DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	KAPOLEI KAI
Project Address	2176 Lauwiliwili Street Kapolei, Hawaii 96707
Registration Number	6443
Effective Date of Report	October 31, 2007
Developer(s)	Kapolei Kai, LLC, a Hawaii limited liability company

Preparation of this Report

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

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

This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots.

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

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devises, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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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EXHIBIT F: Rights Reserved by Developer
EXHIBIT G: Estimate of Initial Maintenance Fee Disbursements, Maintenance Fee Allocations, and General Operating Budget
EXHIBIT H: Summary of Pertinent Provisions of Sales Contract
EXHIBIT I: Summary of Pertinent Provisions of Escrow Agreement

General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒ Fee Simple ☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒ Yes ☐ No
Fee Owner's Name if Developer is not the Fee Owner	Developer is the Fee Owner
Address of Project	2176 Lauwiliwili Street Kapolei, Hawaii 96707
Address of Project is expected to change because	Not expected to change
Tax Map Key (TMK)	(1) 9-1-75-8
Tax Map Key is expected to change Because	The City and County of Honolulu will assign CPR numbers for each unit
Land Area	1.702 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements

Number of Buildings	1
Floors Per Building	1
Number of New Building(s)	1
Number of Converted Building(s)	N/A
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, steel, wood, and allied building material

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Area
Unit 1	1	n/a		11,250 sq. ft.		11,250 sq. ft.
Unit 2	1	n/a		3,350 sq. ft.		3,350 sq. ft.
Units 3 & 4	2	n/a		3,750 sq. ft.		3,750 sq. ft.
Units 5 - 10	6	n/a		1,875 sq. ft.		1,875 sq. ft.
See Exhibit "A"						

10	**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:	100
Number of Guest Stalls in the Project:	None
Number of Parking Stalls Assigned to Each Unit:	Unit 1: 16; Unit 2: 38; Unit 3: 4; Units 4 - 10: 6 each
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. Developer shall have the reserved right to amend the Declaration to designate parking stalls appurtenant to any one Unit owned by Developer to another Unit owned by Developer. See Exhibit "F".	

1.5 Boundaries of the Units

Boundaries of the unit:

See Exhibit "B"

1.6 Permitted Alterations to the Units

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

See Exhibit "C"

1.7 Common Interest

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

Described in Exhibit "A".

As follows:

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):

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 "D".
Described as follows:

Common Element	Number
Elevators	None
Stairways	None
Trash Chutes	None

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:
☐	Number of Occupants:
☒	Other: See page 18c
☐	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: August 1, 2007
Company that issued the title report: Title Guaranty of Hawaii, Inc.

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		☐ Yes ☐ No	
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☒	Industrial	10	☒ Yes ☐ No	I-2
☐	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?			☒ 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** ☒ **Non 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 nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; 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(10), 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	Name: Kapolei Kai, LLC Address: 94-776 Lumiauau Street, #1 Waipahu, Hawaii 96797 Business Phone Number: (808) 864-3730 E-mail Address:
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).	Kenneth S. Tanizaki, its Manager Daimon Hudson, its Manager Kenneth S. Tanizaki, its Member
2.2 Real Estate Broker	Name: None - See page 18 Address: Business Phone Number: E-mail Address:
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Address: 235 Queen Street Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: Metcalf Construction Company, Inc. Address: 73-4273 Hulikoa Drive Kailua Kona, Hawaii 96740 Business Phone Number: (808) 836-2500
2.5 Condominium Managing Agent	Name: Self-managed by the Association Address: Business Phone Number:
2.6 Attorney for Developer	Name: Anders G. O. Nervell, Esq. Address: Clay Chapman Crumpton Iwamura & Pulice 700 Bishop Street, Suite 2100 Honolulu, Hawaii 96813 Business Phone Number: (808) 535-8400

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 24, 2007	3656215

Amendments to Declaration of Condominium Property Regime N/A		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	August 24, 2007	3656216

Amendments to Bylaws of the Association of Unit Owners N/A		
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	1919
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: N/A	

3.4 House Rules

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

3.5 Changes to the Condominium Documents

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

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

☐	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 an 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: Name of Escrow Company: 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. N/A

☐	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 conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

☐	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	Buyer's interest is subordinate to mortgagee's and is subject to termination. Buyer is entitled to return of any deposits paid, less escrow cancellation fees.

5.4 Construction Warranties

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

Building and Other Improvements: See page 18

Appliances: See page 18

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

Status of Construction: Construction of the Project is anticipated to commence by September 30, 2007, and is scheduled to be completed by March 31, 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: The estimated completion date of the units is March 31, 2008.
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, Sections 5.6.2 and 5.7, which follow 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
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: Kapolei Business Park Declaration of Conditions, Covenants and Conditions dated May 28, 1993, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2030298.

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, 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 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

6.1 Developer Makes No Warranties or Promises. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, BEING MADE BY THE DEVELOPER. THE UNIT IS BEING SOLD "AS IS, WHERE IS" WITH ALL FAULTS AND THAT DEVELOPER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE UNIT, THE LAND UNDERLYING THE PROJECT (THE "LAND") OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE UNIT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING ANY WARRANTIES OR PROMISES OF "HABITABILITY", "MERCHANTABILITY", "WORKMANSHIP" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE".

