

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

CONDOMINIUM PROJECT NAME	3723 & 3725 SIERRA DRIVE
Project Address	3723 & 3725 Sierra Drive Honolulu, HI 96816
Registration Number	6681 (Partial conversion)
Effective Date of Report	November 13, 2008
Developer(s)	QHJ2 INVESTMENT GROUP LLC A Hawaii limited liability company

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

This is a CONDOMINIUM PROJECT, not a subdivision.

1. This public report does not constitute an "approval" of the project by the Real Estate Commission, or any other governmental agency.

2. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated area of the land comprising the limited common elements are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

3. Facilities and improvements associated with approved subdivisions, such as fire protection devices, street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as street maintenance and trash collection may not be available for interior roads and driveways.

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

TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report	1
General Information On Condominiums	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions	5
1.12 Encumbrances Against Title	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility	8
2. PERSONS CONNECTED WITH THE PROJECT	9
2.1 Developer.....	9
2.2 Real Estate Broker	9
2.3 Escrow Depository	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS	10
3.1 Declaration of Condominium Property Regime	10
3.2 Bylaws of the Association of Unit Owners	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT	12
4.1 Management of the Common Elements	12
4.2 Estimate of the Initial Maintenance Fees	12
4.3 Utility Charges to be Included in the Maintenance Fee	12
4.4 Utilities to be Separately Billed to Unit Owner	12
5. SALES DOCUMENTS	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion	14

TABLE OF CONTENTS

	<u>Page</u>
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing	14
5.7 Rights Under the Sales Contract	16
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract	16
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract.....	16
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed.....	17
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change .	17
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.....	18
EXHIBIT A: Description of Project	
EXHIBIT B: Description of Common Elements	
EXHIBIT C: Encumbrances Against Title	
EXHIBIT D: Estimate of Initial Maintenance Fees	
EXHIBIT E: Summary of Sales Contract	
EXHIBIT F: Summary of Escrow Agreement	
EXHIBIT G: Visual Inspection Letter by Engineer	
EXHIBIT H: Letter from C&C of Honolulu, Dept. of Planning & Permitting	
EXHIBIT I : Alteration of Project	
EXHIBIT J: Survey Map	
EXHIBIT K: Variance Letter from C&C of Honolulu	

General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	3723 & 3725 Sierra Drive, Honolulu, HI 96816
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 3-3-016-037
Tax Map Key is expected to change because	
Land Area	8,798 sq. ft.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	2
Number of New Building(s)	1
Number of Converted Building(s)	1
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood, glass and allied building materials. Roofing is Architect 80.

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
3723	1	5/3	2,980.0 sf	274.0 sf	landing/stair/ lanai	3,254 sf
3725	1	6/4	2,306.0 sf	664.0 sf	lanai/entry/ garage	2,970 sf
See Exhibit _____						

2	Total Number of Units
---	------------------------------

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	6
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	#3723: 3 open stalls; #3725: 2-car gar/1open stall
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit:
 Each unit shall be deemed to include the building comprising the unit, including, specifically, but not limited to: 1) all perimeter walls, floors, foundations and roofs of each building, and 2) all pipes, wires, conduits or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one unit.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): (See Exhibit "I")
 Notwithstanding anything to the contrary contained in this Declaration each unit owner has the right, at his sole option, at any time, without the consent of anyone other than the holders of all liens affecting his unit to improve, renovate, remodel, make additions to, remove, replace or restore the improvements to or in his unit.

1.7 Common Interest

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

Described in Exhibit _____.		
As follows:	<u>Unit No.</u>	<u>Common Interest %</u>
	3723	50%
	3725	50%

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

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

1.9 Common Elements

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

1.10 Limited Common Elements

<p>Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit _____.</p>
<p>Described as follows:</p> <p>Certain parts of the common elements called "Limited Common Elements, are hereby designated and set aside for the exclusive use of each unit(s), and each unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs, of every kind pertaining to each limited common element, including, but not limited, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne entirely by the unit(s) to which is appurtenant. The limited common elements so set aside and reserved to each unit is the limited common area of each unit consisting of the land beneath and immediately adjacent thereto (including any yard areas, landscaping, driveway and access areas), as shown and delineated on said Condominium Map.</p>

1.11 Special Use Restrictions

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>C</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: <u>June 30, 2008</u></p>
<p>Company that issued the title report: <u>Title Guaranty of Hawaii, Inc.</u></p>

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning						
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning	
<input checked="" type="checkbox"/>	Residential	2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
Describe any variances that have been granted to zoning code.						

