AMENDED
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	ROYAL NAHAKU VILLAS
Project Address	2637, 2639, 2641, 2643 & 2645 Nahaku Place, Honolulu, Hawaii 96816
Registration Number	6421
Effective Date of Report	April 1, 2009
Developer(s)	Royal Nahaku Villas, Inc.

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

Summary of Changes

The following changes have been made to the original Public Report:

1. The Declaration and Condominium Map of Royal Nahaku Villas have been amended by the following:

   a. Third Amendment to Declaration and Condominium Map;
   b. Fourth Amendment to Declaration and Condominium Map; and
   c. Fifth Amendment to Declaration and Condominium Map.

2. The Amendments referenced in paragraph 1 above have resulted in the following changes to the Condominium Project:

   a. Deleted two limited common element uncovered parking stalls with one each belonging to Unit 2 and Unit 5 and converted them into common elements guest parking stalls. Added restrictions on the use of the guest parking stalls.
   b. Increased the net living areas and changed the tax map key numbers for all five units in the Project.
   c. Designated mailboxes as a limited common element for all five units in the Project
   d. Established an easement for the mailboxes running over a portion of Unit 1's limited common element land in favor of Units 2, 3, 4 and 5.
   e. Created a Driveway Gate and Walk Gate at the entry to the Project as a common element.
   f. Established an easement for the Driveway Gate and Walk Gate running over a portion of Unit 1's limited common element land in favor of Units 2, 3, 4 and 5.

3. Exhibit A has been amended to add the two guest parking stalls

4. Exhibit C has been amended to add the two guest parking stalls and the Driveway Gate and Walk gate as common elements.

5. Exhibit D has been amended to add the mailboxes as limited common elements for each of the Units in the Project.

6. Exhibit E has been amended to add a new Grant to Hawaiian Electric Company, Inc. and Hawaiian Telcom, Inc.

7. Exhibit G to the Amended Public Report has been revised to add the cost of maintenance and repairs of the two guest parking stalls and the Driveway Gate and Walk Gate as

common element expenses that will be shared equally among all five Unit Owners when maintenance or repairs become necessary.

8. Amended House Rules and Regulations have been adopted that include the use of two guest parking stalls.

9. An updated Preliminary Title Report dated January 30, 2009 has been filed with the Real Estate Commission and the updated encumbrances are reflected in Exhibit E to the Amended Public Report.

10. On page 14 of the Amended Public Report, the dates of completion of the Units have been updated.

SPECIAL ATTENTION SHOULD BE GIVEN TO THE MISCELLANEOUS INFORMATION (PAGES 18, 18a & 18b) AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "F")

SPECIAL ATTENTION

Royal Nahaku Villas is a CONDOMINIUM PROJECT, not a subdivision. The Yard Areas beneath and immediately appurtenant to each unit is designated as a LIMITED COMMON ELEMENT or a DWELLING AREA appurtenant to the respective unit and does not represent legally subdivided lots. The walls, fences and dashed lines shown on the condominium map as delineating the boundaries between the limited common element dwelling area of the units should not be construed to be the property lines of legally subdivided lots.

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

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

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒ Fee Simple ☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒ Yes ☐ No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	2637, 2639, 2641, 2643 & 2645 Nahaku Place, Honolulu, Hawaii 96816
Address of Project is expected to change because	---
Tax Map Key (TMK)	(1) 2-7-023-059; CPRs 0001, 0002, 0003, 0004 & 0005
Tax Map Key is expected to change because	N/A
Land Area	Approximately 14,854 sq.ft.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	---

1.2 Building and Other Improvements

Number of Buildings	5 buildings
Floors Per Building	2
Number of New Building(s)	5
Number of Converted Building(s)	N/A
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, glass

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
Unit 1	1	5/3	1,843	440/25/33	garage/lanai/entry	2,341
Unit 2	1	5/3	2,040	409/44/40	garage/lanai/entry	2,533
Unit 3	1	5/3	1,901	381/161/18	garage/lanai/entry	2,461
Unit 4	1	4/3	1,825	386/146/35	garage/lanai/entry	2,392
Unit 5	1	4/3	1,825	386/146/35	garage/lanai/entry	2,392
See Exhibit _____.						

5	**Total Number of Units**

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	12
Number of Guest Stalls in the Project:	2
Number of Parking Stalls Assigned to Each Unit:	2 parking stalls per unit
Attach Exhibit **A** specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: The outside surfaces of the exterior walls (including garage) and roof, the bottom surface of the footings and foundation.

1.6 Permitted Alterations to the Units

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

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit _____.
As follows: 20% for each Unit.

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

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☐	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☒	Other (describe): 2 guest parking stalls; driveway gate and walk gate

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.
Described in Exhibit **C**.
Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

1.11 Special Use Restrictions

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:	
☒	Pets: see page 18 and Article VI.3.j of the Bylaws.
☐	Number of Occupants:
☒	Other: see pages 18 and 18a; Article VI.3 of the Bylaws; Amended Rules and Regulations dated June 30, 2008; ¶ 10 of Declaration.
☐	There are no special use restrictions:

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of 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).
Exhibit E describes the encumbrances against title contained in the title report described below.
Date of the title report: January 30, 2009
Company that issued the title report: Title Guaranty of Hawaii, Incorporated

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
☒	Residential	5	☒ Yes ☐ No	A-2
☐	Commercial		☐ Yes ☒ No	
☐	Mix Residential/Commercial		☐ Yes ☒ No	
☐	Hotel		☐ Yes ☒ No	
☐	Timeshare		☐ Yes ☒ No	
☐	Ohana		☐ Yes ☒ No	
☐	Industrial		☐ Yes ☒ No	
☐	Agricultural		☐ Yes ☒ No	
☐	Recreational		☐ Yes ☒ No	
☐	Other (specify)		☐ Yes ☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws? Declaration allows uses permitted by Land Use Ordinance; subject to restrictions as to use; see Section 1.11 of this Report.			☒ Yes ☐ No	
Variances to zoning code have been granted.			☐ Yes ☒ No	
Describe any variances that have been granted to zoning code.			N/A	

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.