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, DEVELOPER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES: (A) THAT THE PROJECT OR ANY IMPROVEMENTS IN THE UNIT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS) WILL BE FREE FROM CRACKS IN, OR OTHER DAMAGE TO, THE CONCRETE OR OTHER BUILDING MATERIALS; (B) REGARDING THE VALUE, QUALITY, GRADE OR USEFUL LIFE OF THE UNIT, THE PROJECT OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE UNIT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT); (C) REGARDING THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL HISTORY OR CONDITION OF THE PROJECT, INCLUDING, WITHOUT LIMITATION, ANY DEFERRED MAINTENANCE AT THE PROJECT; OR (D) REGARDING THE SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO THE CONSOLIDATION AND SUBDIVISION OF LAND, THE OPERATION AND USE OF THE PROJECT AND ACCESSIBILITY OF THE PROJECT BY PERSONS WITH DISABILITIES. IN OTHER WORDS, DEVELOPER MAKES NO WARRANTIES OR PROMISES AT ALL.

PURCHASER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES DEVELOPER AND ITS AFFILIATES, AND EACH OF THEM AND THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, VENDORS, CONSULTANTS, CONTRACTORS AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (HEREAFTER THE "RELEASED PARTIES") FROM (AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO) ANY LATENT OR PATENT DEFECT IN ANY PART OF THE PROJECT OR THE UNIT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT PURCHASER MAY HAVE AGAINST DEVELOPER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT. DEVELOPER AND PURCHASER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN DEVELOPER AND PURCHASER.

PURCHASER ACKNOWLEDGES AND AGREES THAT DEVELOPER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS CONTAINED IN THIS PARAGRAPH 6.1 IS AN ESSENTIAL ELEMENT IN DEVELOPER'S DETERMINATION OF THE PURCHASE PRICE FOR THE UNIT BEING SOLD TO PURCHASER. THIS MEANS THAT THE UNIT WOULD NOT HAVE BEEN SOLD TO PURCHASER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS AGREEMENT WITHOUT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS.

Developer intends to require the general contractor to provide a one-year warranty, commencing upon the "Date of Completion" (as defined in Section 507-43, Hawaii Revised Statutes, as amended), that (a) the materials and equipment furnished for construction of the Project will be of good quality and new, unless the construction contract requires or permits that the material be otherwise; and (b) the construction and services required by the construction contract (including all labor, materials and equipment to be provided by the general contractor) will be free from defects, except for defects inherent in the quality of the construction and services required or permitted by the construction contract. Without incurring any legal liability, Developer will agree to cooperate with Purchaser to try to have the general contractor perform all of the general contractor's warranties. Developer intends to transfer to Purchaser, without warranty, any manufacture's or dealer's warranties that are transferable and cover appliances sold with the Unit.

CHAPTER 672E OF THE HAWAII REVISED STATUTES CONTAINS IMPORTANT REQUIREMENTS PURCHASER MUST FOLLOW BEFORE PURCHASER MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED PURCHASER'S UNIT. NINETY (90) CALENDAR DAYS BEFORE PURCHASER FILES PURCHASER'S LAWSUIT OR OTHER ACTION, PURCHASER MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS PURCHASER ALLEGES ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. PURCHASER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT PURCHASER'S ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

6.2 Purchaser's Inspection and Acceptance of the Unit. On a date specified by Developer, Purchaser (or Purchaser's agent or representative) may inspect Purchaser's Unit. Such inspection may include evaluation and testing by licensed professionals with respect to the physical and environmental conditions in the Unit and the Project, provided such inspection does not cause unreasonable interference with the use and enjoyment of the Project by the occupants or cause any property damage. Purchaser gives up all rights to inspect if Purchaser (or Purchaser's agent or representative) does not inspect Purchaser's Unit the date and at the time set by Purchaser and Developer.

An inspection sheet will be provided at the inspection on which Purchaser may list any defects or damages to the Unit. Developer shall cooperate with, and assist Purchaser in having listed defects or damages corrected or repaired. Purchaser agrees to close the sale of the Unit on time and accept possession of the Unit even if there are defects or damages to the Unit or anything in it, as long as the Unit is not rendered uninhabitable thereby. Purchaser agrees that inspection of the Project, the Land or the Unit (including its furnishings, fixtures or appliances) is not required for closing to take place.

Purchaser promises to protect Developer from any loss or damage, including interest and attorneys' fees and costs, resulting from Purchaser's failure to close the sale of the Unit or to accept possession of the Unit as required above. If Purchaser refuses to close the sale of the Unit or to accept the Unit as required by the Purchase Agreement, Purchaser will be in default under the Purchase Agreement and Developer may, in Developer's sole discretion, (a) cancel the Purchase Agreement and refund the Purchaser's deposit, or (b) charge a late fee of one percent (1%) per month on the total Purchase Price, or (c) exercise any of Developer's rights described in Section 15 of the Purchase Agreement.