1.14 Other Zoning Compliance Matters

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

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

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>
--

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable</p> <p><input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>The structural components and mechanical and electrical installations of Unit 3723 are in good condition. See Exhibit "G".</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>In accordance with Section 514B-84(a)(1)(B), HRS, Developer is not making any representations regarding the expected useful life of the structural components and the mechanical installations of the Project. However, the engineer's opinions are expressed in Exhibit "G".</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>H</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: QHJ2 INVESTMENT LLC A Hawaii limited liability company</p> <p>Business Address: 2667 Rooke Ave. Honolulu, HI 96817</p> <p>Business Phone Number: (808) 383-1888 E-mail Address:</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>HENRY SHAO QIANG LIANG SHAO JIA LIANG JOHNNY SHAO HUANG LIANG</p>
<p>2.2 Real Estate Broker</p>	<p>Name: LOYAL REALTY, LLC Business Address: 2928 Kaimuki Avenue Honolulu, HI 96816</p> <p>Business Phone Number: (808) 739-2291 E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: FIRST HAWAII TITLE CORPORATION Business Address: 201 Merchant Street, Suite 2000 Honolulu, HI 96813</p> <p>Business Phone Number: (808) 521-3411</p>
<p>2.4 General Contractor</p>	<p>Name: STATEWIDE CONTRACTOR SERVICES, INC. Business Address: P.O. Box 270838 Honolulu, HI 96813</p> <p>Business Phone Number: (808) 383-1888</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: SELF MANAGED BY THE ASSOCIATION Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: LESTER G. L. WONG, AAL/ALC Business Address: 1188 Bishop Street, Suite 702 Honolulu, HI 96813</p> <p>Business Phone Number: (808) 526-3033</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 18, 2008	2008-107022

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 31, 2008	2008-168232

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 18, 2008	2008-107023

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 31, 2008	2008-168232

3.3 Condominium Map

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

Land Court Map Number	
Bureau of Conveyances Map Number	4672
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

Are Proposed		
Have Been Adopted and Date of Adoption		✓ June 18, 2008
Developer does not plan to adopt House Rules		

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <ul style="list-style-type: none"> a) To amend the Declaration, By-Laws, or Condo Map without the consent or joinder of anyone for the purpose of adjusting the plan or description of any unit which has not yet been constructed, completed and conveyed, provided that it not alter any unit of common interest already conveyed. b) To grant to any public authority or governmental entity rights of way and easements which do not materially interfere with the use nor materially impair the value of any unit. c) To amend the Declaration, By-Laws or Condo Map as required by law, lenders, Real Estate Commission, or title insurers. d) To maintain development facilities and conduct sales of units until all units are sold. e) To enter upon the Project and land to carry on such construction and demolition activities as may be necessary with construction, alteration or restoration.

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:		
<input type="checkbox"/>	<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Water
<input type="checkbox"/>	<input type="checkbox"/>	Sewer
<input type="checkbox"/>	<input type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>E</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: June 18, 2008 Name of Escrow Company: <u>First Hawaii Title Corporation</u> Exhibit <u>F</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

5.4 Construction Warranties

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

Building and Other Improvements: #3723: "AS IS"; #3725-standard 1 yr. contractor warranty on materials and workmanship when recorded
Appliances: Warranties as provided by the manufacturers.

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

<p>Status of Construction:</p> <p>3723: Built in 1947 and remodeled in 2008; 3725: Completed in 2008</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
<input type="checkbox"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

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

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

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

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:

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

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

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

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

HENRY SHAO QIANG LIANG, Member-manager of QHJ2 INVESTMENT GROUP LLC, a Hawaii limited liability company, the Developer of this project, is also the general contractor of this project.

LEAD WARNING STATEMENT: Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazard is recommended prior to purchase". The Developer discloses that he does not have an assessment or inspections relating to lead-based paint.

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

NO MAINTENANCE FEES: Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each unit and its respective limited common elements, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective unit owner. Although there is a common element driveway, the Developer believes that the owners would rather treat any repair or resurface of the driveway as a special assessment rather than collect and maintain a reserve fund. All utilities are separately metered.

AMENDMENT OF DECLARATION AND BY-LAWS: As stated in section 3.5 herein, the project's Declaration and By-Laws may be amended by owners holding 67% of the common interest. Since each owner holds 50% of the common interest, unanimous approval is required to amend the Declaration and the By-Laws.

HISTORIC PRESERVATION: Unit 3723 was constructed in 1947. Under a new law (Act 288 [SLH 2008]), anyone seeking to repair, renovate or demolish a building in Hawaii that is more than 50 years old must submit black-and-white archival prints to the State Historic Preservation Division of the Department of Land and Natural Resources before county building permits can be issued.