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

	Conforming	Non-Conforming	Illegal
Uses	☒	☐	☐
Structures	☒	☐	☐
Lot	☒	☐	☐

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: N/A

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☐ **Applicable** ☒ **Not Applicable**
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:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations:	
Estimated cost of curing any violations described above:	

Verified Statement from a County Official
Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either: (A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; or (B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.
Other disclosures and information:

1.16 Project In Agricultural District

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.**	☐ **Yes** ☒ **No**
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? ☐ Yes ☐ No If the answer is "No", provide explanation.	
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? ☐ Yes ☐ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(1 0), HRS? **If answer is "Yes", complete information below.**	☐ **Yes** ☒ **No**
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Royal Nahaku Villas, Inc. Business Address: 201 Merchant Street, Suite 1820 Honolulu, HI 96813 Business Phone Number: (808) 522-0322 E-mail Address: ekawa@pixi.com
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).	Linda Suzukawa-Tseng is the sole director and also President, Vice President, Secretary and Treasurer of Developer. Eiko Kawamura is an Assistant Secretary.
2.2 Real Estate Broker	Name: Estates Royal Limited Business Address: 201 Merchant Street, Suite 1820 Honolulu, HI 96813 Business Phone Number: (808) 522-0322 E-mail Address: ekawa@pixi.com
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor Honolulu, HI 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: (see page 9a) Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self managed by the Association Business Address: 201 Merchant Street, Suite 1820 Honolulu, HI 96813 Business Phone Number: (808) 522-0322
2.6 Attorney for Developer	Name: Kenneth K. P. Wong Business Address: 841 Bishop Street, Suite 1090 Honolulu, HI 96813 Business Phone Number: (808) 536-3870

2.4 General Contractor	Name: Woo's Construction, Inc. Business Address: 1937 Aupuni Street Honolulu, HI 96817 Business Phone Number: (808) 927-4292 *(Contractor for Units 4 and 5)* Name: Royal Builders, Inc. Business Address: 2120 Awikiwiki Street Pearl City, HI 96782 Business Phone Number: (808) 255-9559 *(Contractor for Units 1, 2, and 3)*

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	August 2, 2007	3644030

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
1st Amendment – Land Court	10/2/07	3663643
2nd Amendment – Land Court	10/30/07	3675157
3rd Amendment – Land Court	3/24/08	3728394
4th Amendment – Land Court	5/6/08	3745973
5th Amendment – Land Court	3/2/09	3834195

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	August 2, 2007	3644031

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.	
Land Court Map Number	1911
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: Third Amendment to Declaration & Condominium Map – 3/31/08 Fourth Amendment to Declaration & Condominium Map – 5/12/08 Fifth Amendment to Declaration & Condominium Map – 3/3/09	

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	☒	AMENDED 6/30/08
Developer does not plan to adopt House Rules	☐	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

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

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☒	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: see **Exhibit F .**

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.
The Initial Condominium Managing Agent for this project is (check one):

☐	Not affiliated with the Developer
☒	None (self-managed by the Association)
☐	The Developer or any affiliate of the Developer
☐	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
☐	Electricity for the common elements
☐	Gas for the common elements
☐	Water
☐	Sewer
☐	TV cable
☐	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:	
☒	Electricity for the Unit only
☐	Gas for the Unit only
☒	Water
☒	Sewer
☒	TV cable
☐	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:	
☒	Specimen Sales Contract Exhibit _H_ contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☒	Escrow Agreement dated: June 21, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit _I_ contains a summary of the pertinent provisions of the escrow agreement.
☐	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.

☒	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☐	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____.
☒	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 coveys 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.	
☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens 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 and Financing Statement	Purchaser's interest may be terminated by mortgagee but Purchaser shall be entitled to return of his deposit, less escrow cancellation fees. However, in the event the Purchaser's deposit is disbursed by Escrow and the lien is foreclosed prior to conveyance to Purchaser, Purchaser may not be able to recover any deposits.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: see p.13a
Appliances: see p.13a

5.4 Construction Warranties:

Building and Other Improvements: Developer is not providing any warranties to Purchasers of a Unit but will pass on any warranties contained in Developer's construction contract with Contractor. Contractor's warranty extends for 1 year after substantial completion of any work not conforming to the contract documents.
Appliances: Developer is not providing any warranties to Purchasers of a Unit but will pass on any manufacturer's or dealer's warranties covering the appliances in the Units. Length of warranties may vary.

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

Status of Construction: The Units were completed on the following dates – Unit 2: September 2007 Units 4 & 5: November 2007 Units 1 & 3: April 2008
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

☒	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, Section 5.6.2, which follows below, will not be applicable to the project.*

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
☐	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
☐	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

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

Box A ☐	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. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.**
Box B ☐	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. 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 **Important Notice Regarding Your Deposits** 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, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment**. (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. You should understand that, although the **Important Notice Regarding Your Deposits** 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.