6.3 Developer Makes No Promises or Warranty About the Condominium Map. The Condominium Map for the Project which is filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii is intended to show only the layout, location, unit numbers and approximate dimensions of the Units and the elevations of the Building. PURCHASER AGREES THAT NEITHER THE CONDOMINIUM MAP NOR THE BUILDING PLANS AND SPECIFICATIONS FOR THE PROJECT ARE INTENDED TO CONSTITUTE ANY WARRANTIES OR PROMISES BY DEVELOPER.

6.4 Developer Makes No Promises or Warranty About the Amount of Monthly Maintenance Fees. Purchaser has examined and approved the estimate of monthly maintenance fees and assessments for the Project and shown in Exhibit G attached hereto. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and Purchaser hereby specifically accepts and approves any changes in such estimate made by Developer or the Managing Agent. PURCHASER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY WARRANTY OR PROMISE BY DEVELOPER, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OR PROMISE AS TO THE ACCURACY OF SUCH ESTIMATES.

6.5 Developer makes No Promises or Warranty About Third-Party Reports. Developer makes no warranty or representation whatsoever that Developer has provided all studies, reports, tests or other written investigations that may pertain to the condition of the Units and the other areas of the Building, Land or the Project. To the extent that Developer may have hired or commissioned any study, test or other investigation of the condition, useful life, legal compliance, or any other matter relating to the Units, the Land, the Project, or any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the Units, the Land or the Project, and to the extent Developer may make the results of any such study, test or investigation available to Purchaser in connection with the offer or sale of the Project, Developer disclaims and makes no warranty or promise regarding the accuracy, reliability or value of any statement or opinion expressed by such third-party. PURCHASER AGREES THAT PURCHASER'S USE OR CONSIDERATION OF ANY SUCH INFORMATION IN CONNECTION WITH THE OFFER OR SALE OF THE UNIT SHALL BE AT PURCHASER'S SOLE RISK.

6.6 Developer Makes No Promises About Rentals or Other Economic Benefits. PURCHASER AGREES THAT NEITHER DEVELOPER NOR ANY SALESPERSON, OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO DEVELOPER HAS TALKED TO PURCHASER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL, MANAGEMENT OR SALES SERVICES FOR PURCHASER'S UNIT. IF PURCHASER WANTS TO RENT OR SELL THE UNIT, HOW PURCHASER DOES IT WILL BE UP TO PURCHASER. PURCHASER ALSO AGREES THAT NEITHER DEVELOPER NOR ANY SALESPERSON OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO DEVELOPER HAS TALKED TO PURCHASER AT ALL ABOUT INCOME FROM THE UNIT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE UNIT OR ABOUT THE TAX EFFECTS OF BUYING THE UNIT. PURCHASER IS ADVISED TO CONTACT HIS OR HER OWN ADVISERS ON ALL SUCH MATTERS.

6.7 Kapolei Business Park. The Project is located in the Kapolei Business Park (the "Park"), and the Units are subject to the terms and provisions of the Kapolei Business Park Declaration of Conditions, Covenants and Conditions dated May 28, 1993, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2030298, as amended (the "CC&Rs"), for the Kapolei Business Park Owners Association (the "Park Association"). The purpose of the Park Association is to keep and maintain in good order the common facilities and limited common facilities and other real property and improvements owned by the Park Association. The CC&Rs provide that the Unit Owners shall be required to pay a quarterly assessment, together with any special assessments levied by the Park Association. Currently the quarterly assessment is $911.91, and each Owner shall contribute towards the quarterly assessment through the monthly maintenance fee as set forth in Exhibit "G" attached hereto. A copy of the CC&Rs is available for Purchaser's inspection.

6.8 Nuisance and Natural Occurrence Disclosures. The following is a partial list of potential items which Unit owners or occupants may find objectionable with the Park:

(a) High explosive blasting and other heavy construction activities may occur in the vicinity of the Park;

(b) Cathodic and other protection systems may operate on or in the vicinity of the Park;

(c) Electrical high voltage transmission and distribution lines, transformers and other facilities may be located on, in, over, across, about or in the vicinity of the Park;

(d) Heavy industrial and other activities may and other activities may occur on or in the vicinity of the Park;

(e) The Park may be located in or in proximity to ponding areas used by the City and County of Honolulu and others;

(f) The Park is located with aviation flight patterns and is subject to overflight by civilian and military aircraft;

(g) Golf courses; resorts; housing developments; quarries; refineries; cement manufacturing and quarrying facilities; sugar plantations and other agricultural activities that engage in burning, milling and other activities; chemical plants; coral processing facilities; aquaculture facilities; sea fisheries; airports; harbors; munitions and explosive storage facilities; military facilities; coal unloading, storage and refining facilities, sanitary landfill facilities; underground fires; and such other uses as may be permitted by law may occur and may be located in the vicinity of the Park; and

(h) The Park may be further subdivided, developed, improved, sold, operated, and otherwise used in any lawful way.

This is not a complete list of all potential objectionable matters, and Purchaser acknowledges there may be others. Purchaser releases and indemnifies Developer, its agents, consultants, contractors and employees from any and all liability or claims made by Purchaser, any successor or assigns of Purchaser, or any tenant or guest of Purchaser, arising from all such matters, whether listed above or otherwise.