PART VI OF CHAPTER 514B, HRS, NOT APPLICABLE: Pursuant to Section 514B-101(b), HRS, Developer has opted out of Part VI of Chapter 514B, HRS (i.e., the management provisions of the condominium law).

1. Affidavit dated September 14, 2007, recorded in said Bureau of Conveyances as Document No. 2007-165160 provides, among other things, that the structure shall be maintained as a two-family detached dwelling containing only one kitchen in each unit.
2. The surface encroachments and structure position discrepancies affecting the property as shown on survey map and report prepared by Dennis K. Hashimoto, Land Surveyor, DJNS Surveying and Mapping Inc., dated September 5, 2006 (See Exhibit "J").
3. Summarization of surface encroachments from letter dated June 12, 2007 from the City and County of Honolulu is as follows:
 - A. The existing mock orange hedge fronting the property shall be kept well maintained and trimmed on a regular basis so as not to create potential public hazards, nor adversely impact pedestrian and/or vehicular traffic; and
 - B. The sidewalk area shall be maintained clean, accessible and safe at all time. (See Exhibit "K")

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

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

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

QHJ2 INVESTMENT GROUP LLC, A Hawaii limited liability company

Printed Name of Developer

By: 
Duly Authorized Signatory*

18-JUNE-08
Date

HENRY SHAO QIANG LIANG, Its Member-manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

DESCRIPTION OF THE PROJECT.

Unit #3723 as designated on the "CPR map" of the Condominium Map has a street address of 3723 Sierra Drive, Honolulu, Hawaii 96816, is also referred to as #3723 on the floor plans and elevations of the Condominium Map. Unit #3725 as designated on the "CPR map" of the Condominium Map has a street address of 3725 Sierra Drive, Honolulu, Hawaii 96816, is also referred to as #3725 on the floor plans and elevations of the Condominium Map.

Unit #3723 is a two-story residential dwelling, no basement. It is constructed principally of wood, glass and allied building materials. Downstairs is double wall; upstairs is single wall. Windows are fixed with jalousie and sliding glass. The roofing is Architect 80.

Unit #3725 is a two-story residential dwelling, no basement. It is constructed principally of wood, glass and allied building materials. The interior walls and ceiling consists of gypsum board. The exterior walls are 5/8" plywood T-111 siding on building paper. Windows are fixed with sliding glass. The roofing is Architect 80.

DESCRIPTION OF UNITS.

One (1) freehold estate is hereby designated in each of the dwellings. The Project consists of two (2) freehold estates.

Unit #3723 consists of five (5) bedrooms and three (3) bathrooms. The first floor consists of two (2) bedrooms, one (1) bathroom, lounge, storage room, wet bar, covered lanai and laundry area. The second floor consists of three (3) bedrooms, two (2) bathrooms, kitchen, family room, living and dining room.

Unit #3725 consists of six (6) bedrooms and four (4) bathrooms. The first floor consists of three (3) bedrooms, two (2) bathrooms, family room, wet bar, covered lanai and garage with laundry area. The second floor consists of three (3) bedrooms, two (2) bathrooms, kitchen, living and dining room and covered lanai.

There are no basements in either units.

Unit #3723 has three (3) open stalls. Unit # 3725 has a two-car garage and one (1) open stall. No other parking will be provided.

The units will have direct access to a public street from their own driveway, and the common element driveway as shown on the Condominium Map.

The apartments will be numbered in the manner shown on said Condominium Map. All apartment areas are approximate and are based on the net living area, as measured from the interior surface of the apartment perimeter walls.

The apartments by number, net living area and limited common area are as follows:

<u>Unit No.</u>	<u>Net Living Area</u>	<u>Limited Common Area</u>
3723	2,980.0 sq. ft.	3,246.0 sq. ft.
3725	2,306.0 sq. ft.	5,218.0 sq. ft.

Should the description and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control. The Condominium Map is intended to show only the layout, number and dimensions of the apartments and the elevations of the building(s) and is not intended to be deemed to contain or make any other representation or warranty.

EXHIBIT B

DESCRIPTION OF COMMON ELEMENTS

- (a) The land in fee simple.
- (b) All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve the units for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.
- (c) Rock wall approximately 334 sq. ft.
- (d) All portions of the Project other than the units, and any other interest in real estate for the benefit of the owners that are subject to this Declaration.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

1. Real property taxes, if any:
(Your attention is directed to the Director of Finance, City and County of Honolulu)

Tax Map Key: (1) 3-3-016-037 Area Assessed: 8,798 sq. ft.

