elements**

<p><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>D</u> .</p>									
<p>Described as follows:</p>									
<table border="1"> <thead> <tr> <th>Common Elements</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Elevators</td> <td></td> </tr> <tr> <td>Stairways</td> <td></td> </tr> <tr> <td>Trash Chutes</td> <td></td> </tr> </tbody> </table>		Common Elements	Number	Elevators		Stairways		Trash Chutes	
Common Elements	Number								
Elevators									
Stairways									
Trash Chutes									

**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"/>	<input type="checkbox"/>	Pets: 1 dog, cat or other household pet not to exceed twenty-five (25) pounds in weight and certified guide dogs, service animals and signal dogs
<input type="checkbox"/>	<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	<input type="checkbox"/>	Other:
<input type="checkbox"/>	<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: March 13, 2007</p>
<p>Company that issued the title report: Old Republic Title &amp; Escrow of Hawaii, Ltd.</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
28	Residential	28	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	A-2 (Medium Density Apartment District)
	Commercial			Yes	<input type="checkbox"/>	No	
	Mix Residential/Commercial			Yes	<input type="checkbox"/>	No	
	Hotel			Yes	<input type="checkbox"/>	No	
	Timeshare			Yes	<input type="checkbox"/>	No	
	Ohana			Yes	<input type="checkbox"/>	No	
	Industrial			Yes	<input type="checkbox"/>	No	
	Agricultural			Yes	<input type="checkbox"/>	No	
	Recreational			Yes	<input type="checkbox"/>	No	
1	Other (specify) Church	1	<input checked="" 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 type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
Described any variances that have been granted to zoning code							

**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:

Not applicable.

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 type="checkbox"/> Applicable</p> <p><input checked="" 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>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p><b>Verified Statement from a County Official</b></p> <p>Regarding any converted structures in the project, attached as Exhibit ___ 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>

**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 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 If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

**1.17 Project with Assisted Living Facility**

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

## 2. PERSONS CONNECTED WITH THE PROJECT

<b>2.1 Developer</b>	Name: Parkside at Kilani LLC Business Address: 1300 E. Woodfield Road, #312 Schaumburg, Illinois 60173  Business Phone Number: (808) 591-2437 E-mail Address: None
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).	Falahud Din Shams – Member
<b>2.2 Real Estate Broker</b>	Name: Prudential Locations LLC Business Address: 614 Kapahulu Avenue, Suite 200 Honolulu, Hawaii 96815  Business Phone Number: (808) 735-4200 E-mail Address:
<b>2.3 Escrow Depository</b>	Name: Old Republic Title & Escrow of Hawaii, Ltd. Business Address: 733 Bishop Street, Suite 2700 Honolulu, Hawaii 96813  Business Phone Number: (808) 566-0100
<b>2.4 General Contractor</b>	Name: Metcalf Construction Co. Inc. Business Address: 73-4273 Huikoa Drive Kailua-Kona, Hawaii 96740  Business Phone Number: 808-329-1975
<b>2.5 Condominium Managing Agent</b>	Name: Hawaiiana Management Company, Ltd. Business Address: 711 Kapiolani Boulevard, Suite 700 Honolulu, Hawaii 96813  Business Phone Number: (808) 593-9100
<b>2.6 Attorney for Developer</b>	Name: Rush Moore LLP (Irene A. Anzai, Esq.) Business Address: 737 Bishop Street, #2400 Honolulu, Hawaii 96813  Business Phone Number: (808) 521-0400

### 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
Land Court	May 30, 2006	3447570

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	August 31, 2006	3489947
Land Court	March 16, 2007	3581529
Land Court	July 14, 2007	3630940

#### 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
Land Court	May 30, 2006	3447571

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	March 16, 2007	3581530
Land Court	July 14, 2007	3630941

#### 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	1836
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: September 28, 2006, December 19, 2006, March 29, 2007, July 16, 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		
Have Been Adopted and Date of Adoption		
Developer does not plan to adopt House Rules		X

**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%	75%
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"/>	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:  Described in Exhibit "F".

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<p><u>Management of the Common Elements</u>: 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 checked="" type="checkbox"/>		Not affiliated with the Developer
<input 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><u>Estimate of the Initial Maintenance Fees</u>: 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

If checked, the following utilities are included in the maintenance fee:		
<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 type="checkbox"/>		Other (specify)

### 4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:		
<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 <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: December 15, 2006 Name of Escrow Company: Old Republic Title & Escrow of Hawaii, Ltd. 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 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
Mortgage	Buyer's contract will be cancelled and Buyer's deposits will be returned less escrow cancellation fee. Buyer may lose all rights to buy the unit.