EACH PURCHASER AGREES TO ACCEPT EACH CONDITION, CIRCUMSTANCE AND RISK DESCRIBED ABOVE OR IN ANY OF THE REPORTS OR INFORMATION PROVIDED BY DEVELOPER, AND FURTHER AGREES THAT NEITHER DEVELOPER, NOR ANY OF THE "RELEASED PARTIES" DESCRIBED IN SECTION 6.1 ABOVE, SHALL BE RESPONSIBLE FOR CORRECTING ANY SUCH CONDITIONS.

6.9 Disclosure Regarding Selection of Real Estate Broker. The Developer does not presently intend to use a real estate broker for the sale of the Units in the Project. In the event the Developer chooses to use a real estate broker for the sale of a Unit, prior to entering into a binding contract for such sale the Developer shall: (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed amendment to this public report identifying the designated broker, and (2) provide a copy of the amendment to the purchaser together with a copy of this public report.

6.10 Use Restrictions. Paragraph 6.B of the Declaration provides that the Units shall be used for industrial purposes, and such other use permitted under applicable regulations, zoning and land use laws, except any time-sharing purpose or plan in any form shall be prohibited. Paragraph 5.1 of the CC&Rs further provides in part that:

> "All uses must meet the general criteria set forth herein and produce no more light, dust, odor, smoke, traffic, pollutants, disturbances and other emissions than would ordinarily be created by any of the following typical permitted uses if established and operated in accordance with this Article:
>
> (1) Business office;
> (2) Garment and soft-goods manufacturing and assembly;
> (3) Beverage and food processing;
> (4) Warehouse storage;
> (5) Retail, commercial support;
> (6) Food, beverage establishments;
> (7) Medical support clinic; and
> (8) Recreational facility.
>
> Other uses may also be permitted." A copy of the CC&Rs is available for Purchaser's inspection.

Purchaser is advised to contact his or her own advisers before purchasing a unit in the Project to determine whether the planned use of the unit is permitted.

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

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Sections 1 .15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Kapolei Kai, LLC, a Hawaii limited liability company
Print Name of Developer

By: Kenneth S. Tanizaki, its Manager — August 24, 2007 Date

By: Daimon Hudson, its Manager — August 24, 2007 Date

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

370610.04

EXHIBIT "A"

Unit Descriptions, Net Square Footages, Percentage of Common Interest and Parking Stalls

Unit Number	Net Area (sq. ft.)	Common Interest*	Number of Parking Stalls**	Number of Loading Stalls***
1	11,250	34.0%	16; being Parking Stall Nos.: 1, 2, 3, 4, 5, 6, 7, 8, 9, 94, 95, 96, 97, 98, 99 and 100	1; being Loading Stall No. 1
2	3,350	11.0%	38; being Parking Stall Nos. 10, 11, 12, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 91, 92 and 93	0
3	3,750	11.0%	4; being Parking Stall Nos. 13, 14, 15 and 90	1; being Loading Stall No. 2
4	3,750	11.0%	6; being Parking Stall Nos. 16, 17, 18, 87, 88 and 89	0
5	1,875	5.5%	6; being Parking Stall Nos. 19, 20, 21, 84, 85 and 86	0
6	1,875	5.5%	6; being Parking Stall Nos. 22, 23, 24, 81, 82 and 83	0
7	1,875	5.5%	6; being Parking Stall Nos. 25, 26, 27, 78, 79 and 80	0
8	1,875	5.5%	6; being Parking Stall Nos. 49, 50, 51, 64, 65 and 66	0
9	1,875	5.5%	6; being Parking Stall Nos. 52, 53, 54, 61, 62 and 63	0
10	1,875	5.5%	6; being Parking Stall Nos. 55, 56, 57, 58, 59 and 60	0
Total	33,350	100.0%	100	2

* The Common Interest for each Unit was calculated by dividing a Unit's total net area by the sum of the net areas of all Units that have been made subject to the Declaration with minor adjustments in order for the total percentage of Common Interest to equal exactly 100.0%.

** There are a total of 100 parking stalls in the Project. The parking stalls for the Project are open, standard size stalls, and the location of the various stalls are shown on the Condominium Map. The parking stalls are designated as limited common elements appurtenant to a particular unit.

*** The two loading stalls are limited common elements appurtenant to Unit 1 and Unit 3, respectively, and the location of the loading stalls are shown on the Condominium Map.

END OF EXHIBIT "A"

EXHIBIT "B"

Boundaries of Each Unit

The respective Units shall not be deemed to include: (a) the perimeter or party walls or the undecorated or unfinished interior surfaces thereof, (b) the floors and ceilings surrounding each Unit or the undecorated or unfinished surfaces thereof, (c) the interior load-bearing walls and columns, if any, or the undecorated or unfinished surfaces thereof, or (d) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized for or serve more than one Unit, the same being deemed Common Elements as hereinafter provided. Each Unit shall be deemed to include: (i) all of the walls and partitions which are not load-bearing within its perimeter or party walls, (ii) the inner decorated or finished surfaces of all walls, floors and ceilings surrounding each Unit, (iii) the perimeter doors, including but not limited to entry doors and roll up doors, door frames, door handles, door lock set and other door mechanisms, windows and window frames and all hardware associated therewith, (iv) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Unit which are utilized for and serve only that Unit, and (v) all appliances and fixtures installed therein, including but not limited to, any air conditioning unit servicing the Unit, and replacements therefor.

