

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Owner: (1)PAUL DENNIS SULLIVAN and KAREN LAU SULLIVAN (As to Unit 55)\*\*
(2) PEARL REALTY, INC., a Maryland corporation (As to Unit 53)\*\*
Address: (1) 55 Kailuana Place, Kailua, Hawaii 96734
(2) Executive Plaza 2, Suite 200, 11350 McCormick Road, Hunt Valley, MD 21031

Project Name(\*): CASTLE POINT I
Address: 53 and 55 Kailuana Place, Kailua, Hawaii 96734

Registration No. 6483
(Conversion)

Effective date: January 9, 2008
Expiration date: February 9, 2009

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports.

(\*) Exactly as named in the Declaration
(\*\*) See important disclosure on Page 2 relating to representations and responsibilities of each Developer.
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104
G:\CPR\CLIENT\Sullivan Castle Point I FINAL 2007\FINAL PUBLIC REPORT DRAFT 2 EG-rev 1-9-2008.wpd

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report  
as Exhibit "H"

Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

The Owners have disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) This Public Report does not constitute approval of the Project by the Real Estate Commission or any other governmental agencies, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with. **PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.**
- (c) The Project is subject to a Declaration of Covenants for Kainalu Point which restricts the use and size of Unit 53 to one cottage, which shall not exceed 1,200 square feet of net living area, or a total structure area (including garage, storage and decks) of 1,700 square feet.
- (d) Each Unit has a different Owner. Unit 55 is owned by Paul Dennis Sullivan and Karen Lau Sullivan. Unit 53 is owned by PEARL REALTY, INC., a Maryland corporation. Neither Owner is obligated to do any further construction, and none is anticipated.

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. 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 or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment 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 an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely 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 buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: (1) PAUL DENNIS SULLIVAN and KAREN LAU SULLIVAN  
 (2) PEARL REALTY, INC., a Maryland corporation \_\_\_\_\_ Phone: (1) (808) 261-1948  
(2) (909) 597-6620 and  
(410) 785-2200  
 (Business)  
(1) 55 Kailuana Place, Kailua, Hawaii 96734  
(2) 11350 McCormick Road, Hunt Valley, MD 21031  
 Business Address

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership(LLP); or manager and members of a Limited Liability Company(LLC)(attach separate sheet if necessary):

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Real Estate Broker\*: (1) For Unit 55: Carvil & Company \_\_\_\_\_ (1) (808) 263-5900  
 (2) For Unit 53: None Selected (see page 19a) \_\_\_\_\_ Phone: (2) N/A  
 Name (Business)  
(1) 111 Hekili Road, Suite 109, Kailua, HI 96734  
 Business Address  
(2) N/a

Escrow: Security Title Corporation \_\_\_\_\_ Phone: (808) 263-4803  
 Name (Business)  
40 Aulike Street, Suite 312  
 Business Address  
Kailua, HI 96734

General Contractor\*: \_\_\_\_\_ N/A \_\_\_\_\_ Phone: \_\_\_\_\_  
 Name (Business)  
 \_\_\_\_\_  
 Business Address  
 \_\_\_\_\_

Condominium Managing Agent\*: Self-Managed by the Association \_\_\_\_\_ Phone: \_\_\_\_\_  
 Name of Apartment Owners (Business)  
 \_\_\_\_\_  
 Business Address  
 \_\_\_\_\_

Attorney for Developer: (1) Francis P. Hogan, Esq. (Unit 53) \_\_\_\_\_  
 (2) Jeffrey S. Grad, Esq. (Unit 55) \_\_\_\_\_ Phone: (808) 539-0400 (1)  
 Name (808) 521-4757 (2)  
(1) 1099 Alakea Street Ste. 1400  
(2) 841 Bishop St., Ste. 1800  
 Business Address  
Honolulu, HI 96813

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 3447364

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 1834

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment 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 which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 3447365

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt 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.

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>n/a</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                                     Quarterly  
                                   Semi-Annually                                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
     Canceled                                     Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                                     Quarterly  
                                   Semi-Annually                                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 53 and 55 Kailuana Place  
Kailua, Oahu, HI 96734

Tax Map Key (TMK): (1) 4-3-022:014 CPR 001 and 002

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 56,211  square feet  acre(s) Zoning: R-10 residential

Fee Owner: (1) PAUL DENNIS SULLIVAN and KAREN LAU SULLIVAN (Unit 55)  
(2) PEARL REALTY, INC., a Maryland corporation (Unit 53)  
 Name\*  
(1) 55 Kailuana Place, Kailua, HI 96734  
(2) 11350 McCormick Road, Hunt Valley, MD 21031  
 Business Address

Lessor: N/A  
 Name  
 Address

C. **Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building One  
 Exhibit \_\_\_\_\_ contains further explanations.
3. Principal Construction Material:  
 Concrete       Hollow Tile       Wood  
 Other wood, concrete, glass and allied materials

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other-shed	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
 Yes       No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[ ] Pets: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[ x ] Other: **Note:** Declaration of Covenants for Kainalu Point to which the Project is subject, restricts the use of Unit 53 to a single cottage, which shall not exceed 1,200 square feet of net living area, or a total structure area (including garage, the size of storage and decks) of 1,700 square feet.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit 53</u>	<u>1</u>	<u>          </u>	<u>          </u>	<u>29</u>	<u>Shed</u>
<u>Unit 55</u>	<u>1</u>	<u>3/5</u>	<u>4,505</u>	<u>2065/549/491/313</u>	<u>lanai, garage, garage, entrance, cabana</u>