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 – Royal Nahaku Villas Rules and Regulations
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: a. Condominium Unit Deed

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

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

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

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

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

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

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

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

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

a. Developer discloses that no reserve study was done in accordance with Hawaii Revised Statutes Chapter 514B and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

b. The specimen Purchase and Sales Contract provides in part that Buyer understands the Units are being sold without any warranties provided by Developer. See Section 5.4 of this Public Report. The existence of any defect in the Units or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his contract as long as the Unit is livable. See Section 5.6 of the Purchase and Sales Contract.

c. HAWAII REVISED STATUTES CHAPTER 672E PASSED BY THE STATE OF HAWAII LEGISLATURE AND EFFECTIVE JULY 1, 2004, CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED YOUR HOME OR FACILITY. NINETY DAYS BEFORE YOU FILE YOUR LAWSUIT OR OTHER ACTION, YOU MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

d. Pets. Article VI.3.j of the Bylaws dated August 2, 2007, states as follows:

"j. Pets. Subject to the provisions of all federal, state, and local laws prohibiting discriminatory practices in housing against disabled or impaired persons regarding service animals:

(i) No livestock, poultry, or other animals other than dogs, cats and other usual and customary household pets may be kept by occupants in their respective Units or upon the Dwelling Area appurtenant thereto, except that no more than a cumulative total of two (2) dogs, cats and other household pets may be kept, unless this restriction in number is waived by the Board. No animals shall be kept, bred or used therein for any commercial purposes. Any pet causing a nuisance or unreasonable disturbance to any other occupant of the Project or cause damage to any building or other part of the Project, as determined by the Board in its sole discretion, shall be permanently removed therefrom promptly by the pet's owner or the owner of the Unit in which the pet lives, upon notice given by the Board or Managing Agent.

(ii) All responsibility, both financial and otherwise, for personal property damage to any owner, occupant, guest, or employee, or any part of the common elements or Project caused by a pet shall be that of the Unit owner and not the Association.

(iii) Walking of pets on common elements or shared limited common elements is restricted to transit only. Dogs and cats may be walked on the paved areas of the common elements or shared limited common elements when in transit, provided they are on a short leash. No resident shall permit an animal in his custody to excrete any body waste on any portion of the common elements or shared limited common elements. All pet refuse and fecal matter shall be securely wrapped and tied in plastic bags before being thrown in the dumpster.

(iv) Animals described as pests under Hawaii Revised Statutes ("HRS") 150A-2 as amended or any successor statute or animals prohibited from importation under HRS 141-2, 150A-5 or 150A-b, as amended or any successor statute, are not allowed on the Project or in any Unit.

(v) Violations of any of the provisions in this Article VI, Section 3.j. on Pets shall subject the Unit owners and/or occupant of the Unit to fines in amounts as established by the Board. The Board may adopt other rules and regulations concerning pets."

e. Pursuant to Sections 16-99-3(g) and 16-99-11(d) Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Linda Suzukawa-Tseng is the President of Royal Nahaku Villas, Inc., the Developer/Owner of the Project. Further, Ms. Suzukawa-Tseng is a licensed realtor with and President of Estates Royal Limited, which is the listing broker for Developer. Pursuant to Section 16-99-11(c) HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'." In addition, TRB Partnership, which is controlled by Ms. Suzukawa-Tseng, is the lender/mortgagee on the Project.

f. Vacation Rentals, Time Share. Paragraph 10.1 of the Declaration states as follows:

"10.1 The Units in the Project shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and guests, and for any other purpose permissible by the Land Use Ordinance for the City and County of Honolulu, then in effect, subject to the provisions of this Declaration. The Units may not be used for transient or hotel purposes, which are defined as (i) rental for any period less than thirty (30) days, or (ii) any rental in which the occupants of the Unit are provided customary hotel services such as room service for food and beverage, maid service, laundry service, linen service or bellboy service. Notwithstanding the foregoing, the Units in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a Unit or Units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Except for such transient, hotel or time-sharing purposes, the Units may be leased subject to all provisions of this Declaration and the By-Laws."

g. Maintenance and Paint Colors. Paragraph 10.4 of the Declaration states as follows:

"10.4 Maintenance and Paint Colors. Every Unit Owner and occupant shall at all times keep his Unit and the limited common elements appurtenant thereto in a strictly clean, sanitary, neat, maintained and repaired condition. Such shall include repainting the exterior of each building constituting his Unit, as such becomes reasonably necessary."

h. Parking Stalls A and B. Paragraph 10.5 of the Declaration states as follows:

"10.5 Guest Parking Stalls. The 2 guest parking stalls as shown on the Condominium Map shall only be used for parking a motorized vehicle and shall not be used for storage. All vehicles parked in these parking stalls shall be in running, operable condition, not leaking oil or other fluids, and not be unsightly. All motorized vehicles shall be parked within the dimensions of the guest parking stalls and shall not extend beyond their dimensions. The guests parking stalls are to be used by guests of the occupants of the Units. All vehicles shall be parked for no longer than 4 consecutive hours unless the Unit Owners have no objection to a longer period of time."

i. Flood Way. Paragraph 10.6 of the Declaration states as follows:

"10.6 Flood Way. A portion of the Dwelling Areas of Units 3, 4 and 5 are in a flood way, as crosshatched and shown and delineated on the Condominium Map. All restrictions as to use in a flood way must be complied with by Units 3, 4 and 5, respectively."
No structures are allowed to be built in the flood way.

j. Landscaping. Paragraph 10.7 of the Declaration states as follows:

"10.7 Landscaping. There are a number of water lines running under and through Unit 1's Dwelling Area that service other Units. The owner of Unit 1 shall not (a) install trees or plants in close proximity to these water lines whose root systems may damage these waterlines or that may interfere with the maintenance and repair of these water lines in the event the water lines need to be excavated, and (b) install permanent structures or improvements over or adjacent to these water lines that will interfere with the maintenance and repair of these water lines in the event the water lines need to be excavated, except that a concrete slab may be poured over the lines."