END OF EXHIBIT "B"

EXHIBIT "C"

Permitted Alterations to Units

A. General Provisions. Except as otherwise expressly provided in the Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Unit Owner only pursuant to an amendment of the Declaration by the affirmative vote or written consent of Owners of Units to which are appurtenant at least sixty-seven percent (67%) of the Common Interest, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association or Owner, as the case shall be, shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a licensed architect, engineer or surveyor.

B. Additions or Alterations Solely Within a Unit or Limited Common Element. Notwithstanding anything to the contrary contained herein, an Owner or Owners (if there be more than one Owner of a Unit) of a Unit shall have the right at any time and from time to time at such Owner's or Owners' sole cost and expense, and without the necessity of the consent or joinder of any other Unit Owner, to make any of the following alterations solely within the Unit or Limited Common Element which such Owner or Owners control: to install, maintain, remove and rearrange partitions (including the party wall between two Units owned by the same Owner or Owners and other structures from time to time within such Unit or Limited Common Element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Unit or Limited Common Element by such Owner or Owners or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Unit or Limited Common Element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Unit or Limited Common Element, materially alter the uniform external appearance of the Project, materially affect or impair any easement or rights of any of the other Unit Owners or materially interfere with or deprive any non-consenting Owner or Owners of the use or enjoyment of any part of the Common Elements subject, however, to the exclusive use of the Limited Common Elements. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within a Unit or Limited Common Element, or to require the same, in order that the Building and other improvements of the Project may continue to comply with applicable law, including any fire or building code requirements.

C. Unit Owners to Execute Amendment Documents in Certain Cases. In the event that any change or alteration of a Unit pursuant to and in compliance with Paragraph XII. B of the Declaration shall alter the depiction of the particular Unit on the Condominium Map or the description thereof in the Declaration, then the Owner or Owners of such Unit shall amend this Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner or Owners of the affected Unit or Units and by no other party, and such shall become effective upon the recordation thereof in the Recording Office. The provisions of Paragraph XIII of the Declaration notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Unit or any other person or entity, other than any mortgagee of such Unit or Units which are changed or altered. Every Unit Owner and all holders of liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Unit, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner or Owners who shall have changed or altered a Unit as aforesaid, join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of this Declaration and/or the Condominium Map; and appoints such Owner or Owners and their assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL RESTRICTIONS ON ALTERATIONS TO UNITS CONTAINED IN THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF RIGHTS AND OBLIGATIONS UNDER THE CONDOMINIUM DOCUMENTS, PURCHASER MUST REFER TO THE CONDOMINIUM DECLARATION, BY-LAWS AND HOUSE RULES TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXIST BETWEEN THIS SUMMARY AND THE CONDOMINIUM DOCUMENTS, THE CONDOMINIUM DOCUMENTS SHALL CONTROL.

END OF EXHIBIT "C"

EXHIBIT "D"

Common Elements and Limited Common Elements

A. Common Elements. One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements," including, specifically but not limited to:

1. The Land in fee simple and any appurtenances thereto as more particularly described in Exhibit "A" attached to the Declaration and made a part thereof;

2. The Building Structure including all perimeter or party walls and the undecorated or unfinished surfaces thereof, any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, floor slabs, columns, girders, beams, supports, main walls, roofs and ceilings;

3. All yards, grounds and landscaping, and any security gate and perimeter fence within the Project;

4. All access lanes, ramps and walkways within the Project;

5. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution;

6. All unimproved areas, maintenance and equipment areas, storage areas and other similar areas which are not part of a Unit;

7. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus for common use;

8. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;

9. All other areas designated on the Condominium Map as "Common Elements", or that are not designated as a Unit or as a Limited Common Element appurtenant to a Unit;

10. All portions of the Project other than the Units, and any other interests in real estate for the benefit of the Unit Owners that are subject to this Declaration.

B. Limited Common Elements. Certain parts of the Common Elements, herein called the "Limited Common Elements," are hereby designated, set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Unit to which the Limited Common Element shall be appurtenant, and if there is more than one Unit to which the Limited Common Element shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Units, unless a different method is adopted pursuant to Paragraph IX of the Declaration. The Limited Common Elements include:

1. Parking Stalls. Each of the Units shall have as Limited Common Elements appurtenant thereto those certain parking stalls more particularly described in Exhibit "B" attached to the Declaration and designated on the Condominium Map.

2. Loading Stalls. Certain Units shall have as Limited Common Elements appurtenant thereto those certain loading stalls more particularly described in Exhibit "B" attached to the Declaration and designated on the Condominium Map.

3. Other Limited Common Elements. Any other Common Element of the Project which is rationally related to fewer than all the Units shall be deemed a Limited Common Element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

END OF EXHIBIT "D"

EXHIBIT "E"

Encumbrances Against Title

Encumbrances against the title as contained in the Preliminary Report dated August 1, 2007, and issued by Title Guaranty of Hawaii, Inc., are as follows:

1. Real property taxes due and payable. For more information contact the City and County of Honolulu, Department of Finance, Real Property Tax Assessment.