Total Number of Apartments: 2 (SEE EXHIBIT "I" FOR FURTHER DESCRIPTION)

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

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B"

Apartments Designated for Owner-Occupants Only: Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has elected to provide the information in a published announcement or advertisement. (This Paragraph is not applicable to the Project)

7. Parking Stalls:

Total Parking Stalls: -6-(for Unit 55) (See Exhibit "I")

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (Unit 55)	<u>6</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>6</u>
Guest	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Unassigned	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Extra for Purchase	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Other: <u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total Covered & Open:	<u>-6-</u>	<u>      </u>	<u>-0-</u>	<u>      </u>	<u>-0-</u>	<u>      </u>	<u>-6-</u>

Each apartment will have the exclusive use of at least \* parking stall(s).  
 Buyers are encouraged to find out which stall(s) will be available for their use.  
 \*\*Dwelling Area 53 is sufficient in size that the Developer of Unit 53 has the ability to provide for adequate parking for such Unit 53, either within a garage or elsewhere on the limited common element for Unit 53.

- Commercial parking garage permitted in condominium project.
- Exhibit        contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis Court                       Trash Chute/Enclosure(s)
- Other: Note, there are no shared recreational facilities.

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations.                       Violations will not be cured.
- Violations and cost to cure are listed below:                       Violations will be cured by        (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations  
 (For conversions of residential apartments in existence for at least five years):

Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in fair to good structural condition consistent with their age.

11. Conformance to Present Zoning Code (See Exhibit I)

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>    X    </u>	<u>          </u>	<u>          </u>
Structures	<u>    X    </u>	<u>          </u>	<u>          </u>
Lot	<u>    X    </u>	<u>          </u>	<u>          </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot. (See Exhibit J)

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit     C    .

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

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

described in Exhibit  D .

as follows:

NOTE: Reference to said Exhibit "D" to "Dwelling Areas" does not mean legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment'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 apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

Unit 53	-	50%
Unit 55	-	50%

E. 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 an apartment in the project.

Exhibit  E  describes the encumbrances against the title contained in the title report dated  December 13, 2007  and issued by  SECURITY TITLE CORPORATION

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

There are no blanket liens affecting title to the individual apartments.

There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
---------------------	--

**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

Neither Developer is giving any warranties to Purchaser on the materials and workmanship of the Unit such Owner is selling. Each Unit is being sold "as is".

2. Appliances:

There are no appliances in Unit 53. Owner of Unit 55 is giving no warranties, but will assign to a buyer any unexpired warranties on appliances.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Unit 53 is a shed and was constructed in 2004  
Unit 55 was constructed in 2005.

H. **Project Phases:**

The developer [ ] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):



**V. MISCELLANEOUS**

**A. Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit F contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated October 30, 2007

Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

**B. Buyer's Right to Cancel Sales Contract:**

**1. Rights Under the Condominium Property Act (Chapter 514A, HRS):**

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

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

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)  
 Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)  
 Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 6483 filed with the Real Estate Commission on October 31, 2007.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock

WHITE paper stock

PINK paper stock

**C. Additional Information Not Covered Above**

HAZARDOUS MATERIALS

The Owners neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Owners have made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer will be asked at closing to acknowledge that in light of the age of Unit 55, there may be asbestos and other hazardous substances in said Unit, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have Unit 55 (in particular) inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Owners will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the Owners from any liability to Buyer if any hazardous materials are discovered.

REPLACEMENT OF SHED

Unit 53 is presently a shed located on the Unit's appurtenant Dwelling Area. The owner (or its successor) of the shed (Unit 53) may replace a shed with a residence, as is permitted by Paragraph 19.1 of the Declaration, subject to the conditions set forth therein, including compliance with the Declaration of Covenants for Kainalu Point. The Declaration restricts the use and size of Unit 53 to one cottage, which shall not exceed 1,200 square feet of net living area, or a total structure area (including garage, storage and decks) of 1,700 square feet.

The Owner of Unit 53 gives no assurances or warranties that building permits and adequate utilities will be available to build a residence to replace shed, or that adequate utilities service will be available or that the site will permit construction of a residence at a reasonable or affordable cost.

Any prospective purchaser of Unit 53 should investigate these and other relevant issues before buying Unit 53. The Owner of Unit 53 disclaims any warranties with respect to the foregoing or any other matter other than ownership of title.

Construction of a residence to replace a Unit 53 is likely to cause disruption, dust, noise and debris and other inconveniences that could affect the comfort and use of Unit 55 by its owner.

UNITS OWNED BY DIFFERENT OWNERS.

Each Unit within the Project is owned by a different owner: Paul Dennis Sullivan and Karen Lau Sullivan, own Unit 55 and PEARL REALTY, INC., a Maryland corporation owns Unit 53.

Any representation or obligation with respect to a Unit contained herein or in any of the documentation in connection with the sale of a Unit is intended only to be made or obligation is to be incurred by the Owner of such Unit. Neither Owner shall have any liability or obligation with respect to a Unit not owned by such Owner. The Owners shall have no joint liability with respect to the construction or development of a Unit or the Project.

Real Estate Commission has advised that it will only issue an effective date for a Final Public Report for the Project only if the owners of both units jointly apply for such effective date. Thus, the Owner of Unit 53 and the Owner of Unit 55 are both joining in this Public Report, solely for the purpose of obtaining an effective date for the Final Public Report.