2. GRANT to CITY AND COUNTY OF HONOLULU, dated February 11, 1952, recorded in said Bureau in Liber 2568 at Page 103, granting the right, in the nature of an easement to construct, install, maintain, operate, repair and remove an underground sewer pipe line or pipe lines, etc., under and across the following described "easement area":

PARCEL 311 - of MAUNALANI HEIGHTS SEWERAGE DISTRICT, SECTION I, Improvement District No. 66:

Being a portion of Lots 372 and 373 of SECTION "C" PALOLO HILL TRACT, File Plan 46.

Being also a portion of Land Patent 8165, Part A on a portion of Land Commission Award 8559-B, Apana 32 to Wm. C. Lunalilo. situated between Sierra Drive and Pukaalani Place at Kapahulu, Honolulu, and more particularly described as follows:

Beginning at the west corner of this parcel of land, the true azimuth and distance from the south corner of Lot 372 and the east corner of Lot 369 of SECTION "C", PALOLO HILL TRACT, File Plan 46, being 146° 30' 00" 53.83 feet and then running by azimuths measured clockwise for true South:

- | | | | | | |
|----|------|-----|-----|-------|--|
| 1. | 208° | 48' | 00" | 11.29 | feet along the remainder of Lot 372 of SECTION "C", PALOLO HILL TRACT, File Plan 46; |
| 2. | 326° | 30' | 00" | 67.77 | feet along the remainders of Lots 372 and 373 of SECTION "C", PALOLO HILL TRACT, File Plan 46; |
| 3. | 28° | 48' | 00" | 11.29 | feet along the remainder of Lot 373, of SECTION "C", PALOLO HILL TRACT, File Plan 46; |

4. 146° 30' 00" 67.77 feet along the Lots 368 and 369, SECTION "C", PALOLO HILL TRACT, File Plan 46 to the point of beginning, containing an area of 678 square feet, more or less.
3. Structure position discrepancies as shown on the survey map prepared by Dennis K. Hashimoto, Land Surveyor, DJNS Surveying and Mapping, Inc., dated September 5, 2006.
4. Encroachment(s) as shown on the survey sketch map prepared by Dennis K. Hashimoto, Land Surveyor, DJNS Surveying and Mapping, Inc., dated September 5, 2006.
5. Existing surface encroachment(s) (portion of a rock wall) with the existing building projection(s) (portions of an eave) as described in the Surveyor's (Dennis K. Hashimoto) September 5, 2006 map and letter enclosures.
- Terms and provisions contained in Variance Letter by the City and County of Honolulu dated June 12, 2007, regarding said encroachments.
6. Terms and provisions contained in AFFIDAVIT dated September 14, 2007, recorded as Document No. 2007-165160 by HENRY LIANG, in consideration of the issuance by the Building Department, City and County of Honolulu of a building permit.
7. The covenants, agreements obligations, conditions, easements and other provisions, as contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "3723 & 3725 SIERRA DRIVE" dated June 18, 2008, recorded in the Bureau of Conveyances, State of Hawaii on July 2, 2008, as Document No. 2008-107022, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.
8. BY-LAWS OF ASSOCIATION OF APARTMENT OWNERS OF 3723 & 3725 SIERRA DRIVE" dated June 18, 2008, recorded in the Bureau of Conveyances, State of Hawaii on July 2, 2008, as Document No. 2008-107023, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.
9. Condominium Map No. 4672.

EXHIBIT D

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment/Unit</u>	<u>Monthly Fee x 12 months</u>	<u>Yearly Total</u>
3723	\$ 0 x 12 =	\$0
3725	\$ 0 x 12 =	\$0

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

\$0

Section 514B-143, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the Project's improvements. It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and name the Association as an additional insured. As such, the premiums on said policies will be the individual responsibility of each apartment owner rather than a common expense of the Association. The premiums for said fire insurance will vary depending upon the insurance company and the coverage. Developer's best estimate regarding the cost of said coverage is approximately \$500.00 to \$2,000.00 per year per unit. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association shared by the apartment owners.