2. Setback (25 feet wide), as shown on Map 645, as set forth by Land Court Order No. 112041, filed June 4, 1993.

3. Designation of Easements "3770" and "3774", as shown on Map 645, as set forth by Land Court Order No. 112041, filed June 4, 1993.

4. Designation of Easement "5113" for electrical purposes, as shown on Map 736, as set forth by Land Court Order No. 118817, filed November 28, 1994.

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Kapolei Business Park Declaration of Conditions, Covenants and Restrictions dated May 28, 1993, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2030298.

Said above Declaration was amended by that certain instrument dated April 22, 1994, recorded as aforesaid as Document No. 2143431, supplemented by those certain instruments dated November 6, 2000, recorded as aforesaid as Document No. 2662803, dated May 3, 2004, recorded as aforesaid as Document No. 3113276, dated May 28, 2004, recorded as aforesaid as Document No. 3118506, and dated June 3, 2004, recorded as aforesaid as Document No. 3118507, further amended by that certain instrument dated June 3, 2004, recorded as aforesaid as Document No. 3118512, and supplemented by that certain instrument dated February 14, 2005, recorded as aforesaid as Document No. 3230994.

6. Grant dated December 17, 1999 to Hawaiian Electric Company, Inc., recorded in said Office of the Assistant Registrar of the Land Court as Document No. 2601807; granting a perpetual right and easement for utility purposes.

7. Grant dated March 21, 2000 to Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, now known as Hawaiian Telcom, Inc., recorded in said Office of the Assistant Registrar of the Land Court as Document No. 2621916; granting a perpetual right and easement over said Easements "3770" and "5113".

8. Grant dated June 3, 1994 to the Trustees under the Will and of the Estate of James Campbell, deceased, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 3118510; granting a perpetual nonexclusive easement for drainage purposes over Easement "3774".

9. Grant dated June 3, 1994 to the Trustees under the Will and of the Estate of James Campbell, deceased, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 3118511; granting a perpetual nonexclusive easement for drainage purposes over Easement "3774".

10. The terms and provisions contained in that certain Trustees Limited Warranty Deed With Use Restrictions, Covenants and Reservation of Rights (Kapolei Business Park) dated January 2, 2002; recorded in said Office of the Assistant Registrar of the Land Court as Document No. 2766591.

11. The terms and provisions contained in that certain Kapolei Business Park Limited Warranty Deed With Use Restrictions, Covenants and Reservation of Rights dated June 3, 2004, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 3118515.

The foregoing includes, but is not limited to, matters relating to use, water rights and reservation to grant drainage easements.

12. Any unrecorded leases and matters arising from or affecting the same.

13. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

14. Mortgage, Security Agreement and Fixture Filing dated April 5, 2007 in favor of Bank of Hawaii, a Hawaii corporation, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 3586885.

15. Financing Statement in favor of Bank of Hawaii, recorded April 12, 2007 in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-065278.

16. Condominium Map No. 1919 filed in said Office of the Assistant Registrar of the Land Court.

17. Declaration of Condominium Property Regime dated August 24, 2007, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 3656215.

18. By-Laws of the Association of Unit Owners dated August 24, 2007, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 3656216.

END OF EXHIBIT "E"

EXHIBIT "F"

Rights Reserved by Developer

Among other rights, Developer will have the following reserved rights with respect to the Project, which rights are more particularly set forth in the Declaration:

A. Reserved Right to Grant Easements. This right is set forth in Paragraph XIX.A of the Declaration. Developer will have, among other things, the right to grant easements over the Common Elements of the Project.

B. Reserved Right to Convert Limited Common Elements to Units. This right is set forth in Paragraph XIX.B of the Declaration. Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to convert a Limited Common Element appurtenant to such Unit or Units owned by Developer, or any portion thereof, into a separate Unit of the Project.

C. Reserved Right to Subdivide and Consolidate Units. This right is set forth in Paragraph XIX.C of the Declaration. Developer will have, among other things, the right to change the floor plan of any Unit which it owns so long as the Common Interest appurtenant to the Unit does not change; subdivide any Unit which it owns at any time to create two (2) or more Units so long as the total Common Interest appurtenant to the newly-created Unit are equal to the Common Interest appurtenant to the original Unit; convert the status of certain portions of an existing Unit to Common Element status to facilitate the subdivision so long as the total Common Interest appurtenant to the newly-created Unit(s) equal the Common Interest appurtenant to the original Unit; consolidate two (2) or more Units which it owns and convert any area between Units to Unit status; and convert a Limited Common Element appurtenant to a Unit or Units owned by Developer, or any portion thereof, into a separate Unit of the Project.

D. Reserved Right to Modify Project to Comply with the Law. This right is set forth in Paragraph XIX.D of the Declaration. Developer will have the right to accomplish all modifications to Units and Common Elements in the Project to ensure full compliance by the Project, and the Association with laws that apply to the Project. However, this right does not create an obligation on Developer's part to effect such compliance.

E. Reserved Right to Redesignate Limited Common Elements. This right is set forth in Paragraph XIX.E of the Declaration. Developer will have, among other things, the right to change or amend the Declaration to redesignate all or a portion of certain Limited Common Elements (including parking stalls) appurtenant to a Unit owned by Developer, as appurtenances to another Unit or Units owned by Developer.