### 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: Seller makes no warranties to Buyers, but will assign the unexpired term, if any, of any and all warranties given by contractors.
Appliances: Seller makes no warranties to Buyers, but will assign or cause to be assigned the unexpired term, if any, of any manufacturer's or dealer's warranties.

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

<p>Status of Construction: Construction commenced in December 2006, and is anticipated to be completed by July, 2008.</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:  Two years from effective date of the sales contract.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:  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 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 checked="" 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 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 not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <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. **Developer's Public Report**
2. **Declaration of Condominium Property Regime (and any amendments)**
3. **Bylaws of the Association of Unit Owners (and any amendments)**
4. **Condominium Map (and any amendments)**
5. House Rules, if any
6. Escrow Agreement
7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8. Other:

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

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

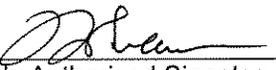
**6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT**

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.

Parkside at Kilani LLC  
Printed Name of Developer

By:  7-16-07  
Duly Authorized Signatory Date

Falahud Din Shams, Member  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT "A"

Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath
A	12	3/2
B	14	3/2
C	2	3/2 (includes basement)
Church Unit Type	1	Recreation and assembly hall, kitchen, lounge, offices and meeting rooms

Unit	Unit Type	Net Floor Area (square feet)	Patio Lanai Floor Area (square feet)	Total Area
1-L	A	1,232		1,232
1-U	B	1,450	480	1,930
2-L	A	1,232		1,232
2-U	B	1,450	480	1,930
3-L	A	1,232		1,232
3-U	B	1,450	480	1,930
4-L	A	1,232		1,232
4-U	B	1,450	480	1,930
5-L	A	1,232		1,232
5-U	B	1,450	480	1,930
6-L	A	1,232		1,232
6-U	B	1,450	480	1,930
7-L	A	1,232		1,232
7-U	B	1,450	480	1,930
8-L	C	2,418		2,418
8-U	B	1,450	480	1,930
9-L	C	2,418		2,418
9-U	B	1,450	480	1,930
10-L	A	1,232		1,232
10-U	B	1,450	480	1,930
11-L	A	1,232		1,232
11-U	B	1,450	480	1,930
12-L	A	1,232		1,232
12-U	B	1,450	480	1,930
13-L	A	1,232		1,232
13-U	B	1,450	480	1,930
14-L	A	1,232		1,232
14-U	B	1,450	480	1,930
Development Unit No. 2	Church Unit Type	7,265.87		7,265.87

END OF EXHIBIT "A"

EXHIBIT "B"

Common Interest in the Common Elements of the Project,  
Exclusive of Driveway Area and Loading Area, and Parking Stalls

Unit	Common Interest	Parking Stall(s)
1-L	2.39%	1-L-1, 1-L-2 T
1-U	2.39%	1-U-1, 1-U-2 T
2-L	2.39%	2-L-1, 2-L-2 T
2-U	2.39%	2-U-1, 2-U-2 T
3-L	2.39%	3-L-1, 3-L-2 T
3-U	2.39%	3-U-1, 3-U-2 T
4-L	2.39%	4-L-1, 4-L-2 T
4-U	2.39%	4-U-1, 4-U-2 T
5-L	2.39%	5-L-1, 5-L-2 T
5-U	2.39%	5-U-1, 5-U-2 T
6-L	2.39%	6-L-1, 6-L-2 T
6-U	2.39%	6-U-1, 6-U-2 T
7-L	2.39%	7-L-1, 7-L-2 T
7-U	2.39%	7-U-1, 7-U-2 T
8-L	2.43%	8-L-1, 8-L-2 T
8-U	2.39%	8-U-1, 8-U-2 T
9-L	2.43%	9-L-1, 9-L-2 T
9-U	2.39%	9-U-1, 9-U-2 T
10-L	2.39%	10-L-1, 10-L-2 T
10-U	2.39%	10-U-1, 10-U-2 T
11-L	2.39%	11-L-1, 11-L-2 T
11-U	2.39%	11-U-1, 11-U-2 T
12-L	2.39%	12-L-1, 12-L-2 T
12-U	2.39%	12-U-1, 12-U-2 T
13-L	2.39%	13-L-1, 13-L-2 T
13-U	2.39%	13-U-1, 13-U-2 T
14-L	2.39%	14-L-1, 14-L-2 T
14-U	2.39%	14-U-1, 14-U-2 T
Development Unit No. 2	33%	1-23