k. Board Membership. Each Unit will be entitled to a seat on the Board of Directors of the Association as a Director.

l. The street address corresponding to each Unit is as follows:

Unit 1	2637 Nahaku Place
Unit 2	2639 Nahaku Place
Unit 3	2645 Nahaku Place
Unit 4	2643 Nahaku Place
Unit 5	2641 Nahaku Place

m. Ongoing Construction; Assumption of Risk; Release and Indemnifications. Paragraph I.10.f of the Purchase and Sales Contract contains the following provisions:

"f. Ongoing Construction; Assumption of Risk; Release and Indemnification. The Project includes Units 1 and 3, their limited common elements, certain common elements and certain fencing that is an appurtenant limited common element to the Unit being sold under this Contract that may be or will be in the process of being developed and constructed after Buyer signs this Contract and after Buyer has accepted possession of the Unit being sold under this Contract. This includes construction of a portion of the common element driveway that is scheduled to be poured approximately December 15, 2007 but before December 31, 2007. Buyer understands and acknowledges that the development and construction of said Units 1 and 3, limited common elements and common elements, and/or sales of the Project may result in noise, dust, traffic and other nuisances or annoyances to persons within the Project, may result in damage to the common element driveway and may limit Buyer's access to portions of the Project.

Buyer covenants and agrees to assume all risks of impairment of the use and enjoyment of the Unit, loss of market value of the Unit, loss of property, property damage, personal injury, or death arising from or in connection with any of the ongoing construction mentioned in this Paragraph I.10.f, and Buyer hereby releases Seller, its directors, officers, employees, agents, brokers, attorneys, successors and assigns, the City and County of Honolulu, the State of Hawaii, and the federal government (collectively "Released Parties"), from and against any and all liability, claims, losses, damages, or expenses arising from or in connection with any of the above. Buyer further covenants and agrees to indemnify and hold harmless the Released Parties from and against any and all liability, claims, losses, damages, or expenses arising from or in connection with the ongoing construction mentioned in this Paragraph I.10.f. This release and indemnification shall survive Closing.

Notwithstanding the above, Seller agrees to repair, at Seller's cost, any damage to the common element driveway resulting from the ongoing construction."

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.

Royal Nahaku Villas, Inc.
Printed Name of Developer

By: EO Kawam
Duly Authorized Signatory*

3/5/09
Date

Eiko Kawamura, Assistant Secretary
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & 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.**

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EXHIBIT A

PARKING STALLS

Each Unit has two (2) regular size parking stalls that are in a garage that is part of the Unit. In addition, the Project has 2 uncovered regular size parking stalls designated as Parking Stall A and Parking Stall B for use as guest parking.

NO FURTHER TEXT ON THIS PAGE

EXHIBIT B
PERMITTED ALTERATIONS TO UNITS

1. Paragraph 19.1 of the Declaration states:

"19.1. Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, but subject nonetheless to the restrictions on use of Unit 7 set forth in Paragraph 10.5 herein, each Unit Owner shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all mortgage liens affecting his Unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make additional improvements upon the Dwelling Area appurtenant to the Unit (the foregoing are referred to collectively as "Changes" and singly, as a "Change") subject to the following conditions:

(a) Building plans for any Change shall be prepared by a licensed architect or professional engineer and all construction shall be undertaken in accordance with such plans and shall comply with all governmental laws, ordinances, rules and regulations.

(b) If required by County Building Laws, then the Owner making the change shall first obtain any requisite building permit.

(c) Any Change to a Unit cannot extend beyond the Dwelling Area which is appurtenant to the Unit.

(d) No Change to a Unit will be made if the effect of such Change would be to exceed the Unit's "proportionate share of the total allowable lot area coverage for the Land" or the number of dwelling units permitted on the Land, as permitted under the zoning and building codes applicable to the Land in effect when the Change is to be made (collectively, the "Land Use Ordinance"). A Unit's proportionate share of the total allowable lot area coverage for the Land shall be calculated by multiplying the Unit's common interest by the total allowable lot area coverage for the entire Land in the Project, provided however, that this formula does not apply to Units originally built or submitted to the Act by Developer, but only to Changes to a unit after it is sold by the Developer. For example, if the total allowable lot area coverage for the entire Land in the Project is 2,000 square feet and the common interest for Unit 1 is 20%, then Unit 1's proportionate share of the total allowable lot area coverage for the Land in the Project is 400 square feet (2,000 square feet x .20).

(e) Any such Change shall be at the expense of the Unit Owner making the Change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owners' use or enjoyment of his Unit and appurtenant limited common elements and the common elements. The Unit Owner making the changes shall pay for all fees and costs of amending and recording the Declaration and Condominium Map to reflect the changes.

(f) During the entire course of such construction, the Unit Owner making such Change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. At the request of the Association, the Association shall be named as an additional insured and, evidence of such insurance shall be deposited with the Association.

(g) The Unit Owner making the Change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such Change for electricity, sewer and other utilities and services and when applicable, to add,

delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any substantial interruption in the service of such utilities to any other Unit Owner.

(h) If the consent or joinder of another Unit Owner to any Change, including obtaining building permits is required by the Act notwithstanding the provisions of the first paragraph in Paragraph 19.1 above, then each Unit Owner hereby consents in advance to give such consent or join any such application for such Change, provided that all such expenses relating to the change shall be borne by the Owner making the Change.

(i) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph 19 and any lease of a Dwelling Area shall reserve to all Owners the rights set forth in this paragraph 19.

(j) The right of the Board to disapprove a Change if it reasonably determines that the Change could jeopardize the soundness or safety of the Project, impair any easement or interfere with or deprive any objecting Owner of the use or enjoyment of any part of the Project."