Reserves

Taxes and Government Assessments

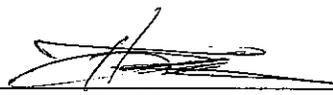
Audit Fees

Other:

TOTAL

\$0

HENRY SHAO QIANG LIANG, Member-manager of QHJ2 INVESTMENT GROUP LLC, a Hawaii limited liability company, the Developer for the condominium project 3723 & 3725 SIERRA DRIVE, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

By 
HENRY SHAO QIANG LIANG

Date: 18-June-08

EXHIBIT E

SUMMARY OF SALES CONTRACT

The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

1. A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.
2. That a Buyer's deposits will be held in escrow until the sales contract is closed or cancelled. In the event Buyer fails to perform Buyer's obligations under this DROA (Seller not being in default), Seller may (a) bring an action for damages for breach of contract (b) retain the initial deposit and all additional deposits provided for herein as liquidated damages, and (c) Buyer shall be responsible for any costs incurred with this DROA.
3. That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. What will happen if there is a default under the sales contract by Seller or Buyer. If Buyer defaults, Seller may cancel the contract or bring legal action to force sale, obtain money damages or retain Buyer's deposit. If Seller defaults, Buyer can bring an action to force the sale.

The sales contract contains various other provisions which the buyer should become acquainted with.

5. Buyers are also made aware of the following:

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

EXHIBIT F

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a Buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

- (a) Escrow will collect payments due pursuant to the sales contract.
- (b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.
- (c) Escrow will let Buyers know when payments are due.
- (d) Escrow will disburse Buyer's funds only after the following have happened:
 - 1. The Real Estate Commission has issued a developer's public report - §514B, HRS reference;
 - 2. Buyer has received a copy of the developer's public report - §514B, HRS reference and given Seller a Receipt;
 - 3. 2 working days after Seller has notified Escrow that it has received the receipt;
 - 4. Seller has notified Escrow in writing that the requirements of §514B-92 or §514B-93, HRS, have been satisfied;
 - 5. Seller notifies Escrow that the sales contract has become binding and that Seller's and Buyer's rights of cancellation have lapsed or become void.
- (e) Escrow will refund Buyer's funds if Seller tells Escrow in writing that a refund should be made in accordance with the sales contract. No refund will be made at Buyer's request unless Escrow receives written approval from the Seller.
- (f) Escrow will refund owner/occupant Buyer's deposits, if Seller and Buyer request a refund in writing, and (1) Seller does not offer Buyer a sales contract; or (2) Buyer fails to obtain financing within the prescribed time; or (3) Buyer asks to cancel because of hardship circumstances; or (4) Buyer does not plan to occupy the apartment.
- (g) If Buyer defaults Seller will notify Escrow of such default. Escrow will notify Buyer by registered mail that Seller has canceled sales contract because of Buyer's default. After 10 days following Buyer's receipt of cancellation notice, Escrow will treat Buyer's funds (less escrow cancellation fee) as Seller.

- (h) A Buyer's funds will be refunded without interest, less a cancellation fee if Buyer cancels the sales contract and either the seller requests that Buyer's funds be returned prior to issuance of the developer's public report, or Buyer's funds were obtained prior to issuance of the developer's public report and Buyer decides to cancel their reservation prior to receipt of the developer's public report.
- (i) The escrow agreement says what will happen to a Buyer's funds upon default under the sales contract.
- (j) Escrow will arrange for and supervise the signing of all necessary documents.
- (k) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Han-Xiang Li
P.O. Box 27882
Honolulu, HI 96827
Phone: 383-2888

June 18, 2008

QHJ2 Investment Group, LLC
2667 Rooke Ave.
Honolulu, HI 96817

Dear Gentlemen,

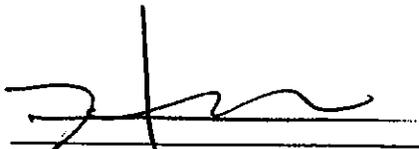
Per your request, a visual observation was made on the property located at 3723 Sierra Drive, TMK: (1) 3-3-16-037 Honolulu, Hawaii.

The following is noted:

1. The structure described as unit 3723 consists of five bedrooms and three baths. The entire dwelling was partially remodeled in April 2008.
2. The electrical is new, plumbing and roofing is exist.

Based on the visual observation and my opinion: The building described as unit 3723 is in good condition with no major structural defects. The useful life of the structure is undetermined.

Very truly yours,



Han-Xiang Li
Registered Professional Engineer
Registration No. 8869-S

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743
INTERNET www.honolulu.gov • DEPT WEB SITE: www.honoluluopp.org

MUEI HANNEMANN
MAYOR



HENRY ENG, FAICP
DIRECTOR

DAVID K. TANGUE
DEPUTY DIRECTOR

2008/ELOG-956 (RLK)

June 13, 2008

Wendy W. Lee
c/o Henry Shao Qiang Liang
2928 Kaimuki Avenue
Honolulu, Hawaii 96816

Dear Ms. Lee:

Subject: Condominium Conversion Project
3723 and 3725 Sierra Drive
Tax Map Key: 3-3-016: 037

This is in response to your letter dated April 15, 2008, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that a one-story single-family detached dwelling with one (1) all-weather-surface off-street parking space met all applicable code requirements when it was constructed in 1947, on this 8,798-square-foot R-5 Residential-District-zoned lot.