Guest Parking Stalls: 1-G, 2-G, 3-G

Parking stalls appurtenant to Units 1-L to 14-U are covered

Parking stalls 1-23 are uncovered

T signifies tandem stalls

END OF EXHIBIT "B"

EXHIBIT "C"

Class Common Interest

House Unit Class	
Unit	Common Interest
1-L	3.086%
1-U	3.632%
2-L	3.086%
2-U	3.632%
3-L	3.086%
3-U	3.632%
4-L	3.086%
4-U	3.632%
5-L	3.086%
5-U	3.632%
6-L	3.086%
6-U	3.632%
7-L	3.086%
7-U	3.632%
8-L	6.06%
8-U	3.632%
9-L	6.06%
9-U	3.632%
10-L	3.086%
10-U	3.632%
11-L	3.086%
11-U	3.632%
12-L	3.086%
12-U	3.632%
13-L	3.086%
13-U	3.632%
14-L	3.086%
14-U	3.632%

Church Unit Class	
Unit	Common Interest
Development Unit No. 2	100%

END OF EXHIBIT "C"

## EXHIBIT "D"

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### Common Elements

The common elements of the Project include the following:

1. The land of the Project in fee simple.
2. The 3,159 square foot driveway area marked as "Common Element," as depicted on Sheet C-2 of the Condominium Map.
3. The 1,222 square foot driveway area marked as "Common Element," as depicted on Sheet C-2 of the Condominium Map.
4. All sewer lines, electrical equipment, pipes, conduits, cables, wiring, utilities and equipment, and other central and appurtenant transmission facilities and installations on, over, under and across the Project which serve more than one Unit for services such as electricity, water, gas (if any), cable television (if any), sewer, refuse, telephone, radio and television signal distribution.
5. Any and all other apparatus and installations existing for common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any unit or the limited common elements.

#### Limited Common Elements

The limited common elements of the Project include the following:

- A. Limited Common Elements Appurtenant to Development Unit No. 2 (the Church Building).
  - (i) The three (3) land areas containing 4,171, 5,024, and 6,726 square feet, respectively, for a total land area of 15,921 square feet, delineated by the dashed boundary line with dash hatched shading and designated as "LCE" on Sheet C-2 of the Condominium Map surrounding Development Unit No. 2 shall be appurtenant to and for the exclusive use of Development Unit No. 2 (the "Church Area").
  - (ii) All land, grounds, landscaping, paths, walkways, planting areas, the courtyard, improvements, loading area, trash spaces and like facilities within the Church Area shall be appurtenant to Development Unit No. 2.

- (iii) The twenty-three (23) parking stalls, numbered 1 through 23 on Sheet 2 of the Condominium Map located within the Church Area shall be appurtenant to Development Unit No. 2.

B. Limited Common Elements Appurtenant to All House Units of the Residential Phase. The limited common elements that are appurtenant to and for the exclusive use of all of the House Units of the Residential Phase shall hereinafter be referred to as the "Residential Limited Common Elements" and are as follows:

- (i) The driveway containing approximately 5,303 square feet, designated "Common Element 1" on Sheet 1 of the Condominium Map shall be appurtenant to and for the exclusive use of all of the House Units of the Residential Phase.
- (ii) The three guest parking stalls shown on Sheet 2 of the Condominium Map shall be appurtenant and for the exclusive use of all of the House Units of the Residential Phase.
- (iii) All portions of the Houses located within each House Area (exclusive of the House Units, the double carports, the parking stalls, the patio lanais, and the mailboxes) shall constitute a part of the Residential Limited Common Elements.

C. Limited Common Elements Appurtenant to Specific House Units of the Residential Phase. The limited common elements that are appurtenant to and for the exclusive use of specific House Units of the Residential Phase, but not all of the House Units, are as follows:

- (i) The land area located beneath and surrounding each House as shown by the dashed line on Sheet 1 and Sheet 2 of the Condominium Map (the "House Area") shall be appurtenant to and for the exclusive use of the House Units in the House.
- (ii) Two (2) parking stalls, the numbers of which are designated on the Condominium Map and set forth on Exhibit C attached to the Declaration and on Exhibit B to this Developer's Public Report, shall be appurtenant to and for the exclusive use of each House Unit.
- (iii) The double carport adjoining each House shall be appurtenant to and for the exclusive use of the House Units in the House.
- (iv) One (1) mailbox shall be appurtenant to and for the exclusive use of each House Unit.
- (v) The patio lanai adjoining each Type B House Unit, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of such House Unit.