Neither Owner is a partner or joint venturer of of the other Owner. Neither Owner shall be held responsible to the Association of Unit Owners for the Project, any current or future Unit Owner or any other person for any design or construction defects in any portion of the Project (including the common elements or any Unit) or for any other claims or liabilities arising therefrom or for any redesign, reconstruction or repair hereafter required to any portion of the Project. All representations made in the Public Report are made by the Owner of each Unit only as to the Unit owned by him, and the other owner has neither verified nor confirmed the truth or accuracy of any such representation.

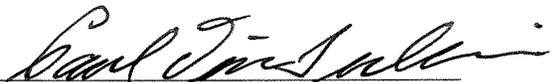
DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER.

The Developer has not selected a real estate broker for the sale of Unit 53 in the Project at this time.

When the Developer offers Unit 53 for 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 Disclosure Abstract identifying the designated broker, and  
(2) provide a copy of the Disclosure Abstract to the Purchaser together with a copy of this Public Report.

- D. The Owners declare subject to the penalties set forth in Section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SHL 2000) [Section 514A-1.6] (The Owner is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer/owners hereby certify 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 buyers concerning the project have been reviewed by the developer/owners and are, to the best of the developer/ownes' knowledge, information and belief, true, correct and complete.

PAUL DENNIS SULLIVAN and KAREN LAU SULLIVAN (Owner of Unit 55),  
PEARL REALTY, INC., a Maryland corporation (Owner of Unit 53)  
 Printed Name of Developer

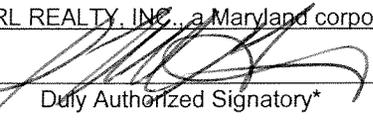
By:  \_\_\_\_\_  
 Duly Authorized Signatory\* Date

PAUL DENNIS SULLIVAN  
 Printed Name & Title of Person Signing Above

By:  \_\_\_\_\_  
 Duly Authorized Signatory\* Date

KAREN LAU SULLIVAN  
 Printed Name & Title of Person Signing Above

PEARL REALTY, INC., a Maryland corporation

By:  \_\_\_\_\_  
 Duly Authorized Signatory\* Date

S. Mark Giltner, Assistant Vice President  
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.***

## EXHIBIT "A"

### DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved substantial rights to change the Declaration, Condominium Map, By-Laws or House Rules. They include, without limitation, the following provisions within Sections 7 and 20 of the Declaration:

7.5 Right to Grant Utility Easements. Declarant reserves the right to grant (including the right to convey, transfer, cancel, relocate, and otherwise deal with a grant) to any public or governmental authority rights-of-way and other easements, which are for the benefit of the Project or which do not materially interfere with the use nor materially impair the value of, any Unit, over, across, under, and through the common elements (including limited common elements) for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering, and removing such lines and facilities and of trimming any trees in the way thereof. The rights reserved to Declarant in this paragraph shall continue for so long as Declarant owns any interest in any of the Units. Upon transfer of title to the last Unit in the Project to a party other than a signatory to this Declaration, the rights reserved to Declarant in this paragraph shall terminate as to Declarant and shall automatically vest in the Association.

7.6 Declarant's Reserved Rights. The rights of an Owner in his Unit are subject to the following reserved rights, which shall rights shall continue for so long as any one or more of the parties that are signatory to this Agreement own any interest in any of the Units in the Project:

- (a) Declarant and each of Declarant's mortgage lenders and each of their respective agents have the right and easement to conduct extensive activities on or from the Project, including the common elements, in connection with the sale of the Units in the Project, including the use of models, parking areas and extensive sales displays and other activities.
- (b) Declarant shall have the right to grant rights of way and other easements over, under, across, or through the common elements for any reasonable purposes; provided, however, that such right is subject to, and may not be exercised in any manner which is inconsistent with, in derogation of, or which would limit, abrogate or interfere with, the exclusive use of any limited common elements or any rights or easements reserved in favor of any Owner.
- (c) Declarant shall have an easement over and upon any portion of the Project, including the common elements and any Unit, as may be reasonably necessary for the completion of any improvements to and correction of defects and other punch-list items in the common elements or any Unit in the Project.
- (d) Any other provision of this Declaration notwithstanding, the Declarant shall have the right (but not the obligation) to impose certain landscaping and construction restrictions on that portion of Dwelling Area 55 depicted on Exhibit B attached hereto and made a part hereof, for the purpose of enhancing the privacy of the adjacent owner of Unit 55 of the Castle Point I Condominium Property Regime imposed on Lot 1176-B. Declarant further reserves the right to negotiate and record an Amendment to Covenants, Conditions and Restrictions for Kainalu Point (the "View Plane Amendment") encumbering the Project as a whole and Unit 55 in particular with such restriction. Each and every party acquiring an interest in the Project (and, specifically, Unit 55), by such acquisition, consents to the view plane restrictions and the negotiation and recordation of such View Plane Amendment by Declarant, and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints Declarant as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of this reserved right, and shall not be affected by the disability of such party or parties. Any and all costs associated with the recordation of the View Plane Amendment shall be paid for by the Declarant. The rights reserved in this paragraph shall continue for so long as any one or more of the parties signing this Declaration as Declarant owns any interest in any of the Units and for a period of five (5) years thereafter.