F. Reserved Right to Convey Units and Limited Common Elements to the Association, and Convert Units and Limited Common Elements to Common Elements. This right is set forth in Paragraph XIX.F of the Declaration. Developer will have, among other things, the right to convey to the Association Units owned by Developer and free of mortgage liens, to redesignate limited common elements appurtenant to Units owned by Developer as limited common elements to Units owned by the Association, to recharacterize limited common elements appurtenant to Units owned by Developer as common elements of the Project and to change or amend the Declaration and the Condominium Map to effect the same.

G. Reserved Right to Withdraw Units. This right is set forth in Paragraph XIX.G of the Declaration. Developer will have, among other things, the right to withdraw Units owned by Developer from the operation of the Declaration, and to change or amend the Declaration and the Condominium Map to effect the same.

H. Assignment of Reserved Rights. Pursuant to Paragraph XIX.H of the Declaration, the rights reserved by Developer are fully assignable.

I. Consent to Developer's Reserved Rights; Appointment of Developer and Association as Attorney-In-Fact. Pursuant to Paragraph XIX.I of the Declaration, every party acquiring an interest in the Project consents to Developer's exercise of its reserved rights and to the execution, delivery and recording of any documents to effect these rights. Every party agrees to execute, deliver and record documents and do what may be necessary or convenient to effect the same; and appoints Developer its attorney-in-fact to execute, deliver and record such documents and do such other things on his behalf.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL THE RIGHTS RESERVED BY DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER MUST REFER TO THE CONDOMINIUM DECLARATION AND BY-LAWS TO DETERMINE THE ACTUAL RIGHTS RESERVED BY DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS RETWEEN THIS SUMMARY AND THE DECLARATION OR THE BY-LAWS, THE DECLARATION OR BY-LAWS, AS APPLICABLE, SHALL CONTROL.

END OF EXHIBIT "F"

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Unit No.	Monthly Fee x 12 months =	Yearly Total
Unit 1	$1,157.36	= $13,888.32
Unit 2	$374.44	= $4,493.28
Unit 3	$374.44	= $4,493.28
Unit 4	$374.44	= $4,493.28
Unit 5	$187.22	= $2,246.64
Unit 6	$187.22	= $2,246.64
Unit 7	$187.22	= $2,246.64
Unit 8	$187.22	= $2,246.64
Unit 9	$187.22	= $2,246.64
Unit 10	$187.22	= $2,246.64
TOTAL	$3,404.00	$40,848.00

No reserve study done in accordance with Section 514B-148, Hawaii Revised Statutes.

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee	x 12 months = Yearly Total
Utilities and Services		
Air Conditioning		
Electricity		
[ ] common elements only		
[ ] common elements and apartments		
Elevator		
Gas		
[ ] common elements only		
[ ] common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer	$2,000	$24,000
Maintenance, Repairs and Supplies		
Building		
Grounds	$500	$6,000
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	$500	$6,000
Reserves(*)	$100	$1,200
Taxes and Government Assessments		
Audit Fees		
Other – Kapolei Business Park Maintenance Fee	$304	$3,648
TOTAL	$3,404	$40,848

Kapolei Kai, LLC, a Hawaii limited liability company, the developer for the KAPOLEI KAI condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Kapolei Kai, LLC

By: Kenneth S. Tanizaki, its Manager — Date: 9-10-07

By: Daimon Hudson, its Manager — Date: 9-10-07

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514B-148, HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT "H"

Summary of Pertinent Provisions of Sales Contract

A specimen Purchase Agreement ("Agreement") has been submitted to the Real Estate Commission. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE AGREEMENT IN FULL since this summary is NOT A COMPLETE DESCRIPTION of its contents. The Agreement contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Title Guaranty Escrow Services, Inc. ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement.

B. The Purchase Price does not include closing costs which include among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Condominium Unit Deed, real property tax, maintenance fees and other prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, credit report costs and all other applicable mortgage costs. Purchaser shall pay as additional sums the Association start-up fees, estimated reserves and other fees, as provided in the Agreement.

C. Purchaser agrees to deliver, within fifteen (15) days after Seller's acceptance of the offer, written evidence of Purchaser's ability to make the cash payment for the balance of the purchase price.

D. The "Closing Date" shall be the date designated by Seller. All payments not previously made pursuant to the terms of the Agreement shall be due and payable as of the Closing Date, and, if not paid in the manner set forth in the Agreement, shall result in a default by Purchaser under the Agreement.

E. The Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Seller, the Association and other owners and contains certain other provisions to which the Purchaser consents.

F. The Agreement shall become binding when:

a. Seller has delivered to Purchaser:

(1) a true copy of the Public Report, including all amendments thereto, together with the Project's recorded Declaration, By-Laws, and House Rules and Condominium Map, and all amendments thereto, ***and***

(2) a notice of Purschaser's thirty-day cancellation right, upon which Purchaser may indicate that Purchaser has had an opportunity to read the Public Report, understands the Public Report, and exercises the right to cancel or waives the right to cancel, in accordance with Section 514B-86, Hawaii Revised Statutes;

b. And a Deemed Acceptance of the Public Report shall have taken place.

A "Deemed Acceptance of the Public Report" means that Purchaser has waived the right to cancel or is deemed to have waived the right to cancel.