D. Other Limited Common Elements.

- (i) All sewer lines, electrical equipment, pipes, conduits, cables, wiring, utility yards and equipment, and other central and appurtenant transmission facilities and installations on, over, under and across the Project for services such as electricity, water, gas, cable, television, sewer, refuse, telephone, radio and television signal distribution which serve less than all units shall be appurtenant to the unit or units they serve.
- (ii) Any and all other apparatus and installations existing for common use, such as tanks, pumps, motors, air-conditioners, fans, compressors, water heaters and, in general, all other parts of the Project necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any unit and serve less than all of the units, shall be appurtenant to the unit or units they serve.
- (iii) The common elements of the Project which are rationally related to less than all of the units shall be deemed limited common elements, and such limited common elements shall be limited to use by only those units benefiting from the same.

END OF EXHIBIT "D"

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the land of the Project, identified as Tax Map Key Nos. (1) 7-4-009-002 and (1) 7-4-009-070.

1. For Real Property taxes that may be due and owing reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Ditch Right of Way, as contained in Deed dated June 15, 1904, filed as Land Court Document No. 2.
3. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in Deed dated October 15, 1915, filed as Land Court Document No. 1022.
4. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in Deed dated October 15, 1915, filed as Land Court Document No. 1023.
5. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in Deed dated May 18, 1916, filed as Land Court Document No. 1024.
6. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in Deed dated July 1, 1960, filed as Land Court Document No. 259524.
7. The terms, covenants and conditions contained in Agreement for Issuance of Conditional Permit Under 4.40-21 of the Land Use Ordinance (LUO) dated December 28, 1989, filed as Land Court Document No. 1712264, by and between YOUNG MEN'S CHRISTIAN ASSOCIATION OF HONOLULU, a Hawaii eleemosynary corporation, "Declarant", and EDUCARE, a Hawaii not for profit corporation, doing business as Ho'ala School.
8. Condominium Map No. 1836, filed in the Land Court, and any amendments thereto.
9. Second Amendment and Restatement of Declaration of Condominium Property Regime of The Parkside at Kilani dated July 14, 2007, recorded as Land Court Document No. 3630940, which amends and restates the original Declaration of Condominium Property Regime of The Parkside at Kilani dated May 30, 2006, recorded as Land Court Document No. 3447570, as amended by First Amendment of Declaration of Condominium Property Regime of The Parkside at Kilani dated August 31, 2006, recorded as Land Court Document No. 3489947, Second Amendment to Declaration of Condominium Property Regime of The Parkside at Kilani and Condominium Map to Establish Phase II dated December 15, 2006, recorded as Land Court Document No. 3529811, Third Amendment to Declaration of Condominium Property Regime of The Parkside at Kilani, undated (acknowledged January 26, 2007), recorded as Land

Court Document No. 3556585, and Amendment and Restatement of Declaration of Property Regime of The Parkside at Kilani dated March 16, 2007, recorded as Land Court Document No. 3581529.

10. Second Amendment and Restatement of Bylaws of the Association of Apartment Owners of The Parkside at Kilani dated July 14, 2007, recorded as Land Court Document No. 3630941, which amends and restates the original Bylaws of the Association of Apartment Owners of The Parkside at Kilani dated May 30, 2006, recorded as Land Court Document No. 3447571, and Amendment and Restatement of Bylaws of the Association of Apartment Owners of The Parkside at Kilani dated March 16, 2007, recorded as Land Court Document No. 3581530.

11. AS TO DEVELOPMENT UNIT NO. 1 OF THE PROJECT:

a. Terms, provisions and conditions as contained in the Apartment Deed dated September 29, 2006, recorded as Land Court Document No. 3490891.

b. Any and all easements encumbering Development Unit No. 1 of the Project, and/or the common interest appurtenant 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.

c. Mortgage dated September 28, 2006, by and between PARKSIDE AT KILANI, LLC, a Hawaii limited liability company, as Mortgagor, and BANK OF BOZEMAN, a Montana state banking corporation, as Mortgagee, recorded as Land Court Document No. 3490892.

d. Financing Statement (UCC 1) by and between PARKSIDE AT KILANI, LLC, a Hawaii limited liability company, as Debtor, and BANK OF BOZEMAN, as Secured Party, recorded on September 29, 2006 in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-179655.

e. Agreement dated February 26, 2007 between Parkside at Kilani LLC and City and County of Honolulu, Department of Planning and Permitting, recorded as Land Court Document No. 3593678, made pursuant to Section 14-21.7, Article 21 of the Revised Ordinances of Honolulu, 1990, as amended, regarding the construction of certain street setback improvements affecting the Residential Phase described in such Agreement.