EXHIBIT C

COMMON ELEMENTS

Paragraph 5 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

"5.1 The Land in fee simple;

5.2 The driveway as shown on the Condominium Map;

5.3 All other portions of the Land and improvements, other than the Units, that are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

5.4 Two guest parking stalls as shown on the Condominium Map.

5.5 A Driveway Gate and a Walk Gate as shown on Sheet A-1 of the Condominium Map, as amended.

The common elements shall be used for the purpose for which they are designated."

EXHIBIT D

LIMITED COMMON ELEMENTS

Paragraph 6 of the Declaration designates:

"6.1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Unit, and each Unit shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Unit to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Unit 1 is located, consisting of the land beneath and immediately adjacent to Unit 1, as shown and delineated on the Condominium Map as "Dwelling Area Unit 1" (including the airspace above such site), is for the exclusive use and benefit of Unit 1.

(b) The site on which Unit 2 is located, consisting of the land beneath and immediately adjacent to Unit 2, as shown and delineated on the Condominium Map as "Dwelling Area Unit 2" (including the airspace above such site), is for the exclusive use and benefit of Unit 2.

(c) The site on which Unit 3 is located, consisting of the land beneath and immediately adjacent to Unit 3, as shown and delineated on the Condominium Map as "Dwelling Area Unit 3" (including the airspace above such site), is for the exclusive use and benefit of Unit 3.

(d) The site on which Unit 4 is located, consisting of the land beneath and immediately adjacent to Unit 4, as shown and delineated on the Condominium Map as " Dwelling Area Unit 4" (including the airspace above such site), is for the exclusive use and benefit of Unit 4.

(e) The site on which Unit 5 is located, consisting of the land beneath and immediately adjacent to Unit 5, as shown and delineated on the Condominium Map as " Dwelling Area Unit 5" (including the airspace above such site), is for the exclusive use and benefit of Unit 5.

(f) Each of Units 1, 2, 3, 4 and 5 has a separate sewer line lateral, as shown and delineated on the Condominium Map, as limited common elements for the exclusive use and benefit of Units 1, 2, 3, 4 and 5, respectively.

(g) Each of Units 1, 2, 3, 4 and 5 has a separate water line, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1, 2, 3, 4 and 5, respectively, with the water meters belonging to the Board of Water Supply of the City and County of Honolulu.

(h) Each of Units 3, 4 and 5 share a sewer line, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 3, 4 and 5.

(i) Each of Units 1, 3 and 4 share a sewer line, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1, 3 and 4.

(j) Units 4 and 5 share a sewer line, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 4 and 5.

(k) Units 1 and 2 share a sewer line, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1 and 2.

(l) Each of Units 1, 2, 3 and 5 has a perimeter fence or fences and boundary marker, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1, 2, 3 and 5.

(m) Units 1 and 2 share a Fence and Boundary Marker, as shown and delineated on the Condominium Map, as limited common elements for the exclusive use and benefit of Units 1 and 2.

(n) Units 3 and 4 share a Fence and Boundary Marker, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 3 and 4.

(o) Units 4 and 5 share a Fence and Boundary Marker, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 4 and 5.

(p) Units 1 and 3 share a Landscape Divider and Boundary Marker Between Units 1 and 3, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1 and 3.

(q) Each of Units 3, 4 and 5 has a CMU wall, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 3, 4 and 5, respectively.

(r) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit but located outside the Unit's boundaries, are a limited common element for that Unit.

(s) Each of Units 1, 2, 3, 4 and 5 has a mailbox, as shown and delineated on the Condominium Map, as a limited common element for the exclusive use and benefit of Units 1, 2, 3, 4 and 5.

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

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

ITEM I, PARCEL FIRST = LOT 25, TMK: (1) 2-7-023-003
ITEM II, PARCEL FIRST = LOT 26, TMK: (1) 2-7-023-004

NOTE: ITEM I PARCEL SECOND AND ITEM II PARCEL SECOND ARE NOT PART OF THE CONDOMINIUM PROPERTY REGIME; HOWEVER, THEY PROVIDE RIGHTS OF WAY FOR THE CONDOMIUM PROPERTY REGIME.

1. Real Property Taxes, if any, that may be due and owing.

2. -AS TO THE UNDIVIDED INTEREST IN THE RIGHT OF WAY SHOWN AS PARCEL SECOND (ITEMS I AND II):-

(A) GRANT

TO	:	HAWAIIAN ELECTRIC COMPANY, INC.
DATED	:	October 4, 1939
FILED	:	Land Court Document No. 49884
GRANTING	:	an easement for utility purposes

(B) GRANT

TO	:	CITY AND COUNTY OF HONOLULU
DATED	:	June 14, 1948
FILED	:	Land Court Document No. 103297
GRANTING	:	an easement for sanitary sewer purposes

(C) GRANT

TO	:	CITY AND COUNTY OF HONOLULU
DATED	:	July 24, 1948
FILED	:	Land Court Document No. 103911
GRANTING	:	an easement to construct, install, maintain, operate, repair and remove an underground sewer pipe line or pipe lines, etc. under and across the "easement area", being more particularly described therein

(D) GRANT

TO	:	CITY AND COUNTY OF HONOLULU
DATED	:	July 27, 1948
FILED	:	Land Court Document No. 104405
GRANTING	:	an easement for sanitary sewer purposes across Lots 22, 18, 15 and 17

(E) GRANT

TO	:	CITY AND COUNTY OF HONOLULU
DATED	:	June 6, 1967
FILED	:	Land Court Document No. 421907
GRANTING	:	an easement for underground sewer pipe line or pipe lines with manholes and other appurtenant equipment, as part of a sewer system

(F) Rights of others who may have easement or access rights in the land described herein.

