DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	91-739 PAPIPI ROAD
Project Address	91-739 Papipi Road Ewa Beach, Hawaii 96706
Registration Number	6864 (Conversion)
Effective Date of Report	April 26, 2010
Developer(s)	Gary John Nedervelt

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. 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 each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒ Fee Simple ☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒ Yes ☐ No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	91-739 Papipi Road, Ewa Beach, Hawaii 96706
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 9-1-034:129
Tax Map Key is expected to change because	Separate tax map key numbers will be assigned to each unit.
Land Area	approximately 10,188 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable. Developer is the fee owner.

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	Unit #1 has one floor. Unit #2 has two floors.
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	wood, metal, concrete, glass

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
1	1	3/1	1,092	546	garage	1,638
2	1	4/3	3,104.24	535.24	garage	
				382.16	lanais	4,021.73

See Exhibit A .

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 Stall in the Project:	5
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	Unit #1 - 2 stalls; Unit #2 - 3 stalls
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:

See Exhibit A attached to this Public Report.

1.6 Permitted Alterations to the Units

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

See Exhibit B attached to this Public Report.

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:

Unit #1 - 50%
Unit #2 - 50%

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

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☐	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☐	Other (describe):

1.9 Common Elements

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

Described in Exhibit C .

Described as follows:

Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

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

Described in Exhibit C .

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

☐	Pets:
☐	Number of Occupants:
☒	Other: Units may only be used as residential dwellings.
☐	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit D describes the encumbrances against title contained in the title report decribed below.

Date of the title report: July 21, 2009

Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
☒	Residential	2	☒ Yes ☐ No	R-5
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☐	Industrial		☐ Yes ☐ No	
☐	Agricultural		☐ Yes ☐ No	
☐	Recreational		☐ Yes ☐ No	
☐	Other (Specify):		☐ Yes ☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			☒ Yes ☐ No	
Variances to zoning code have been granted.			☐ Yes ☒ No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

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

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

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

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

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

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☒ **Applicable** ☐ **Not Applicable**

Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:

See Exhibit E attached to this Public Report.

Developer's statement of the expected useful life of each item reported above:

See Exhibit E attached to this Public Report.

List of any outstanding notices of uncured violations of any building code or other county regulations:

None. See Exhibit E attached to this Public Report.

Estimated cost of curing any violations described above:

None.

Verified Statement from a County Official

Regarding any converted structures in the project, attached as Exhibit F is a verified statement signed by an appropriate county official which states that either:

(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:
- (i) Any variances or other permits that have been granted to achieve compliance;
- (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and
- (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;

or

(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.

Other disclosures and information:

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Gary John Nedervelt Business Address: 91-739 Papipi Road Ewa Beach, Hawaii 96706 Business Phone Number : 808-455-3775 E-mail Address: None.
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	
2.2 Real Estate Broker	Name: All Islands, Inc., Century 21 All Islands dba Business Address: 94-799 Lumiaina Street, Ste. A1, Waipahu, Hawaii 96797 Business Phone Number: 808-554-8578 E-mail Address: rajiv.jetley@c21allislands.com
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor Honolulu, Hawaii 96813 Business Phone Number: 808-521-0211
2.4 General Contractor	Name: Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: McCorriston Miller Mukai MacKinnon LLP,Stacey Hee Business Address: P.O. Box 2800 Honolulu, Hawaii 96803-2800 Business Phone Number: 808-529-7361

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	July 14, 2009	3878838

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	September 2, 2009	3952268

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	July 16, 2009	3879919

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

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

Land Court Map Number	2010
Bureau of Conveyances Map Number	

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	☐	
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%	100%
Bylaws	67%	100%

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

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☒	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows: Under certain circumstances, the Developer has reserved the right to amend the Condominium Declaration or Condominium Map without the consent of purchasers of Units in the Project to make changes that may be required by law, a title company, a lender, the Real Estate Commission of the State of Hawaii or other governmental agency. See Section 12.2 of the Condominium Declaration for further detail.

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
☐	Electricity for the common elements
☐	Gas for the common elements
☐	Water
☐	Sewer
☐	TV Cable
☐	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
☒	Electricity for the Unit only
☐	Gas for the Unit only
☒	Water
☒	Sewer
☒	TV Cable
☐	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	Specimen Sales Contract Exhibit H contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☒	Escrow Agreement dated: July 24, 2009 Name of Escrow Company: Title Guaranty Escrow of Hawaii, Inc. Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
☐	Other:

5.2 Sales to Owner-Occupants

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

☐	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☐	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____ .
☐	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

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

☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Lender has right to foreclose and to eliminate a buyer's rights under
any sales contract. Lender has priority	over buyer's rights under a sales contract, and has a right to terminate
sales contracts upon foreclosure of its	mortgage before a unit sale is closed.

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:

None.

Appliances:

None.

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

Status of Construction: Unit #1 was completed in 1980. Unit #2 was completed in 2008.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

☐	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. *If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.*

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

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

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

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

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	**Developer's Public Report**
2.	**Declaration of Condominium Property Regime (and any amendments)**
3.	**Bylaws of the Association of Unit Owners (and any amendments)**
4.	**Condominium Map (and any amendments)**
5.	House Rules, if any
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

As stated above, Unit #1 and Unit #2 have each been assigned a 50% common interest. Some matters relating to the condominium project are decided based upon a vote of the owners. Each Unit is entitled to a vote equal to the percentage of the common interest it has been assigned. Therefore, as a practical matter, if the Condominium Declaration or Condominium Bylaws require anything greater than a majority vote of the owners (over 50%), this will mean that 100% of the Unit Owners must come to an agreement on the matter.

Building Permit No. 600525 referenced in the letter dated December 10, 2007 from the Department of Planning and Permitting, City and County of Honolulu, a copy of which is attached to this Public Report as Exhibit F, has been closed.

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.

Gary John Nedervelt
Printed Name of Developer

By: _____ April 15, 2010
Duly Authorized Signatory* Date

Gary John Nedervelt, Developer
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

Exhibit A

Description of Units

Unit #1. Unit #1 is located a one-story residential building. This unit contains 7 rooms: 3 bedrooms, one bathroom, a kitchen, a living/dining room and a garage (with a laundry and storage area). The net living area of this unit is approximately 1,638 square feet (including the garage).

Unit #2. Unit #2 is located in a two-story residential building. This unit contains 15 rooms. The lower level contains a bedroom, bathroom, entertainment room, laundry room, 2 storage rooms and a garage. The lower level has a covered lanai. The upper level contains a kitchen, living room, 3 bedrooms, 2 bathrooms and a dining room. There are two lanais attached to the upper level. The net living area of this unit is approximately 4,021 square feet (including the garage and the lanais).

IMPORTANT NOTE: THE FLOOR AREAS FOR THE UNIT AS SHOWN IN THIS EXHIBIT ARE ALL APPROXIMATE. THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACTUAL AREA OF ANY PARTICULAR UNIT.

Boundaries of the Units

Notwithstanding the net living areas set forth above and the manner in which such net living floor areas have been measured, each unit shall include the exterior finished surfaces of the roof, perimeter, or party walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, floors and ceilings of the residential building containing such unit. Each unit shall also include all the doors and door frames, windows and window frames, louvers (if any), shutters (if any), panels and all fixtures installed therein. The units shall not include any pipes, wires, conduits or other utility or service lines running through or otherwise located within the unit which are utilized for or serve more than one unit.

Exhibit B

Permitted Alterations

1. **General**. A Unit Owner must satisfy the applicable terms and conditions of the Condominium Declaration and obtain all of the necessary governmental permits.

2. **Alterations by an Owner Within a Unit**. Each Unit Owner shall have the right at such owner's sole option at any time and from time to time, without the consent and/or approval of any other Unit Owner or any other persons or entities, to construct improvements within such owner's Unit and appurtenant Limited Common Elements and to renovate, remodel, make additions to, enlarge, remove, replace, alter or restore any such improvements comprising or within such Unit (collectively, the foregoing are referred to as "alterations"). If required by the Condominium Property Act, promptly upon completion of such alterations the owner of the altered Unit shall duly record an amendment to the Declaration, together with a complete set of the elevations and floor plans of such improvements or buildings as so constructed or altered, certified by a registered architect or professional engineer to depict the improvements substantially as built. It is not necessary for anyone else to vote for, consent to, or sign the amendment, except for any lender who has a mortgage on the Unit or Units that are changed or altered. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered Unit a power of attorney to execute an amendment to the Declaration solely for the purpose of describing the alterations to such Unit, so that the owner of the altered Unit 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 her Unit (including her Common Interest) and shall be irrevocable. If any governmental agency shall require some or all of the owners of Units in the Project (other than the Unit Owner applying for the governmental permit) to sign the necessary governmental permit application or related documents, then all of the other Unit Owners shall be required to sign any such permit applications or related documents as may be necessary to allow a Unit Owner to obtain the governmental permit contemplated by this paragraph.

3. **Conditions**. Any alterations to a Unit and its appurtenant Limited Common Elements shall be subject to the following conditions:

- All such alterations shall conform to all applicable governmental regulations, laws and ordinances.

- All such alterations shall be at the sole expense of the Unit Owner making the change, diligently pursued in a workman like manner and in a manner that will not unreasonably interfere with any other Unit Owner's use of her Unit, and completed within a reasonable time from the commencement thereof.

- The owner of the altered Unit shall have the right, at such owner's sole cost and expense, to utilize, relocate, realign and/or develop additional, central and appurtenant installations for services to the Unit affected by such alterations for electricity, sewer and other utilities and services. Provided, however, that no work done pursuant to this paragraph shall cause any unreasonable interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with any other Unit Owner's use or enjoyment of her Unit.

- The Unit Owner constructing the alterations shall provide evidence satisfactory to each other Unit Owner in the Project that such owner has sufficient funds in cash or by means of committed financing to pay the entire estimated cost of construction for the contemplated alterations.

- The Unit Owner constructing the alterations shall provide a performance bond and a labor and materials payment bond, each in a face amount equal to one hundred percent (100%) of the estimated cost of the construction, naming each other Unit Owner in the Project, and their Lenders, as their respective interests may appear, as additional obligees. As an alternative, the other Unit Owner(s) may approve a written indemnity, in form and content acceptable to the other

Unit Owner(s), under which the Unit Owner constructing the alterations shall indemnify and save harmless all other Unit Owner(s), and their Lenders, as their respective interests may appear, from and against any claims, demands or liability arising out of any failure by such Unit Owner to pay all costs and expenses for any and all labor, materials or supplies for any work performed in or to the Unit.

- The Unit Owner constructing the alterations shall indemnify and hold each other Unit Owner in the Project harmless from and against any and all claims, demands, suits and causes of action for injury to persons or for death and for damages to property, including property of such other Unit Owner(s), arising out of or in any way connected with the construction of the subject alterations.

Exhibit C

Common Elements and Limited Common Elements

Common Elements

- The Land, in fee simple;
- All vents, shafts, sewer lines, electrical equipment, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, gas (if any), water, cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution (if any); and
- Any and all other apparatus and installations existing for common use and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

Limited Common Elements

- Each Unit shall have appurtenant thereto and for its exclusive use that portion of the Land defined by the courses of metes and bounds for such Unit shown on the Condominium Map;
- Each Unit shall have the exclusive use of one (1) mailbox bearing the unit number;
- Unit #1 shall have the exclusive use of the yard area and driveway as marked in yellow on the Condominium Map and being approximately 4,769.52 square feet;
- Unit #2 shall have the exclusive use of the yard area and driveway as marked in green on the Condominium Map and being approximately 5418.48 square feet;
- All yards, grounds, trees, gardens, landscaping, walls, fences, gates and refuse facilities located within the limited common element land/yard area appurtenant to a Unit; and
- All secondary structures affixed to the limited common element land/yard area of the respective unit.

Exhibit D
Encumbrances

1. Real Property Taxes, if any, that may be due and owing. For further information, check with the City and County tax office.

2. DEED dated March 10, 1936, filed as Land Court Document No. 35253.

3. SETBACK (10 feet wide)shown on Map 162, as set forth by Land Court Order No. 22678, filed June 22, 1964.

4. Encroachment Agreement dated November 18, 2002 filed as Land Court Document No. 2862560.

5. GRANT dated June 1, 2007 to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation filed as Land Court Document No. 3612634.

6. MORTGAGE dated July 19, 2007, recorded as Land Court Document No. 3633778.**

7. Declaration of Condominium Property Regime recorded as Land Court Document No. 3878838, as amended by instrument dated September 2, 2009, recorded as Land Court Document No. 3952268.

8. Condominium Map No. 2010.

9. Bylaws of the Association of Unit Owners of 91-739 Papipi Road recorded as Land Court Document No. 3879919.

** Note: This Mortgage will be released prior to the conveyance of a unit to a purchaser so that the unit will be conveyed to a purchaser free and clear of this encumbrance.

Exhibit E

91-739 PAPIPI ROAD

ARCHITECT'S CONDITION REPORT
Pursuant to HRS Section 514B-84(a)

The undersigned, being a licensed architect in the State of Hawaii, has inspected the structures comprising the 91-739 Papipi Road condominium project located at 91-739 Papipi Road, Honolulu, Hawaii, and designated by Tax Map Key No. (1) 9-1-034:129 (the "Project"). The Units comprising the Project are described as follows:

Unit #1: One story building consisting of three bedrooms, one bathroom, kitchen, laundry room, living/dining room, storage room and garage as shown on the Condominium Map for the Project.

Unit #2: Two story building consisting of contains 15 rooms as shown on the Condominium Map for the Project. The lower level contains a bedroom, bathroom, entertainment room, laundry room, two storage rooms and a garage. The upper level contains a kitchen, living room, 3 bedrooms, 2 bathrooms and a dining room. There are two lanais attached to the upper level.

The inspection included visual examination of the structural components and mechanical and electrical installations in the Project, including the following: exterior roofs, foundations, walls, visible electrical systems, visible plumbing and other mechanical systems. Based on my inspection, the foregoing structural components and mechanical and electrical installations appear to be in sound condition and order, considering the age thereof, as of the date of this report.

THIS REPORT IS NOT A WARRANTY OF COMPLIANCE WITH ANY CODES, RULES, AND REGULATIONS THAT MAY BE APPLICABLE TO THE PROJECT OR STRUCTURES. THIS REPORT IS ONLY INTENDED TO DESCRIBE THE APPARENT, PRESENT CONDITION OF THE COMPONENTS AND INSTALLATIONS DESCRIBED HEREIN, BASED UPON THE INSPECTION DESCRIBED IN THIS REPORT. NO RIGHT SHALL ACCRUE TO ANY THIRD PARTY FOR THE SUBSEQUENT DISCOVERY OF ANY PROBLEMS WITH SUCH COMPONENTS OR INSTALLATIONS, OR WITH COMPLIANCE WITH ANY APPLICABLE CODES, RULES OR REGULATIONS.

CAROL A. KALAHIKI NOTARY PUBLIC No. 83-368 STATE OF HAWAII

Name:
Licensed Professional Architect No. 3139

Subscribed and sworn to before me this
1st day of July, 2009.

Name: CAROL A. KALAHIKI
MY COMMISSION EXPIRES 10/10/2011
Notary Public, State of Hawaii

My commission expires: _____

Doc. Description: architect condition report
Doc. Date: 7-1-09 No. Pages: 1
Carol A Kalahiki (Notary Printed) 1st Jud. Circuit

CAROL A. KALAHIKI NOTARY PUBLIC No. 83-368 STATE OF HAWAII

208113.1

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.honoluludpp.org

Exhibit F

MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2007/ELOG-2694(AS)

December 10, 2007

Stacey C. G. Hee, Esq.
McCorriston Miller Mukai MacKinnon LLP
Attorneys At Law
P. O. Box 2800
Honolulu, Hawaii 96803-2800

Dear Ms. Hee:

Subject: Condominium Conversion Project
91-739 Papipi Road
Tax Map Key: 9-1-034: 129

This is in response to your letter dated September 24, 2007, requesting verification that the structure located at the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story single-family detached dwelling with two (2) all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1980 on this 10,188-square-foot R-5 Residential District zoned lot.

Investigation also revealed that on August 11, 2006, Building Permit No. 600525 was issued for a two-story single-family detached dwelling at the rear of the property. This permit is still active.

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.

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

Very truly yours,

Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:ft

Doc585516

CERTIFICATE OF DEVELOPER

The Department of Planning and Permitting issued the letter attached as Exhibit "A" ("DPP Letter") to this Certificate. The undersigned, being the developer of the 91-739 Papipi Road condominium project, established on the real property designated as TMK No. (1) 9-1-034:129 (the "Property"), certifies as follows:

1. There have been no alterations or changes to the Project or dwellings or improvements located therein that would render the disclosures contained in the DPP Letter to be invalid or misleading in any respect; and

2. The undersigned has no actual knowledge of any violation issued with respect to the Property or the Project and has not received notification of any violation or potential violation with respect to the Property or the Project from the Department of Planning and Permitting or any other governmental agency.

GARY JOHN NEDERVELT

Exhibit G
Estimated Maintenance Fees

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Unit	Common Interest	Monthly Fee	Yearly Total
A	50%	$10	$120
B	50%	$10	$120

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee x 12 months = Annual Total
Reserves(*)	
Mail Boxes	$ 20
Other Contingency Expenses	$ 100
TOTAL	$120

I, Gary John Nedervelt, authorized agent of the Developer, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Gary John Nedervelt

EXHIBIT H
Summary of Pertinent Provisions of Sales Contract

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ WITH CARE ALL PROVISIONS OF THE SALES CONTRACT. THE SUMMARY OF THE SALES CONTRACT IN THIS EXHIBIT IS NOT INTENTED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE SALES CONTRACT BUT ONLY A SUMMARY OF SOME KEY PROVISIONS OF THE SALES CONTRACT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE SALES CONTRACT, A BUYER MUST REFER TO THE BUYER'S SALES CONTRACT TO DETERMINE HIS/HER RIGHTS AND OBLIGATIONS AND TO DETERMINE THE SPECIAL MEANING OF TERMS THAT ARE DEFINED IN THE SALES CONTRACT. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE SALES CONTRACT, THE SALES CONTRACT WILL GOVERN.

Copies of the specimen Sales Contract have been submitted as part of this registration.

1. Buyer's Rescission Rights. The buyer shall have the right to rescind the sales contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of the unit or the limited common elements appurtenant thereto, *provided, however,* that buyer does not have the right to rescind the sales contract if there is any change, addition, deletion or modification, or any merger of the Project pursuant to the terms of the Declaration.

2. Interest on Funds Deposited with Escrow Agent.

(a) All interest on buyer's deposits shall accrue for the benefit of the seller. All funds received by Escrow Agent from the buyer may be held together with other funds received by Escrow.

(b) Any interest earned on funds held by Escrow not required by the terms of the sale contract to be credited to the account of the buyer shall be paid to the seller.

3. Default; Liquidated Damages; Delays in Closing.

(a) Default by Buyer. The buyer will be in default under the sales contract if any of the following occurs:

(i) buyer fails to make a payment when due; or

(ii) buyer fails to furnish the seller satisfactory evidence of buyer's ability to pay the purchase price.

(b) Default by Buyer After Purchase Contract Becomes Binding.

(i) Cancellation. In the event of any default by buyer which occurs after the sales contract becomes a binding contract in accordance with HRS §514B-86, the seller may at its option cancel the sales contract. The buyer agrees that if the seller exercises its option to cancel the sales contract, the injury to the seller will be uncertain as to nature and amount and difficult to ascertain in view of, but not limited to, the following:

(1) Seller's financial commitments with respect to the Project;

(2) the connection between the sale, cancellation or such default with respect to one unit and the sale, cancellation or any default with respect to other units in the Project; and

(3) the nature of the real estate market in Hawaii.

(ii) Liquidated Damages. As a reasonable estimate of the seller's damages resulting from any default occurring after the sales contract becomes a binding contract, the sums previously paid by buyer under the sales contract together with all accrued interest thereon shall become, at the seller's option, the sole property of the seller as liquidated damages and not as a penalty for such default. It is understood that the damages suffered by the seller by virtue of such a default later in time will likely be greater than such a default occurring at an earlier point in time. If the seller does not elect to retain as liquidated damages the sums previously paid by buyer under the sale contract, the seller may pursue any other remedies permitted at law or in equity, including, without limitation, specific performance of buyer's obligation to purchase the unit for the purchase price.

Exhibit I

Summary of Pertinent Provisions of Escrow Agreement

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ WITH CARE ALL PROVISIONS OF THE ESCROW AGREEMENT. THE SUMMARY OF THE ESCROW AGREEMENT IN THIS EXHIBIT IS NOT INTENTED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT BUT ONLY A SUMMARY OF SOME KEY PROVISIONS OF THE ESCROW AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, A BUYER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE HIS/HER RIGHTS AND OBLIGATIONS AND TO DETERMINE THE SPECIAL MEANING OF TERMS THAT ARE DEFINED IN THE ESCROW AGREEMENT. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL GOVERN.

Copies of the executed Escrow Agreement have been submitted as part of this registration.

1. Sales Contracts to be Deposited in Escrow. When the Seller enters into a sales contract, the Seller will deliver an executed copy of such sales contract to Escrow.

2. Receipt of Funds by Escrow.

(a) Deposits by Seller. The Seller will deposit with Escrow any monies received by the Seller from each buyer under a sales contract.

(b) Escrow's Responsibilities. Escrow will receive and hold in escrow and disburse as set forth in the Escrow Agreement:

(i) all payments made by the Seller under sales contracts to the extent received by Escrow;

(ii) all funds from any lending institution disbursed pursuant to a mortgage loan made to a buyer for the purchase of an unit; and

(iii) all sums received by Escrow from any other source on account of the sale to a buyer of a unit.

3. Deposit of Escrowed Funds. In accordance with written instructions from the Seller, Escrow will deposit all funds received by it, within a reasonable time of such receipt by Escrow and in reasonably convenient sums, in trust accounts at a federally insured bank, savings and loan association or trust company authorized to do business under an escrow arrangement.

4. Interest on Escrowed Funds. Any interest earned on deposits shall accrue to the credit of the Seller.

5. Conditions to be Satisfied Prior to Disbursement. No disbursement of funds held by Escrow shall be made unless and until all of the following conditions have been satisfied, which may occur before closing of the sale of an unit to a buyer:

(a) Public Report. The Real Estate Commission shall have issued an effective date for the "Public Report" for the Project, and such buyer is given a copy of the Public Report and acknowledges receipt of same or is deemed to have acknowledged receipt of same.

(b) Buyer's Rescission Rights. The Seller or the Seller's attorney shall have delivered a written opinion to Escrow stating that the requirements of HRS Sections 514B-86 and 514B-87, as amended, have been satisfied.

6. Return of Funds and Documents.

(a) Escrow's Obligations to Return Funds. A buyer shall be entitled to a return of funds, and Escrow shall pay such funds to such buyer, if any one of the following shall have occurred:

(i) The Seller and such buyer shall have instructed Escrow in writing to return to such buyer funds of such buyer held by Escrow pursuant to this Agreement; or

(ii) With respect to any buyer whose funds were obtained prior to the issuance of the Public Report, such buyer has exercised such buyer's right to cancel the sales contract entered into by such buyer pursuant to HRS Section 514B-86; or

7. Such buyer has exercised such buyer's right to rescind the sales contract pursuant to HRS Section 514B-87.