END OF EXHIBIT "E"

EXHIBIT "F"

DEVELOPER'S RESERVED RIGHTS

Pursuant to its reserved rights set forth in Section 8.g. of the Declaration, the Developer reserves the right to amend the Declaration without the consent or joinder of the Board, the Association or the persons then owning or leasing the units or their mortgagees, as follows:

a. From time to time, after completion of construction of the Houses of the Residential Phase, pursuant to the provisions of Section 514B-34, Hawaii Revised Statutes, to record verified statements of a registered architect or professional engineer certifying that the final plans of the buildings theretofore filed or being filed simultaneously with such amendments fully and accurately depict the layout, location, numbers and dimensions of the House Units as built.

b. To make changes to the Residential Phase and to amend the Declaration and the Condominium Map in any manner, as long as the Developer owns all of the House Units in the Residential Phase.

c. To change the number of each type of House Unit in the Residential Phase; provided, however, that this right shall apply only to House Units that are not yet built or are owned by the Developer.

d. To make changes to the Residential Phase and the Residential Phase drawings and/or specifications; provided that such changes do not violate applicable laws and codes and do not constitute a material change to any unit not owned by the Developer.

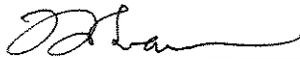
END OF EXHIBIT "F"

EXHIBIT "G"

DEVELOPER'S STATEMENT REGARDING COMMENCEMENT  
OF OWNERS' OBLIGATION TO PAY MAINTENANCE FEES

Developer shall initially assume all the actual common expenses and the House Unit Class Common Expenses of the Project. The unit owners shall not be obligated for the payment of their share of the common expenses and the House Unit Class Common Expenses until such time as Developer sends the unit owners written notice that, after a specified date, the unit owners shall be obligated to pay for the portions of the common expenses and the House Unit Class Common Expenses that are allocated to their respective units. Developer's written notice shall be mailed to the owners, the Association and the Managing Agent at least thirty (30) calendar days before the specified date.

PARKSIDE AT KILANI LLC

By:   
Falahud Din Shams  
Its Member

Dated: 7-16-07

"Developer"

Unit	House Unit Class Common Interest	House Unit Class Common Expense Monthly Fee	Common Expenses Fee*	Total Monthly Fee (House Units)	Total Annual Fee (House Units)
1-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
1-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
2-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
2-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
3-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
3-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
4-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
4-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
5-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
5-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
6-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
6-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
7-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
7-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
8-L	6.060%	\$286.03	\$3.52	\$289.55	\$3,474.60
8-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
9-L	6.060%	\$286.03	\$3.52	\$289.55	\$3,474.60
9-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
10-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
10-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
11-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
11-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
12-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
12-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
13-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
13-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
14-L	3.086%	\$145.66	\$3.52	\$149.18	\$1,790.12
14-U	3.632%	\$171.43	\$3.52	\$174.95	\$2,099.38
<b>Total House Units Fees</b>	100.000%	\$4,720.00	\$98.50	\$4,818.50	\$57,822.00
<b>Development Unit No. 2</b>	<b>Church Unit Class Common Interest</b>	<b>Church Unit Class Common Expenses</b>	<b>Common Expense Fee</b>	<b>Total Monthly Fee (Church Unit)</b>	<b>Total Annual Fee (Church Unit)</b>
<b>Church Unit Fees</b>	100.000%	\$0.00	\$51.50	\$51.50	\$618.00
<b>Total Fees</b>				<b>\$4,870.00</b>	<b>\$58,440.00</b>

\* Pursuant to the provisions of Paragraph 7(a) of the Second Amendment and Restatement of the Declaration, the portion of the common element expenses allocated to the House Units is to be assessed against the House Units in equal shares.