Paragraph 20 of the Declaration states:

20.1 Amendments Generally. Except as otherwise expressly provided herein or in the Act, this Declaration and the Condominium Map may be amended only by the affirmative vote or written consent of all of the Apartment Owners, evidenced by an instrument in writing, signed and acknowledged by each of them, which amendment shall be effective upon recordation in the Recording Office; provided, however, that notwithstanding the foregoing provision, at any time prior to the first recording of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory hereto, the Declarant may amend this Declaration (including all exhibits), the Condominium Map, and the By-Laws in any manner, without

the consent or joinder of any Apartment purchaser or any other party. Notwithstanding the lease, sale or conveyance of any of the Apartments, Declarant may amend this Declaration (and when applicable, any exhibits to this Declaration and the Condominium Map) to file the "as-built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict the layout, location, Apartment numbers, and the dimensions of the Apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the Apartments as built or any change in the Apartment number.

20.2 Amendments Required by Law, Lenders, Title Insurers, Etc. Any other provision of this Declaration notwithstanding, for so long as the both Units have not been conveyed to persons who are not signatory to this Declaration, the Declarant shall have the right (but not the obligation) to amend this Declaration and the By-Laws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder, or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development, or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to an Apartment or substantially change the design, location, or size of an Apartment shall be made without the consent of all persons having an interest in such Apartment. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this Paragraph 20.2 and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints Declarant and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

20.3 Mortgagee Approval. Any other provision of this Declaration notwithstanding, the approval of eligible holders of first mortgages (as defined below) on Apartments to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated shall be required to materially amend any provision herein, or to add any material provisions hereto, which establish, provide for, govern, or regulate any of the following: (a) voting; (b) assessments, assessment liens or subordination of such liens; (c) reserves for maintenance, repair and replacement of the common elements; (d) insurance or fidelity bonds; (e) right to use of the common elements; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any Unit (except where the amendment merely reflects that a Unit has been constructed according to alternate plans shown on the Condominium Map); (i) the interests in the common elements or limited common elements; (j) convertibility of Units into common elements or of common elements into Units; (k) leasing of Units; (l) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit; (m) establishment of self-management of the Project by the Association where professional management has been required by any agency or corporation which has an interest or prospective interest in the Project; and (n) any provision that expressly benefits holders, insurers, or guarantors of first mortgages on apartments in the Project. To qualify as an "eligible holder of a first mortgage", a holder, insurer or guarantor of a first mortgage on a Unit in the Project must have made a written request to the Association for timely written notice of proposed amendments to the condominium instruments. The request must state the name and address of the holder, insurer or guarantor and the number of the Unit covered by the mortgage. In the event that an eligible holder of a first mortgage fails to appear at a meeting of the Association at which amendments of a material nature to this Declaration are proposed and considered, or fails to file a written response with the Association within thirty (30) days after it receives proper notice of the proposed amendment, delivered by certified or registered mail, with a "return receipt" requested, then and in any such event such amendments shall conclusively be deemed approved by such eligible holder of a first mortgage.

In addition to the foregoing, no amendment to this Declaration which would allow any action to terminate the condominium property regime created hereby for reasons other than substantial destruction or condemnation shall be made without the prior written approval of all of the eligible holders of first mortgages.

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

20.5 Restatement. Any other provision of this Declaration notwithstanding, the Board, upon resolution duly adopted, shall have the authority as set forth in the Act to restate this Declaration from time to time to set forth any prior amendments hereto, or to amend this Declaration as required to conform with the provisions of the Act or any other statute, ordinance, rule, or regulation enacted by any governmental authority.

End of EXHIBIT "A"

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

Alterations to Apartments are governed by Paragraph 19 the Declaration which states:

19.1 Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other person, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Area appurtenant to the Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(a) All changes shall conform with applicable City and County building codes and the Land Use Ordinance then in effect ("LUO") and other applicable laws and ordinances ("County Rules"); applicable State of Hawaii laws and regulations ("State Laws"); and the Kainalu Point CCRs.

(b) All changes to a Unit or to the landscaping of the Dwelling Area appurtenant to a Unit shall comply with the terms and conditions of the Kainalu Point CCRs to the extent that such terms and conditions continue to apply to the Land.

(c) No change to a Unit shall be made if the effect of such change would be to exceed the Unit's proportionate share (its appurtenant common interest) in the allowable building area coverage for the Land, or in the number of dwelling units, as defined by the LUO in effect when the change is to be made; provided, however, that no less a single dwelling unit shall be permitted on each Dwelling Area.

(d) All such changes shall be at the expense of the Owner making the change, shall be expeditiously made and completed in a manner that will not unreasonably interfere with or cause damage to any other Unit, its appurtenant Dwelling Area, or the use thereof by an Owner of another Unit.

(e) During the entire course of such construction, the Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(f) The Unit Owner seeking to make a change to his Unit shall have the right (aa) to seek on his own behalf and on behalf of the Association, if required, building permits and other types of approvals and permits from governmental authorities and from utility companies, in order to allow such Unit Owner to make changes to his Unit; and (bb) to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by the other Owners;

(g) If the consent to the change or joinder of another Owner is required by the Act, then each Owner hereby consents in advance to such change.

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

(i) This Declaration is being imposed on the Land before completion of the contemplated construction of a residence on the Dwelling Area for Unit 53. Consequently, the Owner of Unit 55 ("Non-Building Owner") shall cooperate with the Owner of Unit 53 ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits, and obtaining utility services into his Dwelling

Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expenses hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence (or making of any change) and obtaining utility services shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner, or obtaining such utility services.