The date the Agreement shall become binding as a contract for the purchase and sale of the Unit shall be the Effective Date. Until the Effective Date, the Agreement shall constitute only a "reservation" and not a binding contract, and may be unilaterally canceled at any time by either Seller or Purchaser by written notice to the other party, and upon such cancellation by either

party, Seller shall direct Escrow to refund to Purchaser all Deposits paid hereunder by Purchaser, without interest.

Upon the Effective Date, both Seller's and Purchaser's right of cancellation shall lapse and any subsequent attempt at such cancellation shall have no force or effect; provided, however, that Purchaser shall have a thirty-day right to rescind the Agreement in accordance with Section 514B-87, Hawaii Revised Statutes, if there is a Material Change in the Project. A "Material Change" means any change that directly, substantially, and adversely affects the use or value of: (1) The Unit or its appurtenant limited common elements; or (2) Those amenities of the Project available for Purchaser's use.

G. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

H. Purchaser agrees to intentionally waive, relinquish and subordinate the priority or superpriority of any interest under the Agreement in favor of the liens or charges upon the Project of the Seller's lenders mortgage loans.

I. Purchaser expressly acknowledges, consents to and approves all of the disclaimers, disclosures, and other matters described in Section 13, Subsections (a) through (l) of the Agreement, and Purchaser assumes any and all risks in connection with each of those matters. Purchasers are encouraged to review Section 13 of the Agreement carefully to fully understand the matters set forth therein.

J. Purchaser shall not be entitled to possession of the Unit as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

L. Seller, in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Agreement if Purchaser defaults under the Agreement. Purchaser may lose its deposit with Escrow and Seller. Seller may, at its option, pursue other legal remedies. If Seller defaults under the Agreement, and Purchaser is not in default, Purchaser shall be entitled to specific performance of the Agreement or, if specific performance is unavailable, shall have the right to cancel the Agreement and a refund of Purchaser's deposit, including interest, as set forth in the Agreement.

M. Notices to either party may be delivered personally or mailed.

N. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any sales person that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

O. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

P. Purchaser specifically acknowledges that Seller has reserved the right for itself, its sales representatives and prospective purchasers to utilize the common elements of the Project for ingress and egress and to show the common elements to prospective purchasers.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS ANT) PROVISIONS CONTAINED IN THE AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT, PURCHASER MUST REFER TO THE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL.

END OF EXHIBIT "H"

EXHIBIT "I"

Summary of Pertinent Provisions of Escrow Agreement

The Escrow Agreement dated August 24, 2007, contains among others, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. When Seller (Developer) shall enter into a purchase agreement for the conveyance of an unit or other interest in the Project ("Purchase Agreement"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Purchase Agreement to Escrow together with the address of the Purchaser. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchasers, including those received on any Purchase Agreement, and all payments made on loan commitments from lending institutions on account of any unit in the Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, and (b) such sums received by it under the Agreement from or for the account of Seller. Escrow shall not at any time commingle or permit the commingling of any Purchasers funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514B of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in an interest-bearing account with a federal insured bank or savings and loan company under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms the Agreement.

C. Escrow shall make no disbursements of Purchasers' funds or proceeds from the sale of units in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has received written certification from Seller stating that the Purchase Agreements have "become binding" and the requirements of Sections 514B-54, 514B-87, and 514B-92 of the Hawaii Revised Statutes have been met, and further, that a Public Report for the Project has been issued by the Real Estate Commission and Escrow has received a copy of Purchaser's notice of right to cancel, and Purchaser has waived the right to cancel, or thirty (30) days have elapsed since Purchaser receipted for such notice of right to cancel.

D. Each Purchaser shall be entitled to a return of his or her funds, without interest and less any cancellation fee, and Escrow shall pay such funds to such Purchaser, promptly after request for return by the Purchaser if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Purchaser the funds of the Purchaser then being held by Escrow;

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller;

(3) After the notice of Purchaser's right to cancel is delivered, Purchaser notifies Seller in writing that Purchaser has decided to cancel the Purchase Agreement within thirty (30) days of Purchaser's receipt of the notice of right to cancel; or

(4) There is any Material Change in the Project which that directly, substantially, and adversely affects the use or value of (1) the Unit or its appurtenant limited common elements; or (2) those amenities of the Project available for Purchaser's use, which Purchaser has not approved in writing, or Purchaser is otherwise entitled to rescind as provided in Section 514B-87.

Upon the return of said funds to the Purchaser as aforesaid, Escrow shall return to Seller such Purchaser's Purchase Agreement and any conveyancing documents theretofore delivered to Escrow pursuant to such Purchase Agreement; and thereupon the Purchaser shall no longer be obligated under the Purchase Agreement. Other documents delivered to Escrow relating to the sale of the unit identified in such Purchase Agreement will be returned to the person from whom or entity from which they were received.

Upon the cancellation of any Purchase Agreement as specified above, Escrow shall be entitled to a cancellation fee of up to $250.00. Notwithstanding anything contained in the Purchase Agreement or Escrow Agreement to the Contrary, the cancellation fee is the sole expense of the individual Purchaser and not the obligation of Seller.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, PURCHASER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL.

END OF EXHIBIT "I"