3. -AS TO ITEM II, PARCEL FIRST:-

The terms and provisions contained in the following:

INSTRUMENT	:	ENCROACHMENT AGREEMENT
DATED	:	April 25, 2002
FILED	:	Land Court Document No. 2800077
PARTIES	:	TRB PARTNERSHIP, a Hawaii Partnership, as owner of (1) 2-7-023-004 "First Party" and TSH DEVELOPMENT, a Hawaii limited partnership, as owner of (1) 2-7-23-5 "Second Party"
RE	:	Second Party is willing to permit the encroachment of a concrete footing and brick wall, a tile wall and a wooden fence to continue to exist, subject to the terms and conditions set forth therein.

4. -AS TO ITEM I AND II, PARCEL FIRST:-

The terms and provisions contained in the following:

INSTRUMENT	:	AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 21-5.380 OF THE LAND USE ORDINANCE (LUO)
DATED	:	December 15, 2006
FILED	:	Land Court Document No. 3534107
PARTIES	:	TRB PARTNERSHIP, "Declarant"

5. PURCHASE MONEY MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND FINANCING STATEMENT

MORTGAGOR	:	ROYAL NAHAKU VILLAS, INC., a Hawaii corporation
MORTGAGEE	:	TRB PARTNERSHIP, a Hawaii partnership
DATED	:	March 30, 2007
FILED	:	Land Court Document No. 3282055
AMOUNT	:	$1,672,200.00

6. GRANT

TO	:	HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN TELCOM, INC.

DATED	:	August 6, 2007
FILED	:	Land Court Document No. 3642259
CONSENT	:	Given by TRB PARTNERSHIP, a Hawaii partnership, by instrument dated August 2, 2007, filed as Land Court Document No. 3462260
GRANTING	:	a perpetual right and easement for utility purposes

7. The terms and provisions contained in the following:

INSTRUMENT	:	DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR ROYAL NAHAKU VILLAS CONDOMINIUM PROJECT
DATED	:	August 2, 2007
FILED	:	Land Court Document No. 3644030
MAP	:	1911 and any amendments thereto

FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF ROYAL NAHAKU VILLAS dated October 2, 2007, filed as Land Court Document No. 3663643.

SECOND AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF ROYAL NAHAKU VILLAS dated October 30, 2007, filed as Land Court Document No. 3675157.

THIRD AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF ROYAL NAHAKU VILLAS AND AMENDMENT TO CONDOMINIUM MAP (AS BUILT) dated March 24, 2008, filed as Land Court Document No. 3728394.

FOURTH AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF ROYAL NAHAKU VILLAS AND AMENDMENT TO CONDOMINIUM MAP (AS BUILT) dated May 6, 2008, filed as Land Court Document No. 3745973.

FIFTH AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF ROYAL NAHAKU VILLAS AND AMENDMENT TO CONDOMINIUM MAP (AS BUILT) dated March 2, 2009, filed as Land Court Document No. 3834195.

8. The terms and provisions contained in the following:

INSTRUMENT	:	BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS OF ROYAL NAHAKU VILLAS
DATED	:	August 2, 2007
FILED	:	Land Court Document No. 3644031

EXHIBIT F

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraphs 8.7 and 8.8 of the Declaration, as amended, state:

"8.7 The Developer reserves the right to conduct extensive sales activities on and at the Project, including the use of model Units, sales and management offices, parking stalls and extensive sales displays and activities until the earlier to occur of: (i) thirty-six (36) months from the date of the filing in the Recording Office of the first Unit deed covering a Unit in the Project, or (ii) the closing of the sale of the last unsold Unit in the Project. In the event that the Declarant is unable to sell all of the Units within said thirty-six (36) month period, the Declarant shall, nevertheless, continue to have the right to conduct sales activities on and at the Project until the closing of the sale of the last unsold Unit in the Project, provided that such sales activities are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Project by the other Unit Owners. Notwithstanding the foregoing, in the event that the Declarant's mortgage lender or any successor to or assignee of the Declarant's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by an assignment or sale in lieu of foreclosure, such mortgage lender and its successors and assigns shall have the right to conduct such extensive sales activities on and at the Project until at least ninety-five percent (95%) of all of the Units in the Project have been sold and such sales have been closed.

8.8 In addition to any other rights reserved in this Declaration, Developer reserves the right without the necessity of obtaining any written consent, joinder or conveyance from anyone, (i) to grant to any public utility or governmental authority easements for sewer, drainage, water and other utility facilities over, under, along, across and through the Land of the Project, (ii) to consolidate, subdivide and dedicate to any governmental authority such Land as may be required by such governmental authority for roadway or other public purposes, all under the usual terms and conditions required by the grantee for such easement, roadway and/or public rights; provided, however, that the grantee shall not be permitted to exercise its rights in any manner that shall unreasonably damage the buildings in the Project or unreasonably interfere with the use of said Land by the Unit Owners and their successors and assigns. Each Unit Owner agrees that such Unit Owner, and any person claiming an interest in said Land by, through or under such Unit Owner, shall upon request, join in and execute any and all documents necessary to effect the foregoing, and further, hereby grants Developer a Power of Attorney to the fullest extent possible to execute all documents on behalf of Unit Owners to effect the foregoing."

2. Paragraph 11.2 of the Declaration states:

"11.2 Developer Retains Control of Association. Developer reserves the right to retain control of the Association for the maximum period of time allowed under Section 514B-106(d) of the Act. During such period of time, Developer or person(s) designated by Developer, reserves the right to appoint and remove all members of the Board and all officers of the Association The Developer may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of that period, but in that event the Developer may require, for the duration of the period of

Developer control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective."