19.2 Changes to Other Than Units. Except as set forth in Paragraph 19.1, changes to the Project or any building thereof or construction of any additional building or structural alteration or addition to any building, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association of Association Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to vote of all the Unit Owners and accompanied by the written consent of the holders of all liens affecting any of the Units, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file such amendment in said office, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

19.3 Exemptions for Persons with Disabilities. Notwithstanding anything to the contrary contained in this Declaration, the By-Laws, or the House Rules, handicapped occupants of the Project shall: (a) be permitted to make reasonable modifications to their Units, the limited common elements appurtenant thereto, and/or the common elements, at their own expense (including without limitation the cost of obtaining any bonds required by this Declaration, the By-Laws or the Act), if such modifications are necessary to enable them to use and enjoy their Units, the limited common elements, and/or the common elements, as the case may be; and (b) be allowed reasonable exemptions from this Declaration, the By-Laws, and the House Rules, when necessary to enable them to use and enjoy their Units, the limited common elements appurtenant thereto, and/or the common elements, provided that any handicapped occupant desiring to make such modifications or desiring such an exemption shall so request the Board of Directors, in writing. That request shall set forth, with specificity and in detail, the nature of the request and the reason that the requesting party needs to make such modification or to be granted such an exemption. The Board of Directors shall not unreasonably withhold or delay its consent to such request, and any such request shall be deemed to be granted if not denied in writing, within forty-five (45) days of the Board of Directors' receipt thereof or of any additional information reasonably required by the Board of Directions in order to consider such a request, whichever shall last occur.

19.4 General Provisions Applicable to Section 19. The following provisions shall apply to each of the paragraphs within this Section 19 unless the context and usage would clearly indicate to the contrary:

(a) The rights set forth in each of the Paragraphs within this Section 19 for the benefit of a Unit Owner (including without limitation, the Declarant) may not be amended without the consent of such Owner.

(b) If notwithstanding that a paragraph within this Section 19 does not require the consent or joinder of an Owner, or a lien holder or other person having any interest in the Project ("Third Party") to the action or change being taken or made by an Owner benefitted by a paragraph within this Section 19 ("Benefitted Owner"), but the Act, County Rules, State Laws, title companies, permitting entities or public utility providers nonetheless do require the consent or joinder by the Third Party, then upon the request of the Benefitted Owner, each such Third Party hereby consents in advance to such action or change being made by the benefitted Owner and agrees to consent to and join in, as aforesaid, and to execute all instruments or documents necessary or desirable so that the Benefitted Owner may effectuate his change or otherwise do as permitted under the respective paragraph within this Section 19.

If the Third Party fails to provide such requested written joinder, consent, or take such action, as the case may be, such shall be accomplished by signature of the Benefitted Owner acting under an irrevocable power-of-attorney in favor of the Benefitted Owner from each of the other Owners and Third Parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(c) The rights of a Unit Owner (including, without limitation, the Declarant) granted under each of the Paragraphs within this Section 19 may be assigned, mortgaged or otherwise be transferred by such benefited Owner only in connection with the assignment, mortgage or other transfer of the Unit owned by the Benefitted Owner.

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

End of Exhibit B

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

One freehold estate is hereby also designated in all the remaining portions of the Project, herein called "common elements", including specifically but not limited to:

- 4.1 The Land in fee simple described in Exhibit "A" attached hereto and made a part hereof;
- 4.2 All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit;
- 4.3 All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines running through a Unit which are utilized by or serve more than one Unit;
- 4.4 Rights in, over and under Kailuana Place (Easement 17 across Lot 1142-C, as set forth by Land Court Order No. 55782) subject to the rights of others legally entitled thereto and rights granted under the Kainalu Point CCRs (more particularly described in Paragraph 22 of this Declaration), subject, however, to the obligations of an Owner, as set forth in the Declaration creating the Kainalu Point CCRs; and
- 4.5 Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT "C"

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

5.1 Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain of the Units, and each Unit shall have appurtenant thereto exclusive easements for the use of all such limited common elements set aside and reserved for such Unit's exclusive use. The term "limited common elements" shall include, but not be limited to, the site on which each Unit is located, consisting of the land beneath and immediately adjacent to such Unit (including any yard areas, landscaping, driveways, walkways, and access areas, and including the airspace above such site) as shown and delineated on the Condominium Map (the "Dwelling Area").

5.2 The limited common elements so set aside and reserved for the exclusive use of Unit 55 are as follows:

- (a) The site on which Unit 55 is located, consisting of the land beneath and immediately adjacent to Unit 55 (including any yard areas, landscaping, driveways, walkways, and access areas), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Unit 55. Said site is referred to in this Declaration as the Dwelling Area, and the Dwelling Area for Unit 55 contains an area of 42,403 square feet.
- (b) A Mailbox located on Dwelling Area 55 to be designated by the Declarant for the exclusive use of the Owner of Unit 55.

5.3 The limited common elements so set aside and reserved for the exclusive use of Unit 53 are as follows:

- (a) The site on which Unit 53 is located, consisting of the land beneath and immediately adjacent to Unit 53 (including any yard areas, landscaping, driveways, walkways, and access areas), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Unit 53. Said site is referred to in this Declaration as the Dwelling Area, and the Dwelling Area for Unit 53 contains an area of 13,809 square feet.
- (b) A Mailbox located on Dwelling Area 53 to be designated by the Declarant for the exclusive use of the Owner of Unit 53.

5.4 Any other common element of the Project which is rationally related to one of the two Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

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

END OF EXHIBIT "D"

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE to Both Units

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and its effect, if any, upon the area of the land herein described.
3. Flood Zone Designation "X", as disclosed on map attached to instrument recorded December 26, 2003 as Land Court Document No. 3047840.