However, the carport at the front of the property encroached into the front and side yard setbacks.

A reinspection revealed that the carport at the front of the dwelling has been removed.

There is an active Building Permit (No. 617487) that was issued on September 18, 2007, for an addition, alteration, and conversion of the existing single-family dwelling into a two-family detached dwelling.

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

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

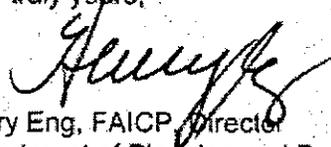
Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record for subdivision and zoning purposes.

EXHIBIT H

Wendy W. Lee
June 13, 2008
Page 2

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto, of our Commercial & Multi-Family Code Enforcement Branch, at 768-8151.

Very truly yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:dkk

doc624409

ALTERATION OF PROJECT

A. Changes to Units. Notwithstanding anything to the contrary contained in this Declaration each unit owner has the right, at his sole option, at any time, without the consent of anyone other than the holders of all liens affecting his unit, to improve, renovate, remodel, make additions to, remove, replace, or restore the improvements to or in his unit.

The foregoing is referred to collectively as "changes" and is subject to the following conditions:

(1) All building plans for any such changes must be prepared by a licensed architect or professional engineer and conform with the building codes, zoning laws, and other applicable County ordinances;

(2) The value of the unit after such changes shall not be less than the value before such changes;

(3) No change to any unit may result in the total square footage on the first floor of a unit in excess of the amount allowed under the applicable County ordinances, codes, rules, and regulations;

(4) No change may reduce the distance between improvements placed on each unit to less than required under the applicable County ordinances, codes, rules, and regulations;

(5) All changes shall be at the expense of the unit owner making the change and shall be expeditiously done in a manner that will not unreasonably interfere with the owners' use of their units;

(6) During the entire course of construction, the unit owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and evidence of such insurance shall be deposited with the Association's managing agent;

(7) The unit owner making the change shall post a completion bond or such other bond, and in such amounts, as may be required by his mortgagee(s). The Association shall be named as an additional beneficiary and evidence of such bond shall be deposited with the Association's managing agent;

(8) Prior to the commencement of construction, and as a condition thereto, the unit owner making such change shall give reasonable assurance to the Association of the owner's financial ability to complete and to pay for the change;

(9) If the Declaration is amended to accommodate any reconstruction or rebuilding, then the common interest appurtenant to each unit shall not be changed;

(10) The owner of any changed unit shall have the right and duty without the consent or joinder of any other person to amend and shall be required to amend this Declaration and the condominium map to accomplish any changes. If required by the Act, then promptly upon completion of the changes, the owner of the changed unit shall duly record any amendment to this Declaration with the Bureau of Conveyances, State of Hawaii, or Office of the Assistant Registrar of the Land Court of the State of Hawaii, as the case may be, 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 to all other unit owners a power of attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to any unit in the Declaration so that each unit owner shall hereafter have a power of attorney from all 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 his common interest) and shall be irrevocable;

(11) Each and every conveyance, lease, and mortgage or other lien made or created on an unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.

DJNS SURVEYING & MAPPING, INC.

JOB# 06535

P.O. Box 25636

Honolulu, Hawaii 96825

Phone: (808)395-5476/Fax (808)395-5477

e-mail: djns@hawaii.rr.com

September 5, 2006

Carol Fan
3723 Sierra Drive
Honolulu, Hi. 96816

Subject: Boundary Survey
3723 Sierra Drive
TMK: 3-3-16: 37
Honolulu, Oahu, HI.

Gentlemen:

This is to inform you that on Tuesday, September 5, 2006 a survey crew under my supervision and direction staked the subject lot as per record description.

To the best of my knowledge, the boundary corners installed are correct.

The north boundary is evident by:

1. Rock wall #1 which extends into the Sierra Drive right of way by 1.9 ft. to 0.0 ft. for a length of +/- 37.5 ft.
2. Eave which extends into the Sierra Drive right of way by 1.13 ft. to 1.9 ft. for a length of 18.7 ft.

The east boundary is evident by:

1. Rock wall #2 which extends into the subject parcel by 0.0 ft. to 0.48 ft. to 0.45 ft. for a length of +/-141.4 ft.
2. Rock wall #1 which is inside the subject parcel.

