DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	PUNALUU VALLEY FARMS CONDOMINIUM
Project Address	53-310 Punaluu Valley Road Hauula, Hawaii 96717
Registration Number	6943 (Partial Conversion)
Effective Date of Report	**March 29, 2010**
Developer(s)	Punaluu Valley Farms LLC

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.]

The Project consists of three Units and there are no continuing development rights of the Developer. The Developer has elected pursuant to Section 514B-101 of the Condominium Property Act to make the Project not subject to Part VI of the Condominium Property Act. The Project will be self-managed by the Owners. There will be no Association of Unit Owners and no By-Laws are therefore required.

The Project is situated on land which is classified as agricultural under the State Land Use Law and which is zoned agricultural by the City and County of Honolulu. The Units may be used only for agricultural purposes and all Improvements constructed on the Limited Common Element Land Areas shall be Farm Dwellings to be used only in connection with a farm or where agricultural activity provides income to the family occupying the dwelling in accordance with Section 205 4.5(a)(4), HRS. No ohana dwellings or other additional dwelling units are allowed on the Limited Common Element Land Areas except one single-family Farm Dwelling constructed by the Owner of Unit C. Only the Owner of Unit C shall have the right to construct a Farm Dwelling on the Limited Common Element Land Area appurtenant to Unit C. The owner of Unit B may not construct a Farm Dwelling or any other structure on Unit B. Any structure constructed in the project must comply with State and County zoning and building code requirements, laws and regulations.

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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	53-310 Punaluu Valley Road, Hauula, Hawaii 96717
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 5-3-007:007
Tax Map Key is expected to change because	
Land Area	40.285 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	1
Floors Per Building	1
Number of New Building(s)	
Number of Converted Building(s)	1
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood

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*
A	1	2 BR/1 Bath	600 sq. ft.			600
B	1		N/A Spatial	333,408	Spatial	333,408
C	1		N/A Spatial	1,198,858	Spatial	1,198,858
See Exhibit _____ .						

3	**Total Number of Units**

* All areas are square feet

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:	2 open located on and assigned to Unit A
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2 assigned to Unit A; none assigned to Units B and C
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:
The boundaries of Units A and C are the exterior fascia of the walls of the dwelling and shed. The Boundaries of Unit B are the boundaries enclosing the spatial areas identified as "B". If a farm dwelling is constructed on a limited common element land area appurtenant to Unit C, the Unit shall be the farm dwelling and the area bounded by the exterior fascia of the walls and roof of the farm dwelling.

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):
The owner of Unit C may construct a farm dwelling within the limited common element land area appurtenant to Unit C if permitted by the Land Use Ordinance of the City and County of Honolulu. Following construction of a farm dwelling the owner of Unit C may make any changes to the unit. The owner of the farm dwelling located on Unit A may make any changes to the 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:
Unit A 12.4476%
Unit B 19.0507%
Unit C 68.5019%

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 A .

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 B .

Described as follows:

1.11 Special Use Restrictions

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

☐	Pets:
☐	Number of Occupants:
☒	Other: See Exhibit C
☐	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: January 7, 2010

Company that issued the title report: Old Republic Title Company

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/agricultural		☐ Yes ☐ No	
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☐	Industrial		☐ Yes ☐ No	
☒	Agricultural	1	☒ Yes ☐ No	AG-2
☐	Recreational		☐ Yes ☐ No	
☒	Other (Specify): Spatial	2	☒ Yes ☐ No	AG-2
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:

The unpermitted structures in the project are being demolished.

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:
The present condition of the structural, mechanical and electrical components of Unit A-1 is in "below average" condition.

Developer's statement of the expected useful life of each item reported above:
We estimate the expected useful life of the structure is between 10-20 years.

List of any outstanding notices of uncured violations of any building code or other county regulations:
Four sheds are unpermitted. Those sheds are being demolished.

Estimated cost of curing any violations described above:
The unpermitted structures are being demolished. No uncured violations of any building code or other county regulations will remain following demolition.

Verified Statement from a County Official

Regarding any converted structures in the project, attached as Exhibit E 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. One farm dwelling is on Unit A. Only the owner of Unit C may construct a farm dwelling.	
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: Punaluu Valley Farms LLC Business Address: P.O. Box 711 Congress, Arizona 85332 Business Phone Number : (602) 254-1649 E-mail Address: parkerdairy@hotmail.com
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	James W. Parker, Manager
2.2 Real Estate Broker	Name: Frances Britten (Homequest Realtors, LLC) Business Address: 315 Uluniu St., #204 Kailua, HI 96734 Business Phone Number: 261-1470 E-mail Address: franbritten@hotmail.com
2.3 Escrow Depository	Name: Old Republic Title & Escrow of Hawaii, Ltd. Business Address: 151 Hekili Street, Ste. 201 Kailua, Hawaii 96734 Business Phone Number: 266-0150
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: Nancy N. Grekin Business Address: 5 Waterfront Plaza, 4th Floor 500 Ala Moana Blvd., Honolulu, Hawaii 96813 Business Phone Number: 529-7419

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	November 6, 2009	2009-180071

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 19, 2010	2010-017096

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	January 19, 2010	2010-017097

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	
Bureau of Conveyances Map Number	4857

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%	67%
Bylaws	67%	67%

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

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☒	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows: See Exhibit F

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

The initial Condominium Managing Agent for this project is (check one):	
☐	Not affiliated with the Developer
☒	None (self-managed by the Association)
☐	The Developer or an affiliate of the Developer
☐	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	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: December 1, 2009 Name of Escrow Company: Old Republic Title & Escrow of Hawaii, Ltd. 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	The lien is superior to the interests of the buyers of apartments, and
	foreclosure of the lien would foreclose buyer's interest.
	If buyer's interest is foreclosed, buyer's deposit will be returned less escrow cancellation fees.

5.4 Construction Warranties

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

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

Status of Construction: Developer will not do any construction at the Project. The farm dwelling on Unit A was completed in 1981.
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

☒ N/A	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

Item 2 in the Encumbrances Against Title listed in Exhibit D (Affidavit Claiming Kuleana Rights Road Right of Way dated June 27, 1994, recorded as Document No. 94-108420, by Tomasi F. Tukuafu and Irene C. Tukuafu) is a claim of rights in a dirt roadway in the project depicted as a dotted line on the condominium map. Exclusion 1 is owned by third parties and is not part of the project. Exclusion 2 is owned by third parties and is not part of the project.

Item 4 in the Encumbrances Against Title listed in Exhibit D (5. Notice of Dedication dated -/-/- (acknowledged January 23, 2004), made by Punaluu Valley Farms, LLC, James W. Parker, Manager re 5 year dedication of land for agricultural purposes , recorded in said Bureau as Document No. 2004-156464) has expired.

All Units have access to and from Koolau Road.

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.

Punaluu Valley Farms LLC

Printed Name of Developer

By: James W. Parker
Duly Authorized Signatory*

12/1/09
Date

James W. Parker, 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.**

EXHIBIT A
Common Elements

1. The Land in fee simple;

2. All common driveways, including shoulders areas, rights of way and Landscaping in driveways;

3. All yards, grounds, trees, gardens, Landscaping and refuse facilities not located within the Limited Common Element Land Area appurtenant to a Unit;

4. All sewer lines, water lines, pipes, cables, conduits, electrical equipment, wiring and other appurtenant transmission facilities and installations on, above, over, under and across the Project to the point of their respective connections to Farm Dwellings comprising a part of a Unit or the Limited Common Elements appurtenant thereto, including, without limitation, those providing electricity, light, gas (if any), water, sewer, refuse, drainage, irrigation, telephone, and radio and television signal distribution (if any) to more than one Unit; and

5. Any and all other apparatus and installations existing for common use by more than one Unit, and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

EXHIBIT B
Limited Common Elements

1. The Limited Common Element Land Area identified by such Unit's letter on the Condominium Map;

2. All yards, grounds, trees, gardens, Landscaping and refuse facilities located within the Limited Common Element Land Area appurtenant to a Unit;

3. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve such Unit, but located outside the Unit's boundaries;

4. Any swimming pool, recreation area, sauna and/or storage area located within any Limited Common Element Land Area shall be a Limited Common Element;

5. The driveway located within the Limited Common Element Land Area appurtenant to a Unit leading to the garage of any such Unit;

6. Such Unit's trash enclosure, if any;

7. Such Unit's sewer system and related equipment and any other utility infrastructure serving only such Unit, regardless of where it is located on the Land.

EXHIBIT C
Special Use Restrictions

1. Limitations on Business, Trade or Professional Use. Except for agricultural purposes as may be allowed or permitted under applicable zoning ordinances, and subject to the provisions of the Declaration which permits the Declarant to do otherwise,

a. the Units and their Limited Common Elements shall not be used to carry on any business, trade or profession;

b. the Units and their Limited Common Elements shall not be used for sales of any articles or goods; and

c. no Unit Owner, lessee, tenant or other occupant of a Unit shall bring clients, customers or other business invitees onto the Property on a regular basis for business purposes.

2. Right to Sell, Lease or Rent. Unit Owners shall have the right to sell, lease, rent and otherwise transfer their respective Units, subject to the Condominium Property Act, Condominium Documents and applicable Laws and Regulations. Any lease or rental agreement of a Unit shall provide that it shall be subject in all respects to the provisions of the foregoing, and shall provide that the failure of a lessee or tenant to comply with the terms thereof shall constitute a default under such lease or rental agreement. Any such lease or rental agreement not containing provisions providing for the foregoing shall be void *ab initio*.

3. Use of Common Elements. Each Unit Owner may use the Common Elements for the purposes for which they were intended; *provided, however,* that such use shall not hinder or encroach upon the lawful rights of other Unit Owners, *provided, however,* that each Owner shall have the right to the exclusive use of the Limited Common Elements appurtenant to such Owner's Unit as provided in the Declaration.

4. Prohibited Uses. No Unit Owner, lessee, tenant, occupant, or other Interested Person shall directly or indirectly, use the Project or any part thereof for bed and breakfast establishments; boarding facilities, rooming, or lodging houses; multiple-family dwellings; group living facilities; the promotion or sale of time share interests, or sale, transfer or contribution to any membership club or plan; sales by auction or lottery; or for the operation of a tour or activity desk or any other business that directly or indirectly promotes the sale of time share interests, or interests in a membership club or plan, *provided, however,* that nothing herein shall be construed to prevent the fractional ownership of a Unit by 6 or less Owners, and any accompanying use plan provided the ownership and use plan do not constitute a time share plan under Chapter 514E, HRS.

5. Vehicles, Boats and Trailers.

a. Parking Restrictions. No Owner shall park any automobile, truck, motorcycle, motor-scooter, golf-cart or other mechanized cart, trailer, boat, or any other vehicle or craft in any part of the Project other than in the Owner's Limited Common Elements.

b. Size Restrictions. No Owner shall permit any trailer, boat, or other craft, or any motor vehicle other than vehicles for the transport of seven (7) or fewer persons to be visible from any Unit or Common Element other than such Owner's Unit and Limited Common Elements for more than twenty-four (24) consecutive hours.

c. Repair Restrictions. No vehicle, boat, trailer, or other mechanical equipment shall be dismantled, serviced or repaired on any site within view of any Unit or Common Element other than such Owner's Limited Common Element Land Area.

6. Pools. Pools, spas and water features shall be maintained in accordance with all applicable Laws and Regulations, including, without limitation, those of the Department of Health of the State of Hawaii. In the event that any pool, spa or water feature becomes a nuisance or is abandoned, such structure shall be removed by the Owner thereof and the area restored and landscaped. All pools, spas, water features and equipment shall be drained using appropriate government-approved measures, and in no way shall water be directed to other Units, Limited Common Elements, adjacent real property, the beach adjacent to the Land, or the ocean.

7. Refuse. Each Owner shall ensure that all refuse receptacles are tightly covered and not visible from any Unit or Common Element other than such Owner's Unit or Limited Common Element Land Area. Enclosures for refuse receptacles for each Unit shall be located within the Limited Common Element Land Area appurtenant to such Unit, and shall be of a design and color which are compatible with the exterior design and color of such Unit.

8. Prohibition Against Uses Which Would Increase Insurance Rates. No Owner shall use any Unit or Limited Common Element for any purpose or in any manner which would cause the cancellation of any policy of insurance, or increase the existing rate of insurance, for the Project.

9. Right to Construct Farm Dwelling. Only the owner of Unit C may construct on a farm dwelling on the limited common element land area. The owner of Unit B may not construct a Farm Dwelling.

EXHIBIT D
Encumbrances Against Title

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Affidavit Claiming Kuleana Rights Road Right of Way dated June 27, 1994, recorded as Document No. 94-108420, by Tomasi F. Tukuafu and Irene C. Tukuafu.

3. Dirt road as shown on survey map dated December 12, 2001.

4. Overhead electric and telephone lines and utility poles as shown on survey map dated December 12, 2001.

5. Real Property Mortgage; Security Agreement; Assignment of Leases and Rents; Fixture Filing; and Financing Statement, made by Punaluu Valley Farms LLC, a Hawaii limited liability company, as Mortgagor, and Bank of The West, a California banking corporation, as Mortgagee, dated June 5, 2009, recorded in said Bureau as Document No. 2009-096344, in the amount of $13,048,739.11.

6. Mortgage and Assignment of Rents, made by Punaluu Valley Farms, LLC, a Hawaii limited liability company, as Mortgagor, and Western Milling, LLC, a California limited liability company, as Mortgagee, dated May 8, 2009, recorded in said Bureau as Document No. 2009-110958, in the amount of $1,222,940.00.

7. Covenants, conditions, restrictions, reservations, agreements, obligations and provisions set forth in the Declaration of Condominium Property Regime of Punaluu Valley Farms, 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 dated November 6, 2009, recorded November 24, 2009, recorded in said Bureau as Document No. 2009-180071.

EXHIBIT F
Developer's Reserved Rights

1. Sales Activities. The Developer and its representatives, licensees, and invitees has reserved the right and easement to conduct sales activities within the Common Elements (including, but not limited to, the Limited Common Elements) and from any Unit owned and/or leased by Developer.

2. Grant of Easements. The Developer has reserved the right to :

a. grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the Common Elements as necessary or convenient to the exercise of any other of the Declarant's Reserved Rights, or for any reasonable purpose, including:

i. operating, maintaining, or repairing any Unit, the Common Elements, or any Limited Common Element, or any Adjacent Parcel;

ii. the development of the Project;

iii. the development of the Common Areas;

iv. for utilities or any public purpose, including, without limitation, for electricity, gas, water, beach access, pedestrian walkways, stairs, ramps, trails, bikeways, or other passageways; or

v. which the Declarant deems necessary or helpful in connection with the exercise of any of the Declarant's Reserved Rights to construct Farm Dwellings or to subdivide and delete portions of the Land

3. Developer's Right to Reconfigure Project.

a. Reservation of Right. Notwithstanding anything in the Declaration, the Developer hereby reserves the right, from time to time and at any time prior to the expiration of the Development Period, to reconfigure the Project by:

i. Subdividing Unit C into additional lots and amending this Declaration and the Condominium Map to describe and depict such subdivided lots;

ii. Establishing additional Units within Unit C or any subdivided lots within Unit C and amending this Declaration and the Condominium Map to describe and depict such Units.

iii. Increasing or decreasing the size of any Limited Common Elements appurtenant to either Unit owned by the Developer, or otherwise reconfiguring such Limited Common Elements;

iv. Combining and reconfiguring Limited Common Elements which are appurtenant to the Units, if and as long as the Developer owns both of said Units;

v. Redesignating existing Limited Common Elements appurtenant to any Unit owned by the Developer; and

vi. Increasing or decreasing the size of, and/or relocating, any Limited Common Elements or Common Elements; provided, however, that such increase, decrease, and/or

relocation does not have a material adverse effect on any Owner's use or enjoyment of such Owner's Unit or the Limited Common Elements appurtenant thereto.

vii. Use of Other Rights to Implement Reserved Right. The Developer also hereby reserves the right to do anything necessary or convenient to the exercise of the Developer's Reserved Rights, including, without limitation, the right to execute, acknowledge and Record one or more amendments to the Declaration and to the Condominium Map.

b. Amendment to Condominium Map. Any Amendment to the Condominium Map shall show the floor plans and elevations of the additional building or buildings and such additional or amended floor plans and elevations as may be necessary or appropriate. Such amendment shall be accompanied by the verified statement of a registered architect or professional engineer stating that such amendment is an accurate copy of portions of such floor plans or elevations as filed with and approved by the governmental agency having jurisdiction over the issuance of permits for the construction of such buildings.

c. Limitations. The rights reserved to the Developer are subject to the following terms and conditions:

i. Each Unit which is to be relocated and Limited Common Elements which are to be redesignated must be owned by the Developer at the time of such relocation and redesignation;

ii. Any reconfiguration of any Limited Common Elements or Common Elements shall not have a material adverse effect on any Owner's use or enjoyment of such Owner's Unit or the Limited Common Element Land Area appurtenant to such Owners' Unit, or the Common Elements; and

iii. The Developer shall pay all costs associated with its exercise of the Developer's Reserved Rights.

4. Developer's Reserved Right to Withdraw Land from Project. Notwithstanding anything contained in the Declaration, the Developer reserves the right, at any time and from time to time during the Development Period, to withdraw and delete from the Project, and from the condominium property regime established by the Declaration, all or any part of the Land.

a. Scope of Developer's Reserved Rights. The Developer's Reserved Rights shall include the rights to do anything necessary or convenient to delete all or any part of the Land as herein provided, including, without limitation, the right to do or undertake any of the following:

i. to amend the Declaration to change the description of the Land;

ii. to amend the Condominium Map, if necessary or useful, to reflect the deletion of all or any portion of the Land;

iii. to Record an amendment to the Declaration at least containing an amended description of the Land and, if necessary, an amendment to the Condominium Map to reflect the same;

iv. to amend any previously Recorded deed or other document conveying or encumbering a Unit so that it conforms with the revised Declaration and/or to Record a new deed or conveyance document for that purpose;

v. to sign, acknowledge, and Record one or more deeds, releases, or other documents or instruments as the Developer deems necessary or convenient to effect the deletion of all or any part of the Land and to delete the same from the condominium property regime or to vest title to the same in the Developer free of all claims, liens, and interests of anyone else; provided, however, that the deleted Land, will be subject to the Design Guidelines, and any mortgage made by the Developer encumbering the Land; and

vi. to use any of the other Developer's Reserved Rights as may be necessary or convenient to delete all or any part of any Land as provided in the Declaration.

5. Developer's Right to Change Project to Comply With Law. Notwithstanding anything contained in the Declaration, and except as otherwise provided by applicable Laws and Regulations, the Developer reserves the right, at any time and from time to time, to change the Units, the Common Elements, the Limited Common Elements, and/or to amend the Condominium Documents as required to comply with any applicable Laws and Regulations that apply to the Project or the Developer, including, without limitation, the federal Fair Housing Act, 42 U.S.C. § 3601 et seq., and the Americans With Disabilities Act 42 U.S.C. § 12101 et seq., and any rules and regulations adopted with respect to either of them.

EXHIBIT G
Estimated Annual 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	12.4474%	$5.19	$62.24
B	19.0507%	$7.94	$95.25
C	68.5019%	$28.54	$342.51

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
Maintenance, Repairs and Supplies	
Common element maintenance	$500
Management	
Insurance	
Reserves(*)	
Taxes and Government Assessments	
Other Contingency Expenses	
TOTAL	$500

Unit owners will begin paying common expenses upon recordation of a deed from Developer of the unit owner's spatial unit.

I, James W. Parker, Manager of Punaluu Valley Farms LLC, the Developer of Punaluu Valley Farms condominium Project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles and have been prepared on the cash basis.

PUNALUU VALLEY FARMS LLC

By James W. Parker, mgr.
James W. Parker
Its Manager

EXHIBIT H

Summary of Pertinent Provisions of Sales Contract

1. Developer's Cancellation Rights.

a. In the event Buyer shall have died prior to his acquisition of title to the Unit, the Developer may elect to return all sums paid under the sales contract to Buyer's estate or legal representative, and thereupon all rights of Buyer shall cease and terminate without further liability on the part of the Developer.

b. Except as otherwise provided in the sales contract, if Buyer shall default in making any of the payments or performing any of the obligations called for in the sales contract and such default shall continue for ten (10) days after notice delivered personally or by mail by Developer to Buyer at the address given above, then, forthwith at the option of Developer, Buyer shall lose any and all rights under the sales contract, and any amount paid toward the purchase price may be retained by Developer as liquidated damages, or may/ at the option of Developer, be returned, less Buyer's proportionate share of expenses to be determined solely by Developer. Time is of the essence of the sales contract. Additionally, Developer may pursue any other remedy, and all costs, including reasonable attorney's fees incurred by reason of default by the Buyer shall be borne by the Buyer.

c. The Developer may, at its option, release the obligations of Buyer under the sales contract in the event Buyer shall secure another purchaser who is satisfactory to Developer. This Agreement is not otherwise assignable. Any assignment or attempted assignment by Buyer (including, without limitation, any solicitation for sale of the Unit or any interest of Buyer's therein or any agreement of sale entered into prior to the actual closing of this sale) shall constitute a material breach and Developer at its option may terminate the sales contract and retain all sums paid as liquidated damages.

2. Right of Buyer to Cancel the Sales Contract.

a. The Buyer has a legal right under Hawaii law to cancel the purchase of the Unit, if the Buyer desires to do so, without any penalty or obligation within thirty days following the date the Public Report is delivered to the Buyer. If the Buyer cancels, then the Buyer will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs/ which cost and fees shall not exceed $250.

b. If the Buyer decides to cancel, the Buyer shall do so by notifying the Developer at the address provided for in the DROA by mail or facsimile sent before: (i) the conveyance to the Buyer of the Unit; or (ii) midnight of thirtieth day after delivery of the Public Report(s) to the Buyer, whichever is earlier. If the Buyer sends or delivers his written notice some other way, it must be delivered to the above-referenced address no later than that time. The Buyer can use any written statement that is signed and dated by the Buyer and states his intention to cancel, or the Buyer may use the notice provided by Developer by checking the appropriate box and by signing and dating it.

c. If the Buyer does not act within the above thirty-day period or if the Unit is conveyed to the Buyer within the above thirty-day period, the Buyer will be considered to have executed the receipt for the Public Report and to have waived his right to cancel the purchase of the Unit. The Buyer may also waive his right to cancel by checking the appropriate box, by signing and dating the form of notice provided by Developer and by returning said notice to the Developer.

d. It is understood that no obligation to purchase an Unit under any agreement for the purchase or reservation of an Unit entered into prior to the issuance of a Public Report is enforceable against the Buyer under such agreement.

e. All monies paid by Buyer prior to issuance of the Public Report shall be deposited in trust with the escrow agent with instructions that no disbursements shall be made from such

trust fund on behalf of Developer until the sales contract has become effective, and requirements of Sections 514B-92 or 514B-93, Hawaii Revised Statutes, as amended, have been met.

f. Upon the occurrence of any of the above, and upon the return by escrow agent of the payments made by Buyer, whether or not upon his request, the rights of the parties hereto under the sales contract shall terminate and neither shall have any further rights or obligations in relation thereto. Whenever escrow agent shall be required to return any monies to Buyer, the same shall be without interest.

g. Additional right to cancel by Buyer under §514B-3, HRS.

h. Except for any additions, deletions, modifications and reservations made pursuant to the terms of the Amended and Restated Declaration of Condominium Apartment Regime for the project, the Buyer may rescind his purchase of the Unit even though the sales contract is binding upon him if there is a material change in the project which directly, substantially, and adversely affects the use or value of (i) the Buyer's Unit or appurtenant limited common elements, or (ii) those amenities of the project available for the Buyer's use.

i. The Buyer's right of rescission shall be waived upon

i. delivery to the Buyer of a disclosure document which describes the material change and contains a provision for the Buyer's written approval or acceptance of such change, and

ii. the Buyer's written approval or acceptance of the material change, or the lapse of ninety days since the Buyer has accepted the Unit or since the Buyer's occupancy of the Unit.

iii. If the Buyer does not rescind the sales contract or execute and return the written approval or acceptance of such change as provided in the disclosure document within thirty days from the date of delivery of such disclosure document, the Buyer shall be deemed to have approved and accepted such change (but only if at the time of delivery of the disclosure document, the Buyer is notified that his failure to act within such 30 day period will be deemed to be an approval).

j. Notwithstanding the foregoing, if prior to delivery of a disclosure document, ninety days have elapsed since the Buyer has accepted the Unit, or the Buyer has occupied the Unit, then the Buyer's right to rescission shall not be waived unless the Buyer shall execute the written approval or acceptance of such change as provided in the disclosure document within thirty days from the date of delivery of such disclosure document or the Buyer is deemed to have approved and accepted such change as set forth above.

k. In the event of rescission, the Buyer shall be entitled to a prompt and full refund of any moneys paid, less any escrow cancellation fees and other costs up to $250.

3. Warranties and Construction Defects.

a. The parties understand that the Unit located on Unit A is an existing dwelling that was constructed in approximately 1973. The Developer did not construct the building and is giving no warranties to Buyer with respect to (i) the construction, materials, design or workmanship of the Unit or the common elements of the project, or (ii) any matters other than title with respect to the land on which the project is located. However, the Developer is transferring the appliances and the electrical and plumbing fixtures in normal working condition consistent with their age. The Developer will not be liable to the Buyer for any construction or other defects, including any latent or hidden defects in the Unit or the common elements or anything installed or contained therein.

b. Buyer understands the importance of making his own investigation or having an investigation made by trained professionals of the Unit and the project.

c. The Buyer further understands that execution, delivery and recordation of the Buyer's Unit deed shall constitute the Buyer's acceptance of the Unit and the project and the condition thereof, including all personal property therein.

d. Except as to the foregoing, the Buyer understands that the Unit is being sold in "AS IS" condition. This means that the Buyer is assuming all risks as to the condition of the Unit and the project, including the land; that the Developer will not be obligated to correct any defects in the Unit or the project (including the land) or anything installed or contained therein if such defects are later discovered, and that the Buyer will not have the right to file any lawsuit for damages against the Developer for any defects later discovered by the Buyer.

Exhibit I

Summary of Pertinent Provisions of Escrow Agreement

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

2. Receipt of Funds by Escrow.

a. Deposits by Developer. The Developer will deposit with escrow any monies received by the Developer 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 the following:

i. all payments made by the Developer 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 apartment; and

iii. all sums received by escrow from any other source on account of the sale to a Buyer of an apartment.

3. Deposit of Escrowed Funds. In accordance with written instructions from the Developer, 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 in the State of Hawaii under an escrow arrangement.

4. 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 apartment to a Buyer:

a. Public Report. The Real Estate Commission shall have issued an effective date for the "Public Report"" for the condominium project and 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 Developer or the Developer's attorney shall have delivered a written opinion to escrow stating that the requirements of HRS Sections 514B-86, as amended, have been satisfied.

c. Developer's Cancellation Rights. The Developer shall have given escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

5. Return of Funds and Documents.

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

i. The Developer and such Buyer shall have instructed escrow in writing to return such funds to such Buyer; or

ii. The Developer has notified escrow of the Developer's exercise of the option to cancel or rescind the sales contract entered into by such Buyer pursuant to any right of cancellation or rescission provided for therein or otherwise available to the Developer with respect to which, and such Buyer is entitled in accordance with the sales contract to a return of funds deposited by such Buyer with escrow; or

iii. 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

iv. Such Buyer has exercised such Buyer's right to rescind the sales contract entered into by such Buyer pursuant to HRS Section 514B-87.

6. Cancellation Fee; Cancellation of Sales Contract. Upon the occurrence of any event described in Section 5.a.i or 5.a.ii above or upon receipt of a written request for a refund from any Buyer upon the occurrence of any event described in Section 5.a.iii or 5.a.iv above, and unless such Buyer has waived or has been deemed to have waived such Buyer's right to a refund, escrow shall deliver to such Buyer all funds received from such Buyer, less, if so specified in the sales contract entered into by such Buyer, a cancellation fee to escrow of not less than Two Hundred Fifty Dollars ($250.00) per Apartment which is the subject matter of such sales contract. Upon such payment, said sales contract shall be deemed cancelled and any partially executed conveyance document theretofore delivered to escrow shall be returned to the Developer; provided, however, that no refund shall be made to any Buyer prior to escrow giving the Developer written notice of escrow's intention to make such refund.

7. Buyer's Default.

a. Sums Payable by Buyer Under Sales Contract. The Developer shall give notice in writing to escrow of the occurrence of each event that creates an obligation on the part of any Buyer to make any payment to escrow pursuant to the terms of a sales contract entered into by such Buyer, and the amount of and due date for such payment. Upon receipt of any such notice, escrow shall promptly give such Buyer notice of the amount and date on which such required payment is due.

b. Failure of Buyer to Make Required Payment. If a Buyer fails to make any required payment to escrow on or before the date on which it is due or if such Buyer fails to satisfy any obligation or requirement being handled by escrow, escrow shall promptly notify the Developer of any such failure on the part of such Buyer. If the Developer (i) subsequently certifies in writing to escrow that the Developer has terminated the sales contract into which such Buyer entered in accordance with the terms thereof, and (ii) provides to escrow a copy of the notice of termination sent to such Buyer, escrow shall thereafter treat all funds of such Buyer paid on account of such Buyer's sales contract as the property of the Developer, and not as the property of such Buyer. Such funds shall be free of the escrow established by such sales contract and escrow agreement and shall be held by escrow for the account of the Developer.

c. Disbursement of Funds; Delivery to Buyer Upon Termination of Sales Contract. Upon the written request of the Developer:

i. Escrow shall pay to the Developer the funds referred to in Section 7.b above above, less any escrow cancellation fee;

ii. shall return to the Developer any partially executed conveyance documents theretofore delivered to escrow by the Developer; and shall hold all other documents

theretofore delivered to escrow in connection with such Buyer's purchase of an apartment for any applicable statutory period.

8. Closing.

a. Escrow shall promptly and diligently arrange for and supervise the execution of all documents related to the closing of the sale of each apartment, and shall promptly and diligently close the transactions and perform such services as are necessary or proper for the closing of such sale.

b. Not later than ten (10) days prior to the date scheduled for closing the sale of a apartment, escrow shall deliver to Developer and each Buyer of an apartment a commitment by Old Republic Title & Escrow of Hawaii, Ltd, to issue at closing a standard owner's title insurance policy insuring that Buyer has good and marketable title to such apartment and, if appropriate, an ALTA lender's title insurance policy, which commitment shall contain no exceptions to title other than encumbrances accepted by Buyer by written approval of the commitment for title insurance, in the full amount of the Purchase Price (collectively, the "Title Policy"). The premium for the Title Policy issued with respect to a apartment shall be as follows; provided, however, that the title insurance premium may be subject to change if reinsurance rates change or if special endorsements or additional title services are requested. endorsements or additional title services are requested:

c. Upon receipt by escrow of:

i. an executed conveyance document for a apartment;

ii. all necessary releases of encumbrances;

iii. the Title Company's commitment to issue the Title Policy;

iv. from Buyer, the full amount of the purchase price for such apartment, and such Buyer's share of closing costs; and

v. a receipt for the Public Report signed by the Buyer escrow shall act promptly to close the sale of such apartment by recording of such conveyance document and such releases, if any; and after recordation, escrow shall cause

(1) the Title Policy and a copy of said conveyance document to be delivered to such Buyer;

(2) if requested, a copy of said conveyance document and the release or partial releases, if any, to be delivered to the Developer; and

(3) all sums with respect to the purchase of the apartment to be disbursed to the Developer after deduction by escrow of the Developer's share of the closing costs.