4. Covenants, conditions, limitations and restrictions as contained in:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KAINALU POINT Dated: November 18, 2003, filed as Document No. 3047840, to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c)

5. GRANT in Favor of Hawaiian Electric Company, Inc., a Hawaii corporation, and Verizon Hawaii Inc. (now Hawaiian Telcom Inc.), a Hawaii corporation dated February 4, 2005, filed as Document No. 3229988, for the purpose granting Easement for utility purposes over, under, across and through the land referred to herein.

6. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "CASTLE POINT I" dated June 5, 2006, filed as Document No. 3447364. Condominium Map No. 1834, to which reference is hereby made. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "CASTLE POINT I" dated June 5, 2006, filed as Document No. 3447365.

NOTE: The foregoing as may be affected by that certain Amendment of Mortgages, Confirmation of Priority of Liens and Release of Interests dated June 5, 2006, recorded as Land Court Document No. 3447372, to which reference is hereby made.

7. Any and all easements encumbering the apartment herein identified and described, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as amended, and/or said Apartment Deed and/or as shown on said Condominium Map No. 1834.

**ENCUMBRANCES AGAINST UNIT NO. 55 Only**

1. MORTGAGE

Mortgagor: Hoaloha Ventures, Incorporated, a Hawaii corporation, and Paul Dennis Sullivan and Karen Lau Sullivan, husband and wife

Mortgagee: Finance Factors, Limited, a Hawaii corporation

Dated: September 17, 2007, filed September 25, 2007 as Document No. 3660141.

(Covers other land besides Unit 55)

2. MORTGAGE

Mortgagor: Hoaloha Ventures, Incorporated, a Hawaii corporation, and Paul Dennis Sullivan and Karen Lau Sullivan, husband and wife

Mortgagee: Finance Factors, Limited, a Hawaii corporation

Dated: September 17, 2007, filed September 25, 2007 as Document No. 3660142.

(Covers other land besides Unit 55)

3. Terms, provisions, covenants, agreements, reservations, restrictions and easements of that certain (original) Apartment Deed dated June 5, 2006, filed as Document No. 3447366, to which reference is hereby made.

**ENCUMBRANCES AGAINST UNIT NO. 53 - "CASTLE POINT I"**

1. Terms, provisions, covenants, agreements, reservations, restrictions and easements of that certain (original) Apartment Deed dated June 5, 2006, filed in said Office of the Assistant Registrar as Document No. 3447367, to which reference is hereby made.

2. Any and all easements encumbering the apartment herein identified and described, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as amended, and/or said Apartment Deed and/or as shown on said Condominium Map No. 1834.

END OF EXHIBIT "E"

## EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE PURCHASE CONTRACT. The Sales Contract consists of two documents: a Hawaii Association of Realtors Standard form of Deposit Receipt Offer and Acceptance ("PURCHASE CONTRACT") and a document attached to the PURCHASE CONTRACT which is entitled "SPECIAL CPR PROVISIONS ATTACHED TO THE PURCHASE CONTRACT".

The Special Provisions are intended to amend the PURCHASE CONTRACT, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the PURCHASE CONTRACT, the provision contained in the Special Provisions shall prevail.

1. Description of the Property to be Conveyed: Fee simple title to the Apartment, together with the furnishings and appliances, if any, and the undivided interest in the common elements set forth in the PURCHASE CONTRACT.. Title will be conveyed subject to the encumbrances of record.
2. Purchase Price and Terms. The purchase price for the Apartment is set forth on page 2 of the PURCHASE CONTRACT is to be paid in the method and at the times set forth in the PURCHASE CONTRACT. This may include payment of (a). An initial deposit; (b). An additional cash deposit, if set forth in the PURCHASE CONTRACT ; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.
3. Financing of Purchase. Paragraph C-24 of the PURCHASE CONTRACT Form (if elected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.
4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the PURCHASE CONTRACT, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Apartment Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.
5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 3 of the PURCHASE CONTRACT .
6. No Present Transfer and Subordination to Construction Loan.
  - (a) The Sales Contract may be subject to existing and future blanket loans, and any security interest now or hereafter obtained by a lender of Seller is or will be prior and senior to any rights of the Buyer arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.
  - (b) Seller may also assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Buyer is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.
  - (c) Notwithstanding that the Sales Contract may be subordinate to a blanket lien, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Apartment to Buyer at closing free and clear of any blanket lien.
7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the PURCHASE CONTRACT is selected); (b) Buyer defaults under the Sales Contract (paragraph 6(b) of the Special Provisions); (c) Buyer dies prior to Closing Date (paragraph 6(a) of the Special Provisions) or (d) the Final Public Report shall not have been issued and Buyer shall not have waived his right to cancel (called the "Effective Date"). Pursuant to Paragraph 6(b) of the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's default or otherwise without notice as to monetary defaults, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.
8. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:
  - (a) At any time within thirty (30) days following the date the Final Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Buyer does not act within the thirty (30) day period, or if the Apartment is conveyed to the Buyer, Buyer will be

deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3 of the Special Provisions).

(b) The Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Apartment or the amenities available for the Buyer's use (paragraph 7(a) of the Special Provisions).

(c) Buyer fails to qualify for permanent financing if Paragraph C-24 of the PURCHASE CONTRACT has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges that he or she has examined (and agrees to be bound) by the Declaration of Condominium Property Regime for the Project, the Bylaws of Association of Dwelling Owners, a specimen Apartment Deed and the Escrow Agreement. Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

10. Paragraph 12 of the Special Provisions contains provisions generally disclaiming all warranties relating to construction, design, materials or workmanship of the Apartment being bought and the Project. Buyer is cautioned to have his own inspection of the property and the Apartment.