The south boundary is evident by:

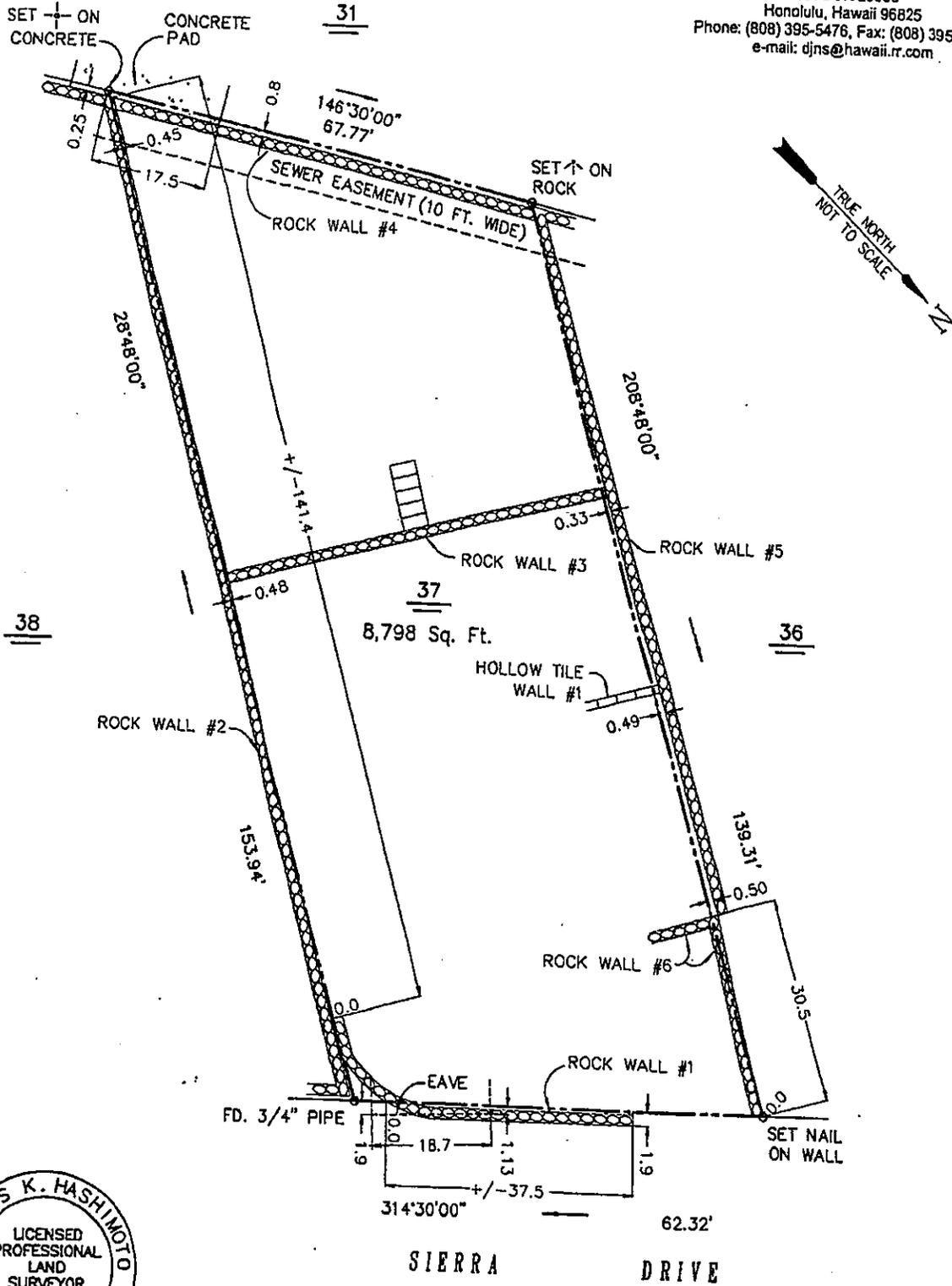
1. Concrete pad which extends into the subject parcel by 0.25 ft. to 0.8 ft. for a length of 17.5 ft.
2. Rock wall #4 which is inside the subject parcel.

The west boundary is evident by:

1. Rock wall #5 which is outside the subject parcel.
2. Rock walls #3 and hollow tile wall #1 that extend into parcel 36 for 0.33 ft. and for 0.49 ft., respectively.
3. Rock wall #6 which extends into parcel 36 by 0.50 ft to 0.0 ft. for a length of 30.5 ft.

DJNS SURVEYING & MAPPING, INC.