7-19-07

**PRELIMINARY BUDGET**Parkside at Kilani  
(28 units plus Church unit)

<b>EXPENSES</b>	<b>Monthly Fee</b>	<b>Annual Fee</b>
Manager	\$0.00	\$0.00
<b>Utilities</b>		
Refuse	\$0.00	\$0.00
Water, Sewer, Electricity	\$0.00	\$0.00
<b>Total Utilities</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Operating Expenses</b>		
Reserve Study	\$30.00	\$360.00
Supplies, Admin.	\$100.00	\$1,200.00
Legal Fees	\$20.00	\$240.00
Meeting expenses	\$20.00	\$240.00
Grounds Maint.	\$100.00	\$1,200.00
Audit/Tax Prep	\$50.00	\$600.00
<b>Insurance/Management</b>		
Property	\$2,000.00	\$24,000.00
Umbrella	\$122.00	\$1,464.00
CGL	\$117.00	\$1,404.00
Directors & Officers Liability	\$105.00	\$1,260.00
Fidelity Bond	\$26.00	\$312.00
Management Fees	\$1,300.00	\$15,600.00
GET	\$30.00	\$360.00
Reserve Contribution, Operating	\$700.00	\$8,400.00
Driveway and Loading Areas Maintenance	\$150.00	\$1,800.00
<b>TOTAL</b>	<b>\$4,870.00</b>	<b>\$58,440.00</b>

I, Phyllis Kacher, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent for the Parkside at Kilani 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

7.19.07

Date

Pursuant to 514B-148,7b, Hawaii Revised Statutes, a new association 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.

In accordance with information provided by the developer, owners will be billed individually for water, sewer and electricity and refuse services will be provided by the City and County of Honolulu.

END OF EXHIBIT "G"

EXHIBIT "H"

SUMMARY OF SALES CONTRACT

A copy of the form of Condominium Deposit Receipt and Sales Agreement ("Sales Contract") has been submitted to the Real Estate Commission and is available for inspection at Developer's office. The following is a summary of some of the provisions of the Sales Contract. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS OF THE SALES CONTRACT.

1. The Sales Contract does not become a binding contract until the Effective Date occurs. Until the Effective Date, the Sales Contract is not legally binding on either the purchaser or Developer. The Effective Date of the Sales Contract shall be the date on which all of the following conditions are fulfilled:

- (a) The Sales Contract has been accepted by Developer;
- (b) A true copy of Developer's Public Report is mailed or otherwise delivered to the purchaser;
- (c) A notice of the purchaser's thirty-day right to cancel this Agreement is mailed or otherwise delivered to the purchaser; and
- (d) The purchaser has waived or be deemed to have waived the purchaser's right to cancel the Sales Contract pursuant to Section 514B-86 of the Act.

2. If the unit covered by a particular Sales Contract is an Owner-Occupant Designated Unit, and the purchaser has executed an affidavit stating purchaser's intent to become an owner-occupant of the unit, then purchaser agrees when signing the Sales Contract that purchaser will occupy the unit as purchaser's principal residence. Any such purchaser shall be required to reaffirm his or her intent to be an owner-occupant no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Developer shall constitute a default under the Sales Contract by such purchaser and Developer shall have the remedies provided in the Sales Contract.

3. Developer makes no warranties regarding the unit or the Phase II Project, but any and all warranties given Developer by contractors for the Phase II Project relating to the unit shall accrue to the purchaser. Seller shall also assign or cause to be assigned to the purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the unit.

4. The purchaser agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. The purchaser also agrees that any money that the purchaser deposits with Escrow may be deposited together with other purchasers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to the Escrow Agreement between Developer and Escrow. The purchaser also agrees that all the interest earned from the funds deposited by purchasers will be credited to Developer, except as may be provided in the Sales Contract. In

case purchaser is late in making payments to Escrow, the late payment will bear interest at the rate of one percent (1%) per month until paid.

5. All taxes, assessments, and charges of any kind assessable against the unit or the land of the Phase II Project will be prorated as of the Closing Date. The purchaser will be responsible for paying all closing costs in connection with the purchase of the unit, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Unit Deed to the purchaser.

6. The purchaser must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the Sub-Association of Apartment Owners of The Parkside at Kilani, Phase II (the "Sub-Association"). This start-up fee is an initial contribution to the Sub-Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. In addition, purchaser must deposit two (2) months of estimated assessments for common expenses. These amounts are separate from the purchase price and closing costs for the unit.