11. Seller of Unit 53 gives no assurance or warranty that Buyer can obtain building permits for a residence, that adequate utility services will be available to service a residence or be available to the site, that the condition of the site is suitable for the construction of a residence, or that the costs for development of a residence will be reasonable or affordable for Buyer. Buyer acknowledges that he should investigate these and other relevant risks prior to committing to buying Unit. At closing, Seller shall disclaim any and all warranties with respect to the foregoing or any other matters relating to the Project, other than title.

12. If an owner within the Project intends to construct a residence or other improvements (including the replacement of a shed) after closing on his purchase, then such is likely to cause disruption, dust, noise and debris within the Project, and such could affect the comfort and use of the other Unit by its owner. Each Owner shall assume the risk of such occurrence.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

End of EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENTS

Summary to Each of the Condominium Escrow Agreement between the Owners and Security Title Corporation.:

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

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

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

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

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

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

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

END OF EXHIBIT "G"

EXHIBIT "H"

DISCLOSURE ABSTRACT

Dated: December 27, 2007

1. (a) PROJECT: CASTLE POINT I  
53 and 55 Kailuana Place  
Kailua, Oahu, Hawaii 96734
  - (b) Owner: (1) PAUL DENNIS SULLIVAN and KAREN LAU SULLIVAN  
(**Owner of Unit 55 only**)  
(2) PEARL REALTY, INC., a Maryland corporation.  
(**Owner of Unit 53 only**)  
  
(1) 55 Kailuana Place, Kailua, HI 96734  
Telephone: (808) 261-1948  
(2) 11350 McCormick Road, Hunt Valley, MD 21031  
Telephone: (909) 597-6620
  - (c) MANAGING AGENT: Self-Managed by the Association  
of Apartment Owners
  - (d) REAL ESTATE BROKER: Carvill & Co. (As to Unit 55 only)  
109D Hekili Street  
Kailua, Hawaii 96734  
Telephone (808) 263-5900
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).
- Note: Owners disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.
3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:  
The Owner is not giving any warranty on the materials and workmanship of the Units.
4. USE OF UNITS. The **CASTLE POINT I** Condominium Project will consist of two (2) units which shall be occupied and used only for purposes permitted by the Land Use Ordinance for the City and County of Honolulu ("LUO") then in effect.

The Owners certify that the maintenance fees and costs as estimated are based on generally accepted accounting principles.

EXHIBIT "1"  
ESTIMATED OPERATING EXPENSES  
For Period September 1, 2006 to August 31, 2007  
As Prepared by Owner

Estimated Annual Expenses

Ground Maintenance	
Water/Sewer	\$-0-
* Electricity:	\$-0-
**Fire/Liability Insurance:	\$-0-
Management Fee:	\$-0-
Miscellaneous:	\$-0-
TOTAL ANNUAL EXPENSES	\$-0-

Estimated Monthly Expenses \$-0-

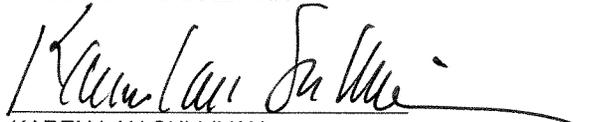
Estimated Monthly Maintenance Fee  
for Each Apartment: \$-0-

Note: \* All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

\*\* Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Owner anticipates that the Association may elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

The Owners certify that the maintenance fees and costs as estimated are based on generally accepted accounting principles.

  
PAUL DENNIS SULLIVAN

  
KAREN LAU SULLIVAN

Owner of Unit 55

PEARL REALTY, INC., a Maryland corporation

  
S. Mark Giltner, its Assistant Vice President

Owner of Unit 53

"Owners"

## EXHIBIT "I"

### Description of Units

There are two (2) Dwelling Units in the Project. The apartments are referred to as "Units" on the Condominium Map, and are more particularly described below.

1. Unit 55 Unit 55 is a one story residential structure without a-basement, constructed in 2005. Unit 55 consists of three (3) bedrooms, five (5) bathrooms, living room, study, library, kitchen, dining room, laundry room, home entertainment center area, reading room recreation room, lanai areas and a 2-Car garage. Unit 55 also has a separate entrance area, 2-car garage, and cabana with a bathroom. The net living area of Unit 55 is approximately 4,505 square feet. The area of the lanai is approximately 2,065 square feet, and-the area of the attached garage is approximately 549 square feet. The area of the separate garage approximately 491 square feet, the area of the entrance is approximately 313 square feet, and the area of the cabana is approximately 600 square feet.

Unit 55 has four (4) appurtenant covered parking stalls located within the garages of Unit 55. The locations of the parking stalls are as shown on the "Condominium Map".

2. Unit 53 Unit 53 is a non-residential storage shed constructed in 2004, and contains a single room of approximately 29 square feet. If and when the shed is replaced, it is expected to be replaced by a single-family residence in accordance with Paragraph 19.1 of the Declaration. The changed Unit 53 will have that number of rooms (exclusive of lanais), net living floor area in square feet (exclusive of-lanais) garage(s) or carport(s), as set forth in an amendment to the Declaration made in accordance with Paragraph 20.4 of the Declaration.

Unit 53, When replaced or rebuilt, will have the exclusive use of that number of parking stalls located on the appurtenant Dwelling Area as determined by the Owner of such Unit.