3. Paragraphs 20.2, 20.3, 20.4 and 20.6 of the Declaration state:

"20.2 Notwithstanding any provision to the contrary in this Declaration and in addition to any rights reserved by Developer in this Declaration or by the provisions of the Act, Developer reserves the following rights: (1) at any time prior to the first recording in the Recording Office of a conveyance of a Unit, the Developer may amend this Declaration, the Condominium Map and the Bylaws in any manner, without the consent of any Unit purchaser; and (2) at any time after the first recording in the Recording Office of a conveyance of a Unit, the Developer may amend this Declaration and the Condominium Map to file the "As Built" verified statement required by Section 514B-34 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, Unit numbers, and the dimensions of an improvement or change in a Unit as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the Units as built or any change in any Unit number.

20.3 Notwithstanding Paragraph 19.2 or any other provision in this Declaration, a Unit Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the Changes made to the Unit pursuant to Paragraph 19.1 or the boundaries of Dwelling Areas in accordance with Paragraph 19.3. Promptly upon completion of such Changes, the Owner of the changed Unit or boundary, as the case may be, shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit and boundary on the Declaration and Condominium Map so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration and Condominium Map. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including his common interest) and shall be irrevocable.

20.4 Amendments Required by Law, Lenders, Title Insurers, Etc. Notwithstanding any other provision of this Declaration, for so long as the Developer retains any interest in a Unit in the Project, the Developer reserves the right (but not the obligation) to amend this Declaration and the Bylaws and the Condominium Map without the consent or joinder of any Unit Owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Units, (iv) any institutional lender lending funds on the security of the Project or any of the Units, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U. S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to a Unit or substantially change the design, location or size of a Unit shall be made without the consent of all persons having an interest in such Unit. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this Paragraph 20.4 and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints Developer and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power,

being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

20.6 Developer's Reservation. Notwithstanding anything to the contrary contained in this Declaration, this Declaration cannot be amended to remove or lessen rights reserved by Developer in this Declaration for its benefit or the benefit of its successors, assigns, transferees or designees unless Developer, its successors, assigns, transferees or designees, as the case may be, consents to the amendment, which consent may be withheld in the sole discretion of the Developer, its successors, assigns, transferees or designees, as the case may be."

EXHIBIT G

ESTIMATED MAINTENANCE FEES AND
DISBURSEMENTS FOR COMMON ELEMENTS
For Period March 1, 2009 to February 28, 2010
As Prepared by Developer

Estimated Annual Disbursements:		
1/	Water/Sewer:	$ -0-
1/	Electricity:	$ -0-
2/	Property Casualty and Liability Insurance:	$ -0-
	Fidelity Bond:	$ -0-
3/	Reserves:	$ -0-
4/	Management Fee:	$ -0-
	Administrative Expenses:	$ -0-
5/	Common Elements Maintenance:	$ -0-
	TOTAL ANNUAL EXPENSES	$ -0-
Estimated Monthly Disbursements:		$ -0-
Estimated Monthly Maintenance Fee for Each Unit:		$ -0-

Notes: 1/ All utilities will be separately metered or submetered or otherwise charged to the individual Units, and the common elements will incur no separate utility charges.

2/ Pursuant to Paragraph 16 of the Declaration, each Unit Owner at its own cost is to obtain its own separate policy of property casualty and liability insurance, naming the Association as an additional insured. The insurance premiums will be the responsibility of individual Unit owners and not common expenses.

3/ Developer discloses that no reserve study was done in accordance with Hawaii Revised Statutes, Chapter 514B, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

4/ The Project will be self managed by the Association of Unit Owners.

5/ All of the Unit Owners will share equally the cost of maintenance and repair of the driveway, guest parking stalls, Driveway Gate and Walk Gate, which are common elements as shown on the Condominium Map, when such maintenance and repair becomes necessary.

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

Dated: 3/5, 2009

Royal Nahaku Villas, Inc.,
a Hawaii corporation

By E S Kawam
Eiko Kawamura, its Assistant Secretary

"Developer"

EXHIBIT H

SUMMARY OF PERTINENT
PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Purchase and Sales Contract ("Sales Contract") with the Hawaii Real Estate Commission, which contains certain pertinent provisions summarized as follows:

I.4.a & I.5.c. CONDOMINIUM DOCUMENTS. By closing the purchase of the Unit, Buyer acknowledges that it has examined and approved the form of the Condominium Unit Deed, Declaration of Condominium Property Regime of Royal Nahaku Villas ("Declaration"), By-Laws, Escrow Agreement, Public Report, Rules and Regulations, Condominium Map, and any amendments to such documents or plan (collectively "Project Documents"). The Condominium Map is intended to show only the approximate layout, location, unit numbers and dimensions of the Units and is not intended to be and is not a representation, warranty or promise to Buyer.

I.4.b. MODIFICATION OF DOCUMENTS. Developer can make certain modifications to the Project Documents. If the modification results in a "material change," Buyer may rescind the Sales Contract pursuant to HRS Section 514B-87.

I.5.a. NO WARRANTIES. Seller is making no warranties, express or implied (including warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose), regarding the Units, common elements, or Project, fixtures, appliances, furnishings, consumer items in the Units or anything connected with the Project. Developer's construction contract with the contractor for the Project contains a provision that for a period of one year after the date of substantial completion of work or any designated portion thereof, contractor shall correct any work not conforming to the requirements of the contract documents.