P.O. BOX 25636
 Honolulu, Hawaii 96825
 Phone: (808) 395-5476, Fax: (808) 395-5477
 e-mail: djns@hawaii.rr.com



THIS WORK WAS PREPARED BY
 ME OR UNDER MY SUPERVISION.

Dennis K. Hashimoto

DENNIS K. HASHIMOTO

PERIMETER SURVEY SKETCH		TAX MAP KEY: 3-3-16:37	
SCALE: NOT TO SCALE	APPROVED BY:	DRAWN BY: NPH	REVIEWED:
DATE: SEPT 5, 2006			
HONOLULU, OAHU, HAWAII		JOB NUMBER: 06535	
FIELD BOOK -- 49452			

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

300 SOUTH KING STREET, 17TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-7000 • FAX: (808) 977-8740
CITY WEB SITE: www.honolulu.gov • CITY WEB SITE: www.dpp.honolulu.gov

MAYOR
MAYOR



DEPUTY MAYOR
DEPUTY MAYOR

CITY MANAGER
CITY MANAGER

June 12, 2007

SE 42007-0540-08201

Ms. Carol Fan
3723 Sierra Drive
Honolulu, Hawaii 96816

Dear Ms. Fan:

Subject: Surface Encroachment(s) with Building Projection(s) on the
Sidewalk Area Fronting 3723 Sierra Drive, TMK: 3-3-016: 037

This is in response to your April 24, 2007 request to retain the existing surface encroachment(s) (portion of a rock wall) with the existing building projection(s) (portion of an eave) as described in the surveyor's (Mr. Dennis K. Hashimoto) September 5, 2006 map and letter enclosures.

We are, hereby, authorizing the surface encroachment(s) subject to the following conditions:

Special Conditions

1. The existing mock orange hedge fronting the property shall be kept well maintained and trimmed on a regular basis so as not to create potential public hazards, nor adversely impact pedestrian and/or vehicular traffic. The maintenance and trimming shall include keeping the hedge off of the concrete sidewalk, free of any sharp and/or pointed branches, and clear of all traffic sight lines at driveways at all times. The hedge surface encroachment shall also be covered by this authorization.
2. The sidewalk area shall be maintained clean, accessible, and safe at all times.

Standard Conditions

1. The owner(s) shall remove the surface encroachment(s) at their expense if and when removal is requested by the City.

EXHIBIT K

Ms. Carol Fan
June 12, 2007
Page 2

2. The owner(s) shall be responsible for the maintenance, repair, and any associated costs of the surface encroachment(s).
3. The owner(s) shall hold the City harmless against all liabilities, including injuries and deaths, arising from the surface encroachment(s).
4. The City shall not be liable for the replacement or restoration of the surface encroachment(s) if it is necessary for the City to destroy, remove, or alter the same in order to construct or reconstruct the sidewalk area or any utilities thereunder. The sidewalk area is defined as the area between the curb line or the pavement of a roadway, and the abutting property line, intended for pedestrian and utility use.
5. The owner(s) shall be responsible for the disclosure of this agreement to a succeeding owner or lessee (successor). Such disclosure shall be in the form of a supplement to this agreement containing all provisions of this agreement and duly acknowledged and accepted by the successor with a copy forwarded to the City.

We also have no objection at this time to the building projection(s). However, all related maintenance and liability shall remain entirely your responsibility.

It is understood that this covers the above surface encroachment(s)/building projection(s) only. The placement or construction of any additional surface encroachment(s)/building projection(s) and/or the replacement or reconstruction of all existing surface encroachment(s) (structures)/building projection(s) are not allowed.

It is also understood that this does not relieve you from complying with all other applicable codes, rules, regulations, and/or permit procedures including, but not limited to, building setback requirements under the jurisdiction of our department. Please contact our Customer Service Office at 768-8223 for more information on these requirements.

Please sign and return the original of this letter within thirty (30) days of the date of this letter. Should this letter not be returned in a timely manner, this authorization may be revoked.

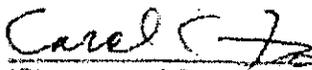
A receipt for the \$100.00 application filing fee is attached.

Very truly yours,


Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:ky
Attachment

I have read this letter and agree with and accept the conditions stated herein:


(Signature of Owner) Date 6/15/2007

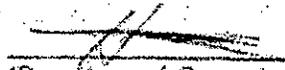
(Signature of Owner) Date

Carol Fan
(Print Name)

(Print Name)

New Owners: (If Applicable)

I have read this letter and agree with and accept the conditions stated herein:


(Signature of Owner) Date 9/7/07

(Signature of Owner) Date

Henry Liang
(Print Name)

(Print Name)