Note, also that the net floor area for Unit 53 is restricted per Declaration of Covenants, Conditions and Restrictions for Kainalu Point dated November 18, 2003(the "Master Declaration") which is discussed in greater detail in Exhibit K of this Public Report.

END OF EXHIBIT "I"

**EXHIBIT "J"**

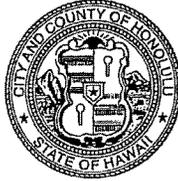
Letter from the City and County of Honolulu Department of Planning and Permitting dated March 22, 2007.

**END OF EXHIBIT "J"**

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

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

MUFI HANNEMANN  
MAYOR



HENRY ENG, FAICP  
DIRECTOR

DAVID K. TANOUE  
DEPUTY DIRECTOR

2006/ELOG-939(AC)

March 22, 2007

Jeffrey S. Grad, Esq.  
Attorney at Law  
A Law Corporation  
Davies Pacific Center, Suite 1800  
841 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project  
55 Kailuana Place  
Tax Map Key: 4-3-022: 011

This is in response to your letter dated April 25, 2006, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story single-family detached dwelling and the one-story cabana with four (4) all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1948 and 2004, respectively, on this 56,212-square-foot R-10 Residential District zoned lot.

Investigation also revealed the following:

1. On November 8, 1979, subdivision [File No. 1979 (288)] was granted approval on the proposed subdivision of Lot 1016 of Land Court Application 677, less erosion, into two lots: Lot A of 87,886 square-feet and Lot B of 193,672 square-feet, together with a 59-foot-wide right-of-way (Lot C).
2. On September 29, 2003, Park Dedication (File No. 2003/PARK-37) was approved for the construction of seven (7) dwelling units.

3. On October 3, 2003, subdivision (File No. 2003/SUB-138) was granted approval for revised erosion to Lot 1142-A of Land Court Application 677 and the redesignation of Lot 1142-A, less erosion, and further subdivision into four (4) residential lots: Lot A of 52,077 square-feet, Lot B of 56,212 square-feet (a flag lot), Lot C of 62,061 square-feet and Lot D of 22,512 square-feet; and the designation of Easement "A" (for access purposes in favor of Lot B) affecting Lot C and Easement "W" (for waterline purposes in favor of Lot B) affecting Lot A. Presently, the structures are on Lot B (TMK: 4-3-022: 011).
4. On March 24, 2004, Building Permit No. 562988 was issued for an addition/alteration to a single-family dwelling. An affidavit was issued with the building permit stating, ". . . Upon completion the entire structure shall be maintained as a single-family dwelling containing only one kitchen. An interior connection shall be provided as shown on the approved plans."
5. On May 7, 2004, Building Permit No. 564912 issued to construct a new one-story single-family detached dwelling. An affidavit was issued with the building permit stating, ". . . Upon completion the pool/recreation pavilion shall be used as an accessory to the new single family dwelling and shall not contain an kitchen nor be used as a lodging unit." This permit is still active.
6. The 32-square-foot storage shed at the rear of property is permitted as an accessory use. One-story accessory storage sheds with an aggregate floor area not exceeding 120 square-feet and meeting zoning code requirements do not require building permits.

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

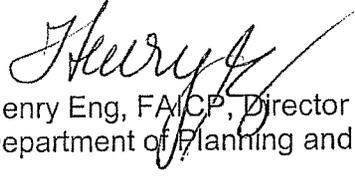
No variances or other permits were granted to allow deviations from any applicable codes.

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

Jeffrey S. Grad, Esq.  
March 22, 2007  
Page 3

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-Family Code Enforcement Branch at 527-6341.

Very truly yours,

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

Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE:ft

doc525221

**EXHIBIT "K"**

**SUMMARY OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR KAINALU POINT.**

In connection with the development of the subdivision of the land of which the Project is a part, there was imposed on the Project and neighboring properties a certain Declaration of Covenants, Conditions and Restrictions for Kainalu Point dated November 18, 2003(the "Master Declaration").

The Master Declaration affects five parcels of land referred to as Lot 1176-A, Lot 1176-B, Lot 1176-C, Lot 1176-D and Lot 1142-B ("Lots" collectively.) The Project is located on Lot 1176-B.

Among other things, the Master Declaration creates a nonprofit corporation called the "Kainalu Point Homeowners Association" ("KPHA") that is governed by five directors - one appointed by the owners of each of the Lots.

KPHA is also the owner of Lot 1142-C, in which is located a roadway easement (No. 17,) which provides access from each of the Lots to the public roadway portion of Kailuana Place and is subject to the use of others who are entitled thereto. KPHA is responsible for maintaining such Roadway and the Lot generally, and has the power to assess the costs therefor against the Lots. Such assessments are to be shared equally by each Lot. No assessments are presently being made or collected.

Additionally, the Master Declaration imposes Use Restrictions on the Lots. Design Guidelines are also imposed; however, they do not affect Lot 1176-B, on which the Project is located. No rezoning or similar land use changes affecting the Lots (other than Lot 1142-B) are allowed.

Other restrictions include that the Lots may be used for the occupancy of single family residences and that only six dwelling units and one "cottage" are permitted on all of the Lots (other than Lot 1142-B).

Pursuant to these restrictions, only one single family dwelling unit (Unit 55) and one "cottage" (Unit 53) are permitted in the Project. The Declaration restricts the use and size of Unit 53 to one cottage, which shall not exceed 1,200 square feet of net living area, or a total structure area (including garage, storage and decks) of 2,500 square feet.

These restrictions may be amended with the consent of all five of the directors of KPHA.

**END OF EXHIBIT "K"**