Ninety days before filing a lawsuit against a contractor who designed, repaired or constructed Buyer's house, Buyer must file a written notice with the contractor alleging the defective construction conditions. Contractor has an opportunity to offer to repair and/or pay for defects but Buyer is not obligated to accept the offer. Under law, there are strict deadlines that, if not followed, may negatively affect Buyer's ability to file a lawsuit or other action.

Developer will transfer to Buyer any manufacturer's or dealer's warranties that can be transferred covering any furnishings, fixtures, appliances or consumer products in the Unit.

Developer is not acting as a warrantor or co-warrantor but is only attempting to pass on the benefits of manufacturer's or dealer's warranties.

I.5.b. ACCEPTANCE OF UNIT. Developer or contractor may ask Buyer to inspect the Unit before Closing. Buyer agrees to accept possession of the Unit even if Buyer has not inspected the Unit prior to Closing.

I.5.e. SELLER'S STATEMENT. Seller's disclosures in the Sales Contract and the Project Documents about the Unit and the Project are based on observations of visible, accessible areas and information within the knowledge and control of Seller. Buyer should hire his own experts to inspect the Unit and Project.

I.5.f.(6). LIQUIDATED DAMAGES. In the event Buyer alleges that Seller violated any federal or state disclosure laws or regulations (including the Hawaii Condominium Property Act and federal and state securities law), Buyer's only remedy will be to sue for a refund of the purchase price and closing costs actually paid plus interest at 6% per annum from the date of closing until the date of repayment. If Buyer is successful, this remedy will constitute liquidated damages and Buyer cannot claim damage for changes to the Unit, maintenance fees, real property taxes, mortgage fees and interest on the mortgage or any other damages.

I.3; I.6.; I.9. SELLER'S RIGHT TO CANCEL In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) Buyer intends to obtain financing and fails to meet the deadlines regarding applying for financing or to obtain an irrevocable written commitment for an adequate loan within 20 days of the acceptance of the Sales Contract by Seller, (c) Buyer intends to pay all cash and fails to provide proof of ability to pay within 5 days after Seller accepts the Sales Contract, or (d) Buyer should die prior to Closing, or (e) Buyer shall default or fail to perform other obligations under the Sales Contract that are not cured within 5 days of Seller's notice to Buyer, Seller reserves the right to cancel the Sales Contract and return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of the Sales Contract.

I.6.d. & I.6.h. BUYER'S RIGHT TO CANCEL. Buyer has the right to cancel a binding Sales Contract at any time prior to the earlier of (1) the conveyance of a Unit to Buyer, or (2) midnight of the thirtieth (30th) day after (i) the date Buyer signs the Sales Contract, and (ii) the items referenced in HRS Section 514B-86(b)(2) have been delivered to Buyer unless Buyer waives his right to cancel in writing prior to such time. Buyer also has the right to cancel the Sales Contract if the Buyer signs this Sales Contract before completion of a Unit and the Unit is not completed by the date set forth in the Sales Contract, as it may be extended.

I.7.d. CLOSING COSTS. Buyer shall pay all closing costs. Real property taxes, assessments paid and insurance shall be prorated as of the Closing.

I.8. SUBORDINATION. Buyer acknowledges that Seller may obtain a loan and grant a mortgage covering Seller's interest in the Project, including the Sales Contract. Buyer acknowledges and agrees that all security interests obtained by a lender in connection with such loan as well as any extensions, renewals and modifications thereof, shall be and remain at all times a lien or charge on the Project, including the Unit covered by the Sales Contract, prior to and superior to any and all liens or charges on the Project arising from the Sales Contract. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under the Sales Contract in favor of the lien or charge on the Project of the security interests of lender.

I.5.b. & I.9. DEFAULT. Time is of the essence of the Sales Contract, and if the Sales Contract is binding and Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer and shall fail to cure such default within five (5) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In the event of such default, the parties hereto understand and agree that the sums paid by Buyer prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for documents that have been prepared in connection with Buyer's proposed purchase of the Unit. Seller may also pursue any other remedy at law or in equity for specific performance or damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE PURCHASE AND SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE AFORESAID DOCUMENT.

EXHIBIT I

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc. ("Escrow")

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

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

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

(c) Buyer shall have notified Escrow in writing that the conditions provided for a refund under Section 514B-86 (30 day right to cancel) or Section 514B-87 (right to rescind because of a material change) or Section 514B-89 (failure to complete construction before specified completion deadline) of Hawaii Revised Statutes, as amended, have been met.

Escrow shall be entitled to a cancellation fee commensurate with the work done by Escrow of up to $250.00 (i) from Seller if cancellation is under Section 514B-87, or (ii) from Buyer if cancellation is under Sections 514B-86 or 514B-89..

3. Requirements Prior to Disbursement of Buyer's Funds. Except for refunds pursuant to Section 2 above, Escrow shall make no disbursements of Buyer's funds pursuant to paragraph 5 of the Escrow Agreement until the applicable conditions of said paragraph 5 have been met. Some of these conditions are the Buyer's waiver of rescission and cancellation rights. Buyer is encouraged to read paragraph 5 of the Escrow Agreement.

4. Buyer's Lender. If Buyer dos not obtain a mortgage loan from a lender designated by Developer, Buyer will pay Escrow an additional fee of $250.00. If Buyer obtains a mortgage loan from an out-of-state lender, Buyer will pay Escrow a fee of $500.00 for each out-of-state mortgage loan obtained.

5. Buyer's Default. Seller must notify Escrow in writing if Buyer defaults, and must certify that Seller has terminated the Buyer's Sales Contract and provide Escrow with copies of all such notices and termination sent to the Buyer. After such cancellation Escrow will treat the Buyer's funds less Escrow's cancellation fees as belonging to the Seller.