7. The purchaser may not assign purchaser's rights under the Sales Contract without the prior written consent of Developer. Under no circumstances may the purchaser assign purchaser's rights to the Sales Contract after the Preclosing or the Closing Date. If purchaser attempts to assign the Sales Contract without Developer's written consent, purchaser shall be in default under the Sales Contract.

8. Developer, at its sole discretion, shall determine the Closing Date. Developer may, at its option, preclose the sale of a unit by requiring the purchaser to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the closing date. purchaser will have ten (10) days notice of such preclosing.

9. The purchaser shall not be able to occupy the unit until the Closing Date. The purchaser shall not be able to enter the unit until the Closing Date, except with the prior consent of Developer. If the purchaser attempts to take occupancy of or enter the unit prior to the Closing Date without the consent of Developer, then the purchaser will be in default of the Sales Contract, and Developer has the right to remove the purchaser from the unit using any lawful means and at the purchaser's expense.

10. The purchaser agrees to accept a unit as suitable for occupancy even if there are defects or damage to the unit, as long as Developer promises to repair these defects within a reasonable time after purchaser takes occupancy. Prior to closing, the purchaser shall have fifteen (15) days after the date of a notice from Developer to inspect the unit.

11. Developer will complete construction so that the purchaser may occupy the unit within two (2) years from the Effective Date of the Sales Contract. However, this two (2) year period may be extended if construction is delayed by fire, earthquake, acts of God, the elements, war or civil disturbances, litigation or threat of litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or other occurrences or conditions that are legally recognized as defenses to contract actions in the State of Hawaii.

12. By signing the Sales Contract, the purchaser represents that the purchaser is financially capable of paying the purchase price for the unit. The purchaser also represents that any financial data the purchaser has given Developer is accurate.

If the purchaser intends to finance the purchase of the unit, then the purchaser must apply for financing and inform Developer of the name and address of the lending institution and the loan officer handling the loan application within five (5) days from the Effective Date of the Sales Contract. The purchaser agrees to do everything possible and/or necessary to successfully obtain the loan. If purchaser makes a bona fide effort to obtain financing but is unsuccessful in doing so, then purchaser may cancel the Sales Contract upon written notice to Developer on or before thirty (30) days from the Effective Date of the Sales Contract. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

If the purchaser is making a cash purchase of a unit, the purchaser must provide proof to Developer within ten (10) days after Developer accepts the Sales Contract that purchaser is financially capable of making all payments under the Sales Contract. Developer has the option to terminate the Sales Contract if Developer determines at any time that the purchaser is unable to make the required payments. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest, and less an escrow cancellation fee, the cost of any credit reports and all other costs incurred by Developer.

13. Before the Effective Date of the Sales Contract, it may be terminated for any reason and at any time at the option of either purchaser or Developer, by giving written notice of termination to the other party. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest. If the purchaser cancels the sales contract, Escrow may also deduct from the refund an escrow cancellation fee and all costs incurred by Developer, Escrow or any lending institution in processing the Sales Contract or loan application, up to a maximum amount of \$250.00.

14. If the purchaser defaults, Developer may cancel the Sales Contract and may keep any amounts previously paid by the purchaser as liquidated damages to compensate Developer for its damages. Developer may also pursue any other legal remedy for purchaser's default.

If Developer defaults after the Effective Date of the Sales Contract, the purchaser's only remedy is to cancel the Sales Contract and have all of the purchaser's money refunded, except that if and only if Developer's default is because Developer has not completed construction within the time period set forth in paragraph 11 above, the purchaser shall have all remedies allowed by law.

15. If less than ten (10) units have been sold within one hundred eighty (180) days after the date a purchaser signs the first Sales Contract for a unit in the Phase II Project, Developer has the option to cancel the Sales Contract. If Developer cancels the Sales Contract, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

16. Developer has the option to cancel the Sales Contract if unanticipated delays in construction cause the cost of development to increase to the point where the Phase II Project is no longer economically feasible for Developer. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

17. By entering into the Sales Contract, the purchaser acknowledges that the purchaser has never received any information of representations from Developer or any of Developer's agents regarding rental income from the unit or other economic or tax benefits that purchaser may receive from ownership of the unit. The purchaser further agrees that he or she will not participate in any rental pool for the renting of the unit. The purchaser may be required to sign documents which satisfy Developer that no such representations have been made.

18. Developer may have made one or more construction loans to finance construction of the Phase II Project. Any rights which a purchaser may possess under a Sales Contract for one of the units in the Phase II Project are subject to and subordinate to the rights of the lender(s) of the construction loan(s).

19. Subject to the requirements of the Hawaii Contractor Repair Act (Hawaii Revised Statutes Chapter 672E), if applicable, any dispute between Developer and purchaser arising out of or relating to the Sales Contract or the unit, or the construction, development or management of the Phase II Project or the sale of any unit or the use or occupancy of any unit, or any other aspect of the relationship between Developer and the purchaser regarding the Phase II Project shall be subject to non-binding mediation and, if necessary, shall be resolved by mandatory arbitration.

20. The purchaser accepts the following conditions as well as any inconvenience or annoyance which the purchaser may experience as a result of such conditions and expressly waives any rights, claims or actions which he might otherwise have against Developer or third parties as a result of such circumstances:

(a) Construction activity by Developer or other unit owners may continue at the Phase II Project after purchaser has occupied the unit and this activity may result in noise, dust, surface water run off, vapors, odors, vibration, traffic congestion, or other nuisances or annoyances to purchaser and may limit the purchaser's access to portions of the Phase II Project.

(b) Sales activities, including the use of model units, sign and extensive sales displays and other activities for the sale of units developed in the Phase II Project.

(c) Developer reserves the right for itself, its employees, agents, sales representatives, business invitees and prospective purchasers to utilize the common elements for ingress and egress to model units and parking spaces and in order to show the common elements to prospective purchasers.

21. The purchaser acknowledges that it has been informed that microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), may be present in the unit and that Microorganisms, at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Concentrations of chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms occur naturally in the environment, Developer cannot eliminate the possibility that Microorganisms may grow in, on or about the unit. purchaser releases and agrees to indemnify and defend Developer and its successors and assigns, construction manager, contractors, subcontractors, material suppliers

and the officers, employees, agents of each of them, from and against any and all claims, obligations, demands, damages, causes of action, liabilities, losses and expenses, including reasonable attorneys' and expert fees, whether now known or hereafter known, foreseen or unforeseen, that purchaser or any occupant of the unit had, has, or may have in the future, in law or in equity (the "claim"), that are attributable to (1) bodily injury, sickness, emotional distress, disease, death or any other personal injury or adverse health effects, or (2) injury to or destruction of tangible personal property, including loss of the use thereof arising out of or relating to, or in any way connected with, indoor air quality, moisture, or the growth, release, discharge, dispersal or presence of any Microorganisms or any chemicals in the indoor air or on the interior surfaces of the unit including, without limitation to, wall cavities, the attic, windows and the basement, or on the exterior surfaces of the unit or on any part thereof.

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

A copy of the Condominium Escrow Agreement dated December 15, 2006, between the Developer and Old Republic Title & Escrow of Hawaii, Ltd. ("Escrow"), has been submitted to the Real Estate Commission and is available for inspection at the Developer's sales office. The following is a summary of some of the provisions of the Escrow Agreement.

NOTE: ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS, IF ANY, IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN 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.

1. A signed copy of each sales contract for a unit in the Project must be given to Escrow.
2. All money received by the Developer from purchasers under sales contracts for units in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in an interest-bearing account at a federally insured bank, savings and loan association or other financial institution. Any interest earned on funds deposited into Escrow will accrue as set forth in the sales contract unless otherwise provided.
3. Escrow may not make any disbursements of funds until certain conditions, including the issuance of an effective date for the Developer's Public Report for the Project by the Real Estate Commission, have been met. Escrow may make disbursements of funds prior to closing to pay project costs under certain circumstances.
4. Under certain conditions, a purchaser shall be entitled to a refund. Escrow shall pay this refund to the purchaser with interest which may have accrued to the credit of the purchaser and less a reasonable escrow cancellation fee.
5. If a purchaser fails to claim a refund for a cancelled sales contract, Escrow will notify the purchaser at the purchaser's address shown on the sales contract.
6. If a purchaser fails to make a payment to Escrow in a timely manner, Escrow will notify Developer. If the Developer subsequently notifies Escrow in writing that Developer has terminated the sales contract and provides Escrow with copies of all notices of termination sent to the purchaser, Escrow will then treat any funds the purchaser has already paid as though they belong to the Developer. Upon written request by the Developer, Escrow will pay all such sums to Developer minus any escrow cancellation fee.
7. The Escrow Agreement is subject to the provisions of Hawaii Revised Statutes, Chapter 514B, as it may be amended.

END OF EXHIBIT "I"