

DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

| | |
|--------------------------|---|
| CONDOMINIUM PROJECT NAME | "85-745 LIHUE STREET" |
| Project Address | 85-745 Lihue Street, Waianae, Hawaii 96792 |
| Registration Number | 7205 |
| Effective Date of Report | May 2, 2012 |
| Developer(s) | KORENAGA, INC., a Hawaii registered corporation |

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

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 dashed lines on the Condominium Map bounding the designated number of square feet in 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 Developer's Public Report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

| | |
|--|--|
| Fee Simple or Leasehold Project | <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit) |
| Developer is the Fee Owner | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Fee Owner's Name if Developer is not the Fee Owner | N/A |
| Address of Project | 85-745 Lihue Street, Waianae, Hawaii 96792 |
| Address of Project is expected to change because | N/A |
| Tax Map Key (TMK) | (1) 8-5-012:037 |
| Tax Map Key is expected to change because | N/A |
| Land Area | 16,536.0 square feet, more or less |
| Developer's right to acquire the Property if Developer is not the Fee Owner (describe) | N/A |

1.2 Buildings and Other Improvements

| | |
|--|---------------------------------|
| Number of Buildings | Three (3) |
| Floors Per Building | One (1) |
| Number of New Building(s) | Three (3) |
| Number of Converted Building(s) | None |
| Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.) | Wood, metal and concrete |

1.3 Unit Types and Sizes of Units

| Unit No./ Location | Quantity | BR/Bath | Net Living Area | Net Other Areas | Other Areas (lanai, garage, etc.) | Total Area |
|------------------------------|----------|------------|-----------------|----------------------------|--|--------------------|
| 1 (85-745 Lihue St) | 1 | 4/2 | 1,310 sf | 15.66 sf 468 sf | entry area carport, storage, & laundry area | 1,793.66 sf |
| 2 (85-745-A Lihue St) | 1 | 4/2 | 1,310 sf | 15.50 sf 468 sf | entry area carport, storage, & laundry area | 1,793.50 sf |
| 3 (85-745-B Lihue St) | 1 | 4/2 | 1,275 sf | 41.50 sf 440 sf | entry area carport, storage, & laundry area | 1,756.50 sf |
| See Exhibit _____. | | | | | | |

| | |
|----------|------------------------------|
| 3 | Total Number of Units |
|----------|------------------------------|

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

1.4 Parking Stalls

| | |
|--|----------|
| Total Parking Stalls in the Project: | 6 |
| Number of Guest Stalls in the Project: | 0 |
| Number of Parking Stalls Assigned to Each Unit: | 2 |
| Attached 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. NONE | |

1.5 Boundaries of the Units

Boundaries of the Unit:
Each unit is a free-standing unit separate and apart from any other unit. Therefore the boundaries of each unit are the structural components of each unit's perimeter walls, roof and floor, as shown on the condominium map for this Project.

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):
Alterations of an apartment may be made with the consent of all owners, or the units affected thereby, and all of the institutional holders of all liens affecting the apartment.

1.7 Common Interest

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

Described in Exhibit ____.

| As follows: | <u>Unit No.\</u> | <u>Location</u> | <u>Undivided Interest</u> |
|-------------|------------------|--------------------------------|---------------------------|
| | 1 | (85-745 Lihue Street) | 33.633% |
| | 2 | (85-745-A Lihue Street) | 33.633% |
| | 3 | (85-745-B Lihue Street) | 32.734% |
| | TOTAL | | 100.000% |

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

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

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 _____.

Described as follows:

- a) Land herein described in Exhibit "A" of the Declaration in fee simple.
- b) All yards, boundary walls, if any, grounds, landscaping, walkways, and sidewalks, if any.
- c) All electrical equipment, wiring and other appurtenant installations, including power and light, water sewer and gas lines; all pipes, wires, conduits or other utility or service lines, including TV cable, if any, which are utilized by or serve more than one unit.
- d) Site 4, area 2,816 sq. ft., being the common driveway.

| Common Element | Number |
|----------------|--------|
| Elevators | 0 |
| Stairways | 0 |
| Trash Chutes | 0 |

1.10 Limited Common Elements

Limited Common Elements: A limited common elements 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 "A" _____.

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.

| | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Pets: None, except "guide dog" and such other animal as may be allowed by the Association |
| <input checked="" type="checkbox"/> | Number of Occupants: No more than six (6) persons are allowed (See House Rules) |
| <input checked="" type="checkbox"/> | Other: See House Rules |
| <input type="checkbox"/> | 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 "B" describes the encumbrances against title contained in the title report described below.

Date of the title report: **January 20, 2012**

Company that issued the title report: **Stewart Title Guaranty 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 |
| <input checked="" type="checkbox"/> | Residential | 3 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | R-5 |
| <input type="checkbox"/> | Commercial | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Mix Residential/Commercial | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Hotel | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Timeshare | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Ohana | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Industrial | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Agricultural | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Recreational | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> | Other (specify) | | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws? | | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Variances to zoning code have been granted. | | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Describe any variances that have been granted to zoning code. | | | See Exhibit "C" – CCH, Dept Land Utilization Letter See Exhibit "D" – CCH, DPP Letter dated 01-7-2010 | |

1.14 Other Zoning Compliance Matters

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

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

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

1.15 Conversions

| | |
|---|--|
| <p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p> | <p><input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable</p> |
| <p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>N/A</p> | |
| <p>Developer's statement of the expected useful life of each item reported above:</p> <p>N/A</p> | |
| <p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>N/A</p> | |
| <p>Estimated cost of curing any violations described above:</p> <p>N/A</p> | |

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

1.16 Project in Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

| | |
|---|--|
| <p>2.1 Developer(s)</p> | <p>Name: KORENAGA, INC., a Hawaii registered corporation Business Address: 1986 Ala Mahamoe Street Honolulu, Hawaii 96819 Business Phone Number: (808) 216-3561 E-mail address: None</p> |
| <p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p> | <p>Gilbert Korenaga, Jr. President Kendall Y. Korenaga Vice President Cindy K. Honda Secretary/Treasurer</p> |
| <p>2.2 Real Estate Broker</p> | <p>Name: Property Profiles, Inc. Business Address: 98-030 Hekaha Street, #26 Aiea, Hawaii 96701 Business Phone Number: (808) 487-9500 E-mail Address:</p> |
| <p>2.3 Escrow Depository</p> | <p>Name: First Hawaii Title Corporation Business Address: 201 Merchant Street, Suite 2000 Honolulu, Hawaii 96813 Business Phone Number: (808) 521-3411 E-mail Address:</p> |
| <p>2.4 General Contractor</p> | <p>Name: Albert C. Kobayashi, Inc. Business Address: 94-535 Ukee Street Waipahu, Hawaii 96797-4296 Business Phone Number: (808) 671-6460 E-mail Address: <u>ack@ack-inc.com</u></p> |
| <p>2.5 Condominium Managing Agent</p> | <p>Name: Self-managed by the Association Business Address: Business Phone Number:</p> |
| <p>2.6 Attorney for Developer</p> | <p>Name: VERNON T. TASHIMA, ESQ. Business Address: 220 South King Street, Suite 888 Honolulu, Hawaii 96813 Business Phone Number: (808) 521-2951</p> |

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

| Land Court or Bureau of Conveyances | Date of Document | Document Number |
|-------------------------------------|----------------------|-----------------|
| LAND COURT SYSTEM | June 22, 2010 | 3988687 |

Amendments to Declaration of Condominium Property Regime

| Land Court or Bureau of Conveyances | Date of Document | Document Number |
|-------------------------------------|------------------|-----------------|
| | | |
| | | |
| | | |

3.2 Bylaws of the Association of Unit Owners

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

| Land Court or Bureau of Conveyances | Date of Document | Document Number |
|-------------------------------------|----------------------|-----------------|
| LAND COURT SYSTEM | June 22, 2010 | 3988688 |

Amendments to Declaration of Condominium Property Regime

| 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 | 2064 |
| 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 | <input type="checkbox"/> | |
| Have Been Adopted and Date of Adoption | <input checked="" type="checkbox"/> | |
| Developer does not plan to adopt House Rules | <input type="checkbox"/> | |

3.5 Changes to the Condominium Documents

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

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

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

| | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any). |
| <input type="checkbox"/> | 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: |

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

| | |
|---|--|
| <p>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.</p> | |
| <p>The Initial Condominium Managing Agent for this project is (check one):</p> | |
| <input type="checkbox"/> | Not affiliated with the Developer |
| <input checked="" type="checkbox"/> | None (self-managed by the Association) |
| <input type="checkbox"/> | The Developer or an affiliate of the Developer |
| <input type="checkbox"/> | Other (explain) |

4.2 Estimate of the Initial Maintenance Fees

| |
|---|
| <p>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.</p> |
| <p>Exhibit "E" 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.</p> |

4.3 Utility Charges to be Included in the Maintenance Fee

| | |
|---|-------------------------------------|
| <p>If checked, the following utilities are included in the maintenance fee:</p> | |
| <input type="checkbox"/> | Electricity for the common elements |
| <input type="checkbox"/> | Gas for the common elements |
| <input type="checkbox"/> | Water |
| <input type="checkbox"/> | Sewer |
| <input type="checkbox"/> | TV cable |
| <input checked="" type="checkbox"/> | Other (specify) NONE |

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

| | |
|---|---|
| Sales Documents on file with the Commission include, but are not limited to, the following: | |
| <input checked="" type="checkbox"/> | Specimen Sales Contract Exhibit "F" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved the Developer. |
| <input checked="" type="checkbox"/> | Escrow Agreement dated: December 28, 2010 Name of Escrow Company: First Hawaii Title Corporation Exhibit "G" contains a summary of the pertinent provisions of the escrow agreement. |
| <input type="checkbox"/> | Other |

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants. **See page 18**

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

5.3 Blanket Liens

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

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

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

5.4 Construction Warranties

| |
|---|
| Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below: Building and Other Improvements: One year workmanship warranty upon completion |
| Appliances: UNIT 1 (85-745 Lihue St): heater, range and refrigerator UNIT 2 (85-745-A Lihue St): heater, range and refrigerator UNIT 3 (85-745-B Lihue St): heater, range and refrigerator |
| Manufacturer's warranty varies for each of the above-mentioned, newly purchased appliances. |

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

| |
|--|
| <p>Status of Construction: UNIT 1 (85-745 Lihue Street): approximate date of completion – December 2011 UNIT 2 (85-745-A Lihue Street): approximate date of completion - December 2011 UNIT 3 (85-745-B Lihue Street): approximate date of completion - December 2011 EXHIBIT "H" – Owner's Notice of Completion of Contract – Affidavit of Publication filed and entered on December 14, 2011</p> |
| <p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p> |
| <p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A</p> |
| <p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract. N/A</p> |

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

5.6.2 Purchaser Deposits Will be Disbursed Before Closing

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

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

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

| | |
|--|--|
| <p>Material House Bond.</p> <p><input type="checkbox"/> N/A</p> | <p>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.</p> |
|--|--|

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: None |

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 dated 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

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 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, modification 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.

Affiliation Disclosure: Developer, Kendall Korenaga, is one of the Developer/Owners of Korenaga, Inc., and is also the Vice President of Albert C. Kobayashi, Inc., a General Contractor with Hawaii Contractor's License No. CT-7819.

Exemption from Owner-Occupant Requirements:

KORENAGA, INC. is a Developer/Owner for this CPR "85-745 LIHUE STREET" Project and, that it is selling the two units within its family and a third for business purposes, pursuant to:

§514B-99.5 Inapplicability of laws.

- (a) This subpart shall not apply to:
 - (2) Condominium projects where the developer conveys all of the residential units in the project to a spouse, or family members related by blood, descent or adoption; and
 - (3) Condominium projects consisting of two or fewer units.

Notice to Tenants: There are no tenants.

BY-LAWS – Section 4. Quorum. The presence at any meeting, in person or by proxy, of a majority of the owners shall constitute a quorum; and the acts of such majority at any meeting at which a quorum is present shall be the acts of the Association. Majority shall mean more than fifty percent of the owners, and for this purpose, shall be based on the total number of units or units in this Project. In this case, at least two unit owners must attend the Association meeting to have a quorum, and any decision of the Association requires the concurrence of both of those owners or their designated representatives.

CONSTRUCTION WARRANTIES: CHAPTER 672E, Hawaii Revised Statutes, effective July 1, 2004, contains important requirements you must follow before you may file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your home or facility. **NINETY DAYS** before you file your lawsuit or other action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law and failure to follow them may negatively affect your ability to file a lawsuit or other action.

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.

“85-745 LIHUE STREET”

Printed Name of Developer

By:  2/22/12
Duly Authorized Signatory* Date

KENDALL Y. KORENAGA, JR., Vice President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

* Must be signed for a corporation by an officer; 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.

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.

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"85-745 LIHUE STREET"

Printed Name of Developer

By:  2/24/12
Duly Authorized Signatory Date

GILBERT KORENAGA, JR., President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

* Must be signed for a corporation by an officer; 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.

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.

"85-745 LIHUE STREET"

Printed Name of Developer

By:  _____
Duly Authorized Signatory*

2/29/12
Date

CINDY K. HONDA, Secretary and Treasurer

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.

Section 1.10 Limited Common Elements (cont'd from pg 5)

Limited Common Elements: A limited common elements 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.

EXHIBIT "A"

Description: Each building will occupy and use, an area of land, as shown on the Condominium Map, as a limited common element, and described as follows:

Yard Space Site.

As hereunder noted, each unit will have, appurtenant to it, as a limited common element, a certain area of land, designated on said Condominium Map as "Site", upon which each building is situated, and which is a limited common element for such unit.

| Unit No. | Location | Site | Sq. Ft. |
|----------|-----------------------|------|---------|
| 1 | 85-745 Lihue Street | 1 | 4,607 |
| 2 | 85-745-A Lihue Street | 2 | 4,536 |
| 3 | 85-745-B Lihue Street | 3 | 4,577 |

Each unit owner shall maintain, repair and keep in good order and condition, the limited common element appurtenant, or assigned, to each owner's unit.

NOTE: Land areas referenced herein are **not** legally subdivided lots.

(The dash lines between Sites 1, 2, 3 and 4 do not indicate that said Site areas are subdivided lots, but merely indicate the extent of the limited common elements of the respective sites.)

EXHIBIT "A"

1.12 Encumbrances Against Title (Continued from page 5)

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

Date of Title Report January 20, 2012
Company that issued the Title Report Stewart Title Guaranty Company

1. For Real Property Taxes that may be due and owing reference is made to the Department of Finance, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Easement in favor of the State of Hawaii for the free flowage of water in and through Kaupuni Stream as shown on Maps 1 and 3.
4. Reservation of all water rights as set forth in that certain Deed made by Waianae Development Company, Limited dated November 21, 1947, filed in said Office of the Assistant Registrar as Document No. 97073, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 2087 at Page 114.
5. Easement 128 for storm drain purposes running along Lot 107-A besides other land, as shown on Maps 56 and 133, as set forth by Land Court Order No. 14544, filed May 2, 1956.
6. Grant in favor of the City and County of Honolulu dated June 19, 1956, filed in said Office of the Assistant Registrar as Document No. 200051, granting an easement to construct, etc., underground drainage structure through, under and across Easement 128 over and across Lot 107-A.
7. Slope Easement was acquired by the City and County of Honolulu, a municipal corporation, by instrument dated May 16, 1958, filed as Document No. 444484, in said Office of the Assistant Registrar of the Land Court of the State of Hawaii.
8. Easement for slope purposes running along Lot 107-A in favor of Lot 107-B, as shown on Map 133, as set forth by Land Court Order No. 28819, filed August 6, 1968.

EXHIBIT "B"

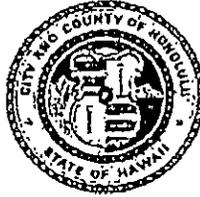
9. Land Court System Condominium Map No. 2064.
10. The terms and provisions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such terms and provisions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes as contained in or incorporated by reference in the Declaration of Condominium Property Regime of "**85-745 LIHUE STREET**", dated June 22, 2010, as amended. Said Declaration was filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3988687.
11. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws of the Association of Apartment Owners of "**85-745 LIHUE STREET**", dated June 22, 2010, as may be amended. Said By-Laws was filed as Land Court Document No. 3988688.

TMK No. (1) 8-5-012:037
Property: 85-745 Lihue Street,
Waianae, Hawaii 96792

END OF EXHIBIT "B"

DEPARTMENT OF LAND UTILIZATION
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET
HONOLULU, HAWAII 96813 • (808) 522-4482

FRANK F. FASI
MAYOR



JOHN P. WHALEN
DIRECTOR

86/EU-13(BT)

October 23, 1986

Mr. Gilbert M. Korenaga
1986 Ala Mahamoe Street
Honolulu, Hawaii 96819

Dear Mr. Korenaga:

Subject: Section 3.130 Existing Use (LUO) ^{W 1/2}
Project Name: Korenaga Residences 85-745 Lihue St.
Location: ~~1986 Ala Mahamoe Street~~, Waianae
Tax Map Key: 8-5-012: 037
Owner: Gilbert M. Korenaga

REFERRED TO

OCT 23 4 13 PM '86

RECEIVED
BUILDING DEPT.
CITY OF HONOLULU

The application for the subject development is approved as an existing use under Section 3.130 of the Land Use Ordinance in accordance with the application plans dated July 24, 1986, subject to the following conditions:

1. Approval is only for alterations, additions, repairs and reconstruction of the existing dwelling units and accessory uses. All proposed improvements shall be subject to compliance with the Land Use Ordinance such as yards, heights, parking and lot coverage, Subdivision Rules and Regulations, Building Code, and other regulations. Reconstruction shall be compatible in design with the existing and surrounding structures and in the same general location and size. Final plans shall be approved by the Department of Land Utilization prior to issuance of building permits;
2. The number of dwelling units (3) on the subject property shall not be increased; and
3. This existing use approval does not certify that the existing structures and improvements comply with the requirements of the zoning code or other regulations. They are subject to separate review and approval.

Should you have any questions, please contact Mr. Ben Torigoe of our staff at 527-5354.

Very truly yours,,

BENJAMIN B. LEE, AIA
Deputy Director

BBL:ra

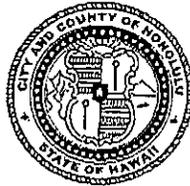
cc: Building Dept.

EXHIBIT "C"

11/1
10-21-86

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) 768-8041
DEPT. WEB SITE: www.honoluluodpp.org • CITY WEB SITE: www.honolulu.gov



MUFI HANNEMANN
MAYOR

DAVID K. TANOUE
DIRECTOR
ROBERT M. SUMITOMO
DEPUTY DIRECTOR

2009/ELOG-2482(lw)
86/EU-13

January 7, 2010

Mr. Ted Ah You
57 A-1 Kalie Street
Wahiawa, Hawaii 96786

Dear Mr. Ah You:

Subject: Existing Use Permit No. 86/EU-13
Korenaga Residences - 3 Units
85-745 Lihue Street - Waianae
Tax Map Key 8-5-12: 37

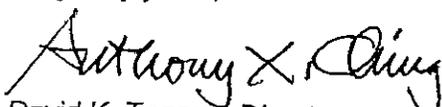
This is in response to your request (received October 19, 2009) for review and approval of the proposed demolition and reconstruction of the three existing dwelling units at the subject site. We have reviewed your submittal, including the proposed site plan, elevations, floor plans, and condominium property regime (CPR) boundaries, and determined that the project is generally in compliance with Condition 1 of the above-mentioned Existing Use (EU) Permit relating to yards, height, parking, and lot coverage requirements for the underlying zoning district, as measured from the proposed CPR boundaries. The height and size of the proposed dwellings appear to be consistent with the scale and size of the surrounding structures in the neighborhood. Compliance with the Land Use Ordinance (LUO), Building Code and any other applicable rules and regulations shall be confirmed at the time of building permit application.

All other conditions of the above-mentioned EU Permit shall remain in effect.

Please be advised that you must incorporate a copy of the EU Permit No. 86/EU-13 into the CPR documents, and submit a draft copy of the CPR documents and map to the Department of Planning and Permitting (Urban Design Branch) for review and approval prior to recordation. A certified copy of the CPR documents and map is required prior to issuance of building permits for the new dwellings.

If you have any questions, please contact Lin Wong of our staff at 768-8033.

Very truly yours,


For David K. Tanoue, Director
Department of Planning and Permitting

DKT:nw
Doc.746347

EXHIBIT "D"

EXHIBIT "E"

(Section 4.2, Continued from page 12)
**ESTIMATE OF INITIAL MAINTENANCE FEES
 AND**

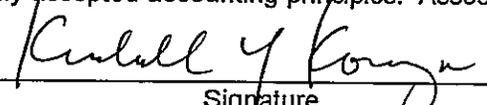
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

| Estimate of Initial Maintenance Fees: | | |
|--|---|-----------------|
| <u>Apartment</u> | <u>Monthly Fee x 12 months = Yearly Total</u> | |
| UNIT 1 (85-745 Lihue Street) | <u>10.00</u> x 12 | = <u>120.00</u> |
| UNIT 2 (85-745-A Lihue Street) | <u>10.00</u> x 12 | = <u>120.00</u> |
| UNIT 3 (85-745-B Lihue Street) | <u>10.00</u> x 12 | = <u>120.00</u> |

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: | | |
|---|---|-----------------|
| | <u>Monthly Fee x 12 months = Yearly Total</u> | |
| <u>Utilities and Services</u> | | |
| Air Conditioning | | |
| Electricity | | |
| <input type="checkbox"/> common elements only | | |
| <input type="checkbox"/> common elements and apartments | | |
| Elevator | | |
| Gas | | |
| <input type="checkbox"/> common elements only | | |
| <input type="checkbox"/> common elements and apartments | | |
| Refuse Collection | | |
| Telephone | | |
| Water and Sewer | | |
| <u>Maintenance, Repairs and Supplies</u> | | |
| Building | | |
| Grounds | | |
| <u>Management</u> | | |
| Management Fee | | |
| Payroll and Payroll Taxes | | |
| Office Expenses | | |
| <u>Insurance</u> | | |
| <u>Reserves (*)</u> | | |
| <u>Taxes and Government Assessments</u> | | |
| <u>Audit Fees</u> | | |
| Other: Site 4, area 2,816 sq. ft., common driveway | <u>30.00</u> x 12 | = <u>360.00</u> |
| TOTAL | | |

I, **KENDALL Y. KORENAGA**, as Vice President, of **KORENAGA, INC.**, the Condominium Developer for the "**85-745 LIHUE STREET**" 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. Assessments will be on accrual basis.



Signature

12/7/10

Date

EXHIBIT "F"

SUMMARY OF PURCHASE CONTRACT

Hawaii Association of Realtors Standard Form (Rev 4/07)

Section 5.1 Sales Documents Filed with the Real Estate Commission (Continued from page 13)

The Purchase Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project.

- (a) The total purchase price, method of payment and additional sums, which must be paid in connection with the purchase of an apartment (C-1).
- (b) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price (C-6).
- (c) That the transaction shall be processed by an escrow company, licensed to do business in Hawaii (C-9).
- (d) Risk of loss passes to Buyer upon closing or possession, which ever occurs sooner (C-15).
- (e) Requirements relating to the purchaser's financing of the purchase of an apartment (C-23, C-24 and C-25).
- (f) Seller obligation to disclose any fact defects or condition affecting value (C-44).
- (g) That the Developer shall provide to Buyer all existing warranty documents covering the improvements, appliances, etc., but makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment of the Project (C-56).
- (h) That the purchase is subject to the Buyer's review and approval of condominium documents (C-64).
- (i) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment (C-70).

The Purchase Contract contains various other important provisions relating to the purchase of an apartment in the Project including cancellation and termination rights. Purchasers and prospective purchasers should carefully read the specimen Purchase Contract on file with the Real Estate Commission.

Purchaser's Right to Rescind a Binding Sales Contract:

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 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, modification 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.

**ADDENDUM TO THE PURCHASE CONTRACT INCORPORATING
SPECIAL PROVISIONS OF THE CONDOMINIUM PROPERTY ACT**

Purchase Contract Reference Date: _____

Property Reference: UNIT 1 – 85-745 Lihue Street, Waianae, Hawaii 96792

Tax Map Key Reference: (1) 8-5-012:037

WHEREAS, Sellers are the Developers of a fee simple Condominium Property Regime known as "**85-745 LIHUE STREET**", a condominium project (hereinafter called the "Project"), more particularly described in that certain Declaration of Condominium Property Regime (hereinafter called "Declaration"), dated June 22, 2010, and as shown on Condominium Map No.2064, as amended; and

WHEREAS, the project consists of three (3) new residential buildings to the provisions of Chapter 514B, Hawaii Revised Statutes, known as the Condominium Property Act, herein called the "Condominium Act", and Developer intends to occupy and/or sell said units and undivided interests in the common elements, subject to the terms of the Declaration and Bylaws of the Association of Apartment Owners, herein called the "Bylaws", recorded simultaneously in the Bureau of Conveyances of the State of Hawaii; and

WHEREAS, the provisions of this Addendum are incorporated as the Special Provisions to the Purchase Contract as aforesaid.

NOW, THEREFORE, Seller and Buyer agree as follows:

1. Purchase Price.

- (a) Buyer hereby agrees to purchase the apartment (hereinafter referred to as the "Property" or "Apartment") including an undivided interest in the common elements and facilities of the Project, for the purchase price and payment as described and set forth in the Purchase Contract.
- (b) In addition to the purchase price and Buyer's share of closing costs (paragraph C-11 of the Purchase Contract) and if requested by Seller, Buyer shall also pay, in advance,
 - i) The Apartment's estimated share of condominium common expenses, and
 - ii) The Apartment's share of the Start-Up Fee for the Association of Apartment Owners' condominium common expenses.
- (c) Seller hereby agrees that all sums received on account of the purchase of the Apartment shall be placed in an escrow account with the escrow agent named in the Purchase Contract pursuant to the Escrow Agreement. Any interest earned on Buyer's funds deposited in escrow shall be credited as set forth in the Purchase Contract.

EXHIBIT "F"

Page 3 of 9

2. The Association of Unit Owners.

- (a) Buyer agrees at closing that Buyer will become a member of the Association of Unit Owners of the Project (hereinafter called the "Association"). The Association will be established for the purpose of operating and maintaining the common elements and facilities of the Project. Each owner of an Apartment in the Project will be a member of the Association, which will be subject to the Bylaws of the Association. The affairs of the Association will be conducted by a Board of Directors as provided for in the Bylaws.
- (b) Seller's Right to Exercise Power of Association. Buyer understands and agrees that until the Condominium Unit Deed conveying title to the Apartment is delivered to Buyer, Seller shall have the right to exercise all of the powers of Buyer as a member of the Association of Apartment Owners, including voting. Seller shall also have the right to exercise all of the powers as a member of the Association as to all unsold apartments in the Project, and until the election of the Board of Directors and officers of the Association, Seller shall have the right to exercise all of the powers of the Board and the officers. Buyer also agrees that prior to the recordation of Buyer's Condominium Unit Deed covering the Apartment, Seller may enter into other contracts, licenses and concessions as Seller determines, in its sole discretion, to be necessary or desirable for the management, operation or maintenance of the Project.
- (c) Association Will Self-Manage. There will be no initial Managing Agent. Buyer agrees that Seller will exercise all rights of the Association of Unit owners until there are enough owners to form the Association and Board of Directors is elected at the first annual meeting of the Association at which time the Association will either self-manage or appoint a Managing Agent.

3. Conveyance of Title by Condominium Unit Deed. In consideration of Buyer's performance under this Agreement, the Seller agrees to convey to Buyer good and marketable title to the Property on the Closing Date for an amount equal to the purchase price. Buyer may pay the purchase price in cash or may elect to obtain financing as set forth in the Purchase Contract.

4. No Present Interest and Subordination.

- (a) This Agreement shall not be construed as a present transfer of any interest in the Property or the land, but rather, it is an agreement to transfer in the future the Property and an undivided percentage interest in the common elements of the Project.
- (b) Notwithstanding any mortgage loan obtained by the Seller that affects the subject property, subject to Buyer's performance under the Purchase Contract, Seller shall convey the Property at closing free and clear of the foregoing mortgage.

5. Seller's Cancellation of Rights.

- (a) In the event Buyer shall have died prior to his acquisition of title to the Property, the Seller may elect to return all sums paid hereunder 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 Seller.
- (b) Except as otherwise provided in this Agreement, if Buyer shall default in making any of the payments or performing any of the obligations called for in this Agreement (including, but not limited to, Buyer's making a mortgage loan application as required in this

Agreement), and such default shall continue for ten (10) days after notice delivered personally or by mail by Seller to Buyer at the address given above, then, forthwith at the option Seller, Buyer shall lose any and all rights under this Agreement, and any amount paid toward the purchase price may be retained by Seller as liquidated damages, or may, at the option of the Seller, be returned, less Buyer's proportionate share of expenses to be determined solely by Seller. Time is of the essence of this Agreement.

Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees incurred by reason of default by the Buyer shall be borne by the Buyer.

6. Right of Buyer to Cancel the Sales Contract (Addendum regarding Notice of Right to Cancel Sales Contract attached).

- (a) The Buyer may cancel the Sales Contract any time up to midnight of the thirtieth day after:
 - i) The date that the Buyer signs the Sales Contract; and
 - ii) All of the items specified in subsection (a) (1) of Section 514B-86 HRS (which are listed in Paragraph 11(b) [of the Sales Contract]) have been delivered to the Buyer.
- (b) 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 associated with the purchase, which cost and fees shall not exceed \$250.00.
- (c) The Buyer may waive the right to cancel, or shall be deemed to have waived the right to cancel, by:
 - i) Checking the waiver box on the cancellation notice and delivering it to the Seller.
 - ii) Letting the thirty-day cancellation period expire without taking any action to cancel; or
 - iii) Closing the purchase of the unit before the cancellation period expires.
- (d) If the Buyer decides to cancel, the Buyer shall do so by delivery to Seller in the manner required under Section 514B-88 HRS. 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 contained in a form prescribed by the Real Estate Commission by checking the appropriate box and by signing and dating it.
- (e) It is understood that no obligation to purchase an apartment under any agreement for the purchase or reservation of an apartment entered into prior to the issuance of a Developer's Public Report is enforceable against the Buyer under such agreement.
- (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 under the conditions of this Paragraph 6,

Escrow Agent shall be required to return any monies to Buyer, the same shall be without interest and except as hereinabove provided, without deduction.

7. Additional Right to Cancel by Buyer (based on §514B-87, HRS).
- (a) Rescission Right. Except for any additions, deletions, modifications and exercise by Seller of reservations made pursuant to the terms of the Declaration of Condominium Property Regime for the Project, the Buyer may rescind his purchase of the Property even though this 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 (1) the Buyer's Property or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use.
 - (b) Waiver of Rescission Right. Upon delivery to the Buyer of a description of the material change on a form prescribed by the Real Estate Commission, the Buyer may waive the Buyer's rescission right provided in subsection (a) by:
 - i) Checking the waiver box on the option to rescind sales contract instrument, signing it, and delivering it to the Seller;
 - ii) Letting the thirty-day rescission period expire without taking any action to rescind; or
 - iii) Closing the purchase of the unit before the thirty-day rescission period expires.
 - (c) In the event of rescission pursuant to the provisions of this section, the Buyer shall be entitled to a prompt and full refund of any moneys paid.
8. Assignments. Buyer may not assign or otherwise transfer his rights or obligations under this Agreement or in the Apartment without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. The Seller may, at its option, release the obligations of Buyer under this Agreement in the event Buyer shall secure another purchaser who is satisfactory to Seller.
9. Oral Representation Not to be Relied Upon. This Agreement will supersede any and all understandings and agreements and, together with the Purchase Contract, constitutes the entire agreement between the parties and no oral representations or statements shall be considered a part hereof.
10. Retroactive Laws. If any governmental body or agency having jurisdiction over the Project should enact or adopt any law or ordinance, rule or regulation which would materially and adversely increase the cost of the Project, and if the effective date of such law, ordinance, rule or regulation ("retroactive law") should fall within the period from the date hereof to the date of closing of Buyer's Property, then Seller shall have the following rights accruing as of the enactment of adoption date of the retroactive law which must be exercised within sixty (60) days of such date: Seller shall have the right to (a) bear such increased cost, in which event Buyer shall waive any rights that he may have to rescind this Sales Contract and shall be limited solely to his rescission rights set forth in the Act; or (b) rescind this Sales Contract in the event that it chooses not to bear such increased costs. Upon the rescission of this Sales Contract pursuant to the foregoing provisions, Buyer shall be entitled to refund of all monies paid by him hereunder without interest and without any deduction. Upon tender of such refund, the parties shall be fully released from all obligations to each other hereunder.

11. Examination and Approvals; Receipt (Addendum regarding Receipt for Developer's Public Report attached). Buyer has examined and approves and agrees to be bound by the following:

- (a) The Condominium Map (including floor plans, exterior elevations and Site Map for the Project);
- (b) The Escrow Agreement;
- (c) The Declaration of Condominium Property Regime, and Bylaws of the Association of Unit Owners;
- (d) The specimen Condominium Unit Deed;
- (e) The Developer's Public Report on the Project issued by the Real Estate Commission of the State of Hawaii.

Buyer hereby acknowledges having received a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, the Project's recorded Declaration and Bylaws, House Rules, a letter-sized Condominium Project Map, and all amendments (provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map).

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee, provided that such modification shall not increase the cost of the Apartment, require a substantial change in the building, or substantially impair or modify any of the obligations given or undertaken by Seller.

12. Warranties and Construction Defects.

- (a) In the event that the Property being purchased by Buyer is an existing dwelling, Seller shall convey the Property (including the common elements) in "AS IS" condition. This means that:
 - i) Buyer is assuming all risks as to the condition of the Property and the Project, including the land;
 - ii) Seller will not be obligated to correct any defects in the Property or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and
 - iii) Buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered.
- (b) At closing, the Condominium Unit Deed delivered by Seller shall also be deemed to be the transfer of the unexpired term of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Property.
- (c) Seller shall not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Property or anything installed or contained therein or the common elements of the Project. Buyer understands that execution, delivery and

recordation of Buyer's Condominium Unit Deed shall constitute Buyer's acceptance of the Property and the Project and the condition thereof, including all personal property therein. Accordingly, Buyer understands the importance of making his own investigation or having an investigation made by trained professionals of the Property and the Project.

- (d) Disclaimer of Warranties. Except for the agreements set forth above, it is expressly understood and agreed by and between Seller and Buyer that there are no warranties which extend beyond the description on the face of this Agreement.

SELLER MAKES NO WARRANTIES OR PROMISES OF "MERCHANTABILITY", "HABITABILITY", "WORKMANLIKE CONSTRUCTION" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE" OR ANY OTHER WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE PROPERTY, OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS THEREOF).

13. Binding Agreement. Upon the execution and return by a Buyer of a receipt for a Developer's Public Report or when any such receipt becomes effective as provided by law or when the Buyer's rights have been waived as provided by law of this Agreement, this Agreement shall become a binding Addendum to the Purchase Contract.
14. Notices. Any notice provided herein to be given to Buyer shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to Buyer at his address stated herein. Notice shall be deemed given when delivered personally to any one party, if Buyer is more than one person, or when deposited in the United States mail.
15. General Provisions. Seller and Buyer further agree as follows:
- (a) The captions of the paragraphs hereof are for convenience only, are not an operating part hereof, and do not limit or amplify in any way the provisions hereof.
- (b) This Agreement shall be binding upon and shall inure to the benefit of the heirs, successors, legal representatives and permitted assigns of Seller and Buyer. The designations "Seller" and "Buyer" include their respective heirs, successors, legal representatives, and permitted assigns, and shall be construed so that the use of the singular number includes the plural number, and vice versa, and the use of any gender includes all genders. The liability of Buyer shall be joint and several if Buyer is more than one person.
- (c) Notwithstanding any provisions hereof or of said Escrow Agreement, this Agreement may not be terminated or assigned without prompt written notice thereof to Escrow Agent.

IT IS HEREBY AGREED by and between the Seller(s) and Buyer(s) that notwithstanding the provisions of Section C-79 of the Purchase Contract, all provisions of the Condominium Property Act relating to, but not limited to, Protection of Condominium Purchasers, Part V of Chapter 514B, shall be applicable to this Purchase Contract and this Addendum. In the event of any conflict or inconsistency between the provisions of this Purchase Contract including this Addendum, and Chapter 514B, the provisions of the latter shall prevail and control.

Buyer Date

KORENAGA, INC.,
a Hawaii registered corporation

Buyer Date

By _____
GILBERT KORENAGA, JR.,
Its President

Date: _____

By _____
KENDALL Y. KORENAGA,
Its Vice President

Date: _____

By _____
CINDY K. HONDA,
Its Secretary/Treasurer

Date: _____

"SELLERS"

END OF EXHIBIT "F"

EXHIBIT "F"

SUMMARY OF PURCHASE CONTRACT

Hawaii Association of Realtors Standard Form (Rev 4/07)

Section 5.1 Sales Documents Filed with the Real Estate Commission (Continued from page 13)

The Purchase Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project.

- (a) The total purchase price, method of payment and additional sums, which must be paid in connection with the purchase of an apartment (C-1).
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- (c) That the transaction shall be processed by an escrow company, licensed to do business in Hawaii (C-9).
- (d) Risk of loss passes to Buyer upon closing or possession, which ever occurs sooner (C-15).
- (e) Requirements relating to the purchaser's financing of the purchase of an apartment (C-23, C-24 and C-25).
- (f) Seller obligation to disclose any fact defects or condition affecting value (C-44).
- (g) That the Developer shall provide to Buyer all existing warranty documents covering the improvements, appliances, etc., but makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment of the Project (C-56).
- (h) That the purchase is subject to the Buyer's review and approval of condominium documents (C-64).
- (i) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment (C-70).

The Purchase Contract contains various other important provisions relating to the purchase of an apartment in the Project including cancellation and termination rights. Purchasers and prospective purchasers should carefully read the specimen Purchase Contract on file with the Real Estate Commission.

Purchaser's Right to Rescind a Binding Sales Contract:

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 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, modification 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.

**ADDENDUM TO THE PURCHASE CONTRACT INCORPORATING
SPECIAL PROVISIONS OF THE CONDOMINIUM PROPERTY ACT**

Purchase Contract Reference Date: _____

Property Reference: UNIT 2 – 85-745 A Lihue Street, Waianae, Hawaii 96792

Tax Map Key Reference: (1) 8-5-012:037

WHEREAS, Sellers are the Developers of a fee simple Condominium Property Regime known as “**85-745 LIHUE STREET**”, a condominium project (hereinafter called the “Project”), more particularly described in that certain Declaration of Condominium Property Regime (hereinafter called “Declaration”), dated June 22, 2010, and as shown on Condominium Map No.2064, as amended; and

WHEREAS, the project consists of three (3) new residential buildings to the provisions of Chapter 514B, Hawaii Revised Statutes, known as the Condominium Property Act, herein called the “Condominium Act”, and Developer intends to occupy and/or sell said units and undivided interests in the common elements, subject to the terms of the Declaration and Bylaws of the Association of Apartment Owners, herein called the “Bylaws”, recorded simultaneously in the Bureau of Conveyances of the State of Hawaii; and

WHEREAS, the provisions of this Addendum are incorporated as the Special Provisions to the Purchase Contract as aforesaid.

NOW, THEREFORE, Seller and Buyer agree as follows:

1. Purchase Price.
 - (a) Buyer hereby agrees to purchase the apartment (hereinafter referred to as the “Property” or “Apartment”) including an undivided interest in the common elements and facilities of the Project, for the purchase price and payment as described and set forth in the Purchase Contract.
 - (b) In addition to the purchase price and Buyer's share of closing costs (paragraph C-11 of the Purchase Contract) and if requested by Seller, Buyer shall also pay, in advance,
 - i) The Apartment's estimated share of condominium common expenses, and
 - ii) The Apartment's share of the Start-Up Fee for the Association of Apartment Owners' condominium common expenses.
 - (c) Seller hereby agrees that all sums received on account of the purchase of the Apartment shall be placed in an escrow account with the escrow agent named in the Purchase Contract pursuant to the Escrow Agreement. Any interest earned on Buyer's funds deposited in escrow shall be credited as set forth in the Purchase Contract.

2. The Association of Unit Owners.

- (a) Buyer agrees at closing that Buyer will become a member of the Association of Unit Owners of the Project (hereinafter called the "Association"). The Association will be established for the purpose of operating and maintaining the common elements and facilities of the Project. Each owner of an Apartment in the Project will be a member of the Association, which will be subject to the Bylaws of the Association. The affairs of the Association will be conducted by a Board of Directors as provided for in the Bylaws.
- (b) Seller's Right to Exercise Power of Association. Buyer understands and agrees that until the Condominium Unit Deed conveying title to the Apartment is delivered to Buyer, Seller shall have the right to exercise all of the powers of Buyer as a member of the Association of Apartment Owners, including voting. Seller shall also have the right to exercise all of the powers as a member of the Association as to all unsold apartments in the Project, and until the election of the Board of Directors and officers of the Association, Seller shall have the right to exercise all of the powers of the Board and the officers. Buyer also agrees that prior to the recordation of Buyer's Condominium Unit Deed covering the Apartment, Seller may enter into other contracts, licenses and concessions as Seller determines, in its sole discretion, to be necessary or desirable for the management, operation or maintenance of the Project.
- (c) Association Will Self-Manage. There will be no initial Managing Agent. Buyer agrees that Seller will exercise all rights of the Association of Unit owners until there are enough owners to form the Association and Board of Directors is elected at the first annual meeting of the Association at which time the Association will either self-manage or appoint a Managing Agent.

3. Conveyance of Title by Condominium Unit Deed. In consideration of Buyer's performance under this Agreement, the Seller agrees to convey to Buyer good and marketable title to the Property on the Closing Date for an amount equal to the purchase price. Buyer may pay the purchase price in cash or may elect to obtain financing as set forth in the Purchase Contract.

4. No Present Interest and Subordination.

- (a) This Agreement shall not be construed as a present transfer of any interest in the Property or the land, but rather, it is an agreement to transfer in the future the Property and an undivided percentage interest in the common elements of the Project.
- (b) Notwithstanding any mortgage loan obtained by the Seller that affects the subject property, subject to Buyer's performance under the Purchase Contract, Seller shall convey the Property at closing free and clear of the foregoing mortgage.

5. Seller's Cancellation of Rights.

- (a) In the event Buyer shall have died prior to his acquisition of title to the Property, the Seller may elect to return all sums paid hereunder 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 Seller.
- (b) Except as otherwise provided in this Agreement, if Buyer shall default in making any of the payments or performing any of the obligations called for in this Agreement (including, but not limited to, Buyer's making a mortgage loan application as required in this

Agreement), and such default shall continue for ten (10) days after notice delivered personally or by mail by Seller to Buyer at the address given above, then, forthwith at the option Seller, Buyer shall lose any and all rights under this Agreement, and any amount paid toward the purchase price may be retained by Seller as liquidated damages, or may, at the option of the Seller, be returned, less Buyer's proportionate share of expenses to be determined solely by Seller. Time is of the essence of this Agreement.

Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees incurred by reason of default by the Buyer shall be borne by the Buyer.

6. Right of Buyer to Cancel the Sales Contract (Addendum regarding Notice of Right to Cancel Sales Contract attached).

- (a) The Buyer may cancel the Sales Contract any time up to midnight of the thirtieth day after:
 - i) The date that the Buyer signs the Sales Contract; and
 - ii) All of the items specified in subsection (a) (1) of Section 514B-86 HRS (which are listed in Paragraph 11(b) [of the Sales Contract]) have been delivered to the Buyer.
- (b) 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 associated with the purchase, which cost and fees shall not exceed \$250.00.
- (c) The Buyer may waive the right to cancel, or shall be deemed to have waived the right to cancel, by:
 - i) Checking the waiver box on the cancellation notice and delivering it to the Seller.
 - ii) Letting the thirty-day cancellation period expire without taking any action to cancel; or
 - iii) Closing the purchase of the unit before the cancellation period expires.
- (d) If the Buyer decides to cancel, the Buyer shall do so by delivery to Seller in the manner required under Section 514B-88 HRS. 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 contained in a form prescribed by the Real Estate Commission by checking the appropriate box and by signing and dating it.
- (e) It is understood that no obligation to purchase an apartment under any agreement for the purchase or reservation of an apartment entered into prior to the issuance of a Developer's Public Report is enforceable against the Buyer under such agreement.
- (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 under the conditions of this Paragraph 6,

Escrow Agent shall be required to return any monies to Buyer, the same shall be without interest and except as hereinabove provided, without deduction.

7. Additional Right to Cancel by Buyer (based on §514B-87, HRS).

- (a) Rescission Right. Except for any additions, deletions, modifications and exercise by Seller of reservations made pursuant to the terms of the Declaration of Condominium Property Regime for the Project, the Buyer may rescind his purchase of the Property even though this 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 (1) the Buyer's Property or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use.
- (b) Waiver of Rescission Right. Upon delivery to the Buyer of a description of the material change on a form prescribed by the Real Estate Commission, the Buyer may waive the Buyer's rescission right provided in subsection (a) by:
 - i) Checking the waiver box on the option to rescind sales contract instrument, signing it, and delivering it to the Seller;
 - ii) Letting the thirty-day rescission period expire without taking any action to rescind; or
 - iii) Closing the purchase of the unit before the thirty-day rescission period expires.
- (c) In the event of rescission pursuant to the provisions of this section, the Buyer shall be entitled to a prompt and full refund of any moneys paid.

8. Assignments. Buyer may not assign or otherwise transfer his rights or obligations under this Agreement or in the Apartment without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. The Seller may, at its option, release the obligations of Buyer under this Agreement in the event Buyer shall secure another purchaser who is satisfactory to Seller.

9. Oral Representation Not to be Relied Upon. This Agreement will supersede any and all understandings and agreements and, together with the Purchase Contract, constitutes the entire agreement between the parties and no oral representations or statements shall be considered a part hereof.

10. Retroactive Laws. If any governmental body or agency having jurisdiction over the Project should enact or adopt any law or ordinance, rule or regulation which would materially and adversely increase the cost of the Project, and if the effective date of such law, ordinance, rule or regulation ("retroactive law") should fall within the period from the date hereof to the date of closing of Buyer's Property, then Seller shall have the following rights accruing as of the enactment or adoption date of the retroactive law which must be exercised within sixty (60) days of such date: Seller shall have the right to (a) bear such increased cost, in which event Buyer shall waive any rights that he may have to rescind this Sales Contract and shall be limited solely to his rescission rights set forth in the Act; or (b) rescind this Sales Contract in the event that it chooses not to bear such increased costs. Upon the rescission of this Sales Contract pursuant to the foregoing provisions, Buyer shall be entitled to refund of all monies paid by him hereunder without interest and without any deduction. Upon tender of such refund, the parties shall be fully released from all obligations to each other hereunder.

11. Examination and Approvals; Receipt (Addendum regarding Receipt for Developer's Public Report attached). Buyer has examined and approves and agrees to be bound by the following:

- (a) The Condominium Map (including floor plans, exterior elevations and Site Map for the Project);
- (b) The Escrow Agreement;
- (c) The Declaration of Condominium Property Regime, and Bylaws of the Association of Unit Owners;
- (d) The specimen Condominium Unit Deed;
- (e) The Developer's Public Report on the Project issued by the Real Estate Commission of the State of Hawaii.

Buyer hereby acknowledges having received a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, the Project's recorded Declaration and Bylaws, House Rules, a letter-sized Condominium Project Map, and all amendments (provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map).

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee, provided that such modification shall not increase the cost of the Apartment, require a substantial change in the building, or substantially impair or modify any of the obligations given or undertaken by Seller.

12. Warranties and Construction Defects.

- (a) In the event that the Property being purchased by Buyer is an existing dwelling, Seller shall convey the Property (including the common elements) in "AS IS" condition. This means that:
 - i) Buyer is assuming all risks as to the condition of the Property and the Project, including the land;
 - ii) Seller will not be obligated to correct any defects in the Property or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and
 - iii) Buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered.
- (b) At closing, the Condominium Unit Deed delivered by Seller shall also be deemed to be the transfer of the unexpired term of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Property.
- (c) Seller shall not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Property or anything installed or contained therein or the common elements of the Project. Buyer understands that execution, delivery and

recording of Buyer's Condominium Unit Deed shall constitute Buyer's acceptance of the Property and the Project and the condition thereof, including all personal property therein. Accordingly, Buyer understands the importance of making his own investigation or having an investigation made by trained professionals of the Property and the Project.

- (d) Disclaimer of Warranties. Except for the agreements set forth above, it is expressly understood and agreed by and between Seller and Buyer that there are no warranties which extend beyond the description on the face of this Agreement.

SELLER MAKES NO WARRANTIES OR PROMISES OF "MERCHANTABILITY", "HABITABILITY", "WORKMANLIKE CONSTRUCTION" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE" OR ANY OTHER WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE PROPERTY, OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS THEREOF).

13. Binding Agreement. Upon the execution and return by a Buyer of a receipt for a Developer's Public Report or when any such receipt becomes effective as provided by law or when the Buyer's rights have been waived as provided by law of this Agreement, this Agreement shall become a binding Addendum to the Purchase Contract.
14. Notices. Any notice provided herein to be given to Buyer shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to Buyer at his address stated herein. Notice shall be deemed given when delivered personally to any one party, if Buyer is more than one person, or when deposited in the United States mail.
15. General Provisions. Seller and Buyer further agree as follows:
- (a) The captions of the paragraphs hereof are for convenience only, are not an operating part hereof, and do not limit or amplify in any way the provisions hereof.
- (b) This Agreement shall be binding upon and shall inure to the benefit of the heirs, successors, legal representatives and permitted assigns of Seller and Buyer. The designations "Seller" and "Buyer" include their respective heirs, successors, legal representatives, and permitted assigns, and shall be construed so that the use of the singular number includes the plural number, and vice versa, and the use of any gender includes all genders. The liability of Buyer shall be joint and several if Buyer is more than one person.
- (c) Notwithstanding any provisions hereof or of said Escrow Agreement, this Agreement may not be terminated or assigned without prompt written notice thereof to Escrow Agent.

IT IS HEREBY AGREED by and between the Seller(s) and Buyer(s) that notwithstanding the provisions of Section C-79 of the Purchase Contract, all provisions of the Condominium Property Act relating to, but not limited to, Protection of Condominium Purchasers, Part V of Chapter 514B, shall be applicable to this Purchase Contract and this Addendum. In the event of any conflict or inconsistency between the provisions of this Purchase Contract including this Addendum, and Chapter 514B, the provisions of the latter shall prevail and control.

Buyer

Date

KORENAGA, INC.,
a Hawaii registered corporation

Buyer

Date

By _____
GILBERT KORENAGA, JR.,
Its President

Date: _____

By _____
KENDALL Y. KORENAGA,
Its Vice President

Date: _____

By _____
CINDY K. HONDA,
Its Secretary/Treasurer

Date: _____

“SELLERS”

END OF EXHIBIT “F”

EXHIBIT "F"

SUMMARY OF PURCHASE CONTRACT

Hawaii Association of Realtors Standard Form (Rev 4/07)

Section 5.1 Sales Documents Filed with the Real Estate Commission (Continued from page 13)

The Purchase Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project.

- (a) The total purchase price, method of payment and additional sums, which must be paid in connection with the purchase of an apartment (C-1).
- (b) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price (C-6).
- (c) That the transaction shall be processed by an escrow company, licensed to do business in Hawaii (C-9).
- (d) Risk of loss passes to Buyer upon closing or possession, which ever occurs sooner (C-15).
- (e) Requirements relating to the purchaser's financing of the purchase of an apartment (C-23, C-24 and C-25).
- (f) Seller obligation to disclose any fact defects or condition affecting value (C-44).
- (g) That the Developer shall provide to Buyer all existing warranty documents covering the improvements, appliances, etc., but makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment of the Project (C-56).
- (h) That the purchase is subject to the Buyer's review and approval of condominium documents (C-64).
- (i) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment (C-70).

The Purchase Contract contains various other important provisions relating to the purchase of an apartment in the Project including cancellation and termination rights. Purchasers and prospective purchasers should carefully read the specimen Purchase Contract on file with the Real Estate Commission.

Purchaser's Right to Rescind a Binding Sales Contract:

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 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, modification 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.

**ADDENDUM TO THE PURCHASE CONTRACT INCORPORATING
SPECIAL PROVISIONS OF THE CONDOMINIUM PROPERTY ACT**

Purchase Contract Reference Date: _____

Property Reference: UNIT 3 – 85-745 B Lihue Street, Waianae, Hawaii 96792

Tax Map Key Reference: (1) 8-5-012:037

WHEREAS, Sellers are the Developers of a fee simple Condominium Property Regime known as “**85-745 LIHUE STREET**”, a condominium project (hereinafter called the “Project”), more particularly described in that certain Declaration of Condominium Property Regime (hereinafter called “Declaration”), dated June 22, 2010, and as shown on Condominium Map No.2064, as amended; and

WHEREAS, the project consists of three (3) new residential buildings to the provisions of Chapter 514B, Hawaii Revised Statutes, known as the Condominium Property Act, herein called the “Condominium Act”, and Developer intends to occupy and/or sell said units and undivided interests in the common elements, subject to the terms of the Declaration and Bylaws of the Association of Apartment Owners, herein called the “Bylaws”, recorded simultaneously in the Bureau of Conveyances of the State of Hawaii; and

WHEREAS, the provisions of this Addendum are incorporated as the Special Provisions to the Purchase Contract as aforesaid.

NOW, THEREFORE, Seller and Buyer agree as follows:

1. Purchase Price.

- (a) Buyer hereby agrees to purchase the apartment (hereinafter referred to as the “Property” or “Apartment”) including an undivided interest in the common elements and facilities of the Project, for the purchase price and payment as described and set forth in the Purchase Contract.
- (b) In addition to the purchase price and Buyer’s share of closing costs (paragraph C-11 of the Purchase Contract) and if requested by Seller, Buyer shall also pay, in advance,
 - i) The Apartment’s estimated share of condominium common expenses, and
 - ii) The Apartment’s share of the Start-Up Fee for the Association of Apartment Owners’ condominium common expenses.
- (c) Seller hereby agrees that all sums received on account of the purchase of the Apartment shall be placed in an escrow account with the escrow agent named in the Purchase Contract pursuant to the Escrow Agreement. Any interest earned on Buyer’s funds deposited in escrow shall be credited as set forth in the Purchase Contract.

EXHIBIT “F”

Page 3 of 9

2. The Association of Unit Owners.

- (a) Buyer agrees at closing that Buyer will become a member of the Association of Unit Owners of the Project (hereinafter called the "Association"). The Association will be established for the purpose of operating and maintaining the common elements and facilities of the Project. Each owner of an Apartment in the Project will be a member of the Association, which will be subject to the Bylaws of the Association. The affairs of the Association will be conducted by a Board of Directors as provided for in the Bylaws.
- (b) Seller's Right to Exercise Power of Association. Buyer understands and agrees that until the Condominium Unit Deed conveying title to the Apartment is delivered to Buyer, Seller shall have the right to exercise all of the powers of Buyer as a member of the Association of Apartment Owners, including voting. Seller shall also have the right to exercise all of the powers as a member of the Association as to all unsold apartments in the Project, and until the election of the Board of Directors and officers of the Association, Seller shall have the right to exercise all of the powers of the Board and the officers. Buyer also agrees that prior to the recordation of Buyer's Condominium Unit Deed covering the Apartment, Seller may enter into other contracts, licenses and concessions as Seller determines, in its sole discretion, to be necessary or desirable for the management, operation or maintenance of the Project.
- (c) Association Will Self-Manage. There will be no initial Managing Agent. Buyer agrees that Seller will exercise all rights of the Association of Unit owners until there are enough owners to form the Association and Board of Directors is elected at the first annual meeting of the Association at which time the Association will either self-manage or appoint a Managing Agent.

3. Conveyance of Title by Condominium Unit Deed. In consideration of Buyer's performance under this Agreement, the Seller agrees to convey to Buyer good and marketable title to the Property on the Closing Date for an amount equal to the purchase price. Buyer may pay the purchase price in cash or may elect to obtain financing as set forth in the Purchase Contract.

4. No Present Interest and Subordination.

- (a) This Agreement shall not be construed as a present transfer of any interest in the Property or the land, but rather, it is an agreement to transfer in the future the Property and an undivided percentage interest in the common elements of the Project.
- (b) Notwithstanding any mortgage loan obtained by the Seller that affects the subject property, subject to Buyer's performance under the Purchase Contract, Seller shall convey the Property at closing free and clear of the foregoing mortgage.

5. Seller's Cancellation of Rights.

- (a) In the event Buyer shall have died prior to his acquisition of title to the Property, the Seller may elect to return all sums paid hereunder 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 Seller.
- (b) Except as otherwise provided in this Agreement, if Buyer shall default in making any of the payments or performing any of the obligations called for in this Agreement (including, but not limited to, Buyer's making a mortgage loan application as required in this

Agreement), and such default shall continue for ten (10) days after notice delivered personally or by mail by Seller to Buyer at the address given above, then, forthwith at the option Seller, Buyer shall lose any and all rights under this Agreement, and any amount paid toward the purchase price may be retained by Seller as liquidated damages, or may, at the option of the Seller, be returned, less Buyer's proportionate share of expenses to be determined solely by Seller. Time is of the essence of this Agreement.

Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees incurred by reason of default by the Buyer shall be borne by the Buyer.

6. Right of Buyer to Cancel the Sales Contract (Addendum regarding Notice of Right to Cancel Sales Contract attached).

- (a) The Buyer may cancel the Sales Contract any time up to midnight of the thirtieth day after:
 - i) The date that the Buyer signs the Sales Contract; and
 - ii) All of the items specified in subsection (a) (1) of Section 514B-86 HRS (which are listed in Paragraph 11(b) [of the Sales Contract]) have been delivered to the Buyer.
- (b) 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 associated with the purchase, which cost and fees shall not exceed \$250.00.
- (c) The Buyer may waive the right to cancel, or shall be deemed to have waived the right to cancel, by:
 - i) Checking the waiver box on the cancellation notice and delivering it to the Seller.
 - ii) Letting the thirty-day cancellation period expire without taking any action to cancel; or
 - iii) Closing the purchase of the unit before the cancellation period expires.
- (d) If the Buyer decides to cancel, the Buyer shall do so by delivery to Seller in the manner required under Section 514B-88 HRS. 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 contained in a form prescribed by the Real Estate Commission by checking the appropriate box and by signing and dating it.
- (e) It is understood that no obligation to purchase an apartment under any agreement for the purchase or reservation of an apartment entered into prior to the issuance of a Developer's Public Report is enforceable against the Buyer under such agreement.
- (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 under the conditions of this Paragraph 6,

Escrow Agent shall be required to return any monies to Buyer, the same shall be without interest and except as hereinabove provided, without deduction.

7. Additional Right to Cancel by Buyer (based on §514B-87, HRS).
- (a) Rescission Right. Except for any additions, deletions, modifications and exercise by Seller of reservations made pursuant to the terms of the Declaration of Condominium Property Regime for the Project, the Buyer may rescind his purchase of the Property even though this 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 (1) the Buyer's Property or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use.
 - (b) Waiver of Rescission Right. Upon delivery to the Buyer of a description of the material change on a form prescribed by the Real Estate Commission, the Buyer may waive the Buyer's rescission right provided in subsection (a) by:
 - i) Checking the waiver box on the option to rescind sales contract instrument, signing it, and delivering it to the Seller;
 - ii) Letting the thirty-day rescission period expire without taking any action to rescind; or
 - iii) Closing the purchase of the unit before the thirty-day rescission period expires.
 - (c) In the event of rescission pursuant to the provisions of this section, the Buyer shall be entitled to a prompt and full refund of any moneys paid.
8. Assignments. Buyer may not assign or otherwise transfer his rights or obligations under this Agreement or in the Apartment without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. The Seller may, at its option, release the obligations of Buyer under this Agreement in the event Buyer shall secure another purchaser who is satisfactory to Seller.
9. Oral Representation Not to be Relied Upon. This Agreement will supersede any and all understandings and agreements and, together with the Purchase Contract, constitutes the entire agreement between the parties and no oral representations or statements shall be considered a part hereof.
10. Retroactive Laws. If any governmental body or agency having jurisdiction over the Project should enact or adopt any law or ordinance, rule or regulation which would materially and adversely increase the cost of the Project, and if the effective date of such law, ordinance, rule or regulation ("retroactive law") should fall within the period from the date hereof to the date of closing of Buyer's Property, then Seller shall have the following rights accruing as of the enactment of adoption date of the retroactive law which must be exercised within sixty (60) days of such date: Seller shall have the right to (a) bear such increased cost, in which event Buyer shall waive any rights that he may have to rescind this Sales Contract and shall be limited solely to his rescission rights set forth in the Act; or (b) rescind this Sales Contract in the event that it chooses not to bear such increased costs. Upon the rescission of this Sales Contract pursuant to the foregoing provisions, Buyer shall be entitled to refund of all monies paid by him hereunder without interest and without any deduction. Upon tender of such refund, the parties shall be fully released from all obligations to each other hereunder.

11. Examination and Approvals; Receipt (Addendum regarding Receipt for Developer's Public Report attached). Buyer has examined and approves and agrees to be bound by the following:

- (a) The Condominium Map (including floor plans, exterior elevations and Site Map for the Project);
- (b) The Escrow Agreement;
- (c) The Declaration of Condominium Property Regime, and Bylaws of the Association of Unit Owners;
- (d) The specimen Condominium Unit Deed;
- (e) The Developer's Public Report on the Project issued by the Real Estate Commission of the State of Hawaii.

Buyer hereby acknowledges having received a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, the Project's recorded Declaration and Bylaws, House Rules, a letter-sized Condominium Project Map, and all amendments (provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map).

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee, provided that such modification shall not increase the cost of the Apartment, require a substantial change in the building, or substantially impair or modify any of the obligations given or undertaken by Seller.

12. Warranties and Construction Defects.

- (a) In the event that the Property being purchased by Buyer is an existing dwelling, Seller shall convey the Property (including the common elements) in "AS IS" condition. This means that:
 - i) Buyer is assuming all risks as to the condition of the Property and the Project, including the land;
 - ii) Seller will not be obligated to correct any defects in the Property or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and
 - iii) Buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered.
- (b) At closing, the Condominium Unit Deed delivered by Seller shall also be deemed to be the transfer of the unexpired term of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Property.
- (c) Seller shall not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Property or anything installed or contained therein or the common elements of the Project. Buyer understands that execution, delivery and

recordation of Buyer's Condominium Unit Deed shall constitute Buyer's acceptance of the Property and the Project and the condition thereof, including all personal property therein. Accordingly, Buyer understands the importance of making his own investigation or having an investigation made by trained professionals of the Property and the Project.

- (d) Disclaimer of Warranties. Except for the agreements set forth above, it is expressly understood and agreed by and between Seller and Buyer that there are no warranties which extend beyond the description on the face of this Agreement.

SELLER MAKES NO WARRANTIES OR PROMISES OF "MERCHANTABILITY", "HABITABILITY", "WORKMANLIKE CONSTRUCTION" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE" OR ANY OTHER WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE PROPERTY, OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS THEREOF).

13. Binding Agreement. Upon the execution and return by a Buyer of a receipt for a Developer's Public Report or when any such receipt becomes effective as provided by law or when the Buyer's rights have been waived as provided by law of this Agreement, this Agreement shall become a binding Addendum to the Purchase Contract.
14. Notices. Any notice provided herein to be given to Buyer shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to Buyer at his address stated herein. Notice shall be deemed given when delivered personally to any one party, if Buyer is more than one person, or when deposited in the United States mail.
15. General Provisions. Seller and Buyer further agree as follows:
- (a) The captions of the paragraphs hereof are for convenience only, are not an operating part hereof, and do not limit or amplify in any way the provisions hereof.
- (b) This Agreement shall be binding upon and shall inure to the benefit of the heirs, successors, legal representatives and permitted assigns of Seller and Buyer. The designations "Seller" and "Buyer" include their respective heirs, successors, legal representatives, and permitted assigns, and shall be construed so that the use of the singular number includes the plural number, and vice versa, and the use of any gender includes all genders. The liability of Buyer shall be joint and several if Buyer is more than one person.
- (c) Notwithstanding any provisions hereof or of said Escrow Agreement, this Agreement may not be terminated or assigned without prompt written notice thereof to Escrow Agent.

IT IS HEREBY AGREED by and between the Seller(s) and Buyer(s) that notwithstanding the provisions of Section C-79 of the Purchase Contract, all provisions of the Condominium Property Act relating to, but not limited to, Protection of Condominium Purchasers, Part V of Chapter 514B, shall be applicable to this Purchase Contract and this Addendum. In the event of any conflict or inconsistency between the provisions of this Purchase Contract including this Addendum, and Chapter 514B, the provisions of the latter shall prevail and control.

Buyer

Date

KORENAGA, INC.,
a Hawaii registered corporation

Buyer

Date

By _____
GILBERT KORENAGA, JR.,
Its President

Date: _____

By _____
KENDALL Y. KORENAGA,
Its Vice President

Date: _____

By _____
CINDY K. HONDA,
Its Secretary/Treasurer

Date: _____

"SELLERS"

END OF EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF THE PROVISIONS OF THE ESCROW AGREEMENT

5.1 Sales Documents Filed with the Real Estate Commission (Continued from page 13)

Among other provisions of the Escrow Agreement, the Agreement provides that:

Disbursement from the escrow fund may be made to pay for construction costs upon certification and approval for payment by an architect or engineer, and approved by Seller's lender. However, the agreement further provides that no disbursement of Purchaser's funds shall be made until (a) Escrow is notified by Seller that Real Estate Commission has issued an effective date for a Developer's Public Report, superseding all prior reports, on the project and that each purchaser has been given a copy of said Developer's Public Report; (b) Purchaser executes the form of Receipt for Public Report and Notice of Right to Cancel and waives his right to cancel; and (c) the completion of construction of the project and the forty-six day lien period has expired or Seller has posted a Surety Bond or submits title insurance with lien waivers.

Further, Purchaser shall be entitled to a refund of Purchaser's funds, and Escrow shall pay the funds to Purchaser, without interest and less Escrow's cancellation fee upon receipt by Escrow of a written request from Seller to return to Purchaser the funds of such Purchaser then held hereunder by Escrow.

Subject to such deduction as may be provided in the Sales Contract, and an escrow cancellation fee, the Purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to the Purchaser, without interest, upon Purchaser's written request, and, if any, one of the following events has occurred:

(a) Seller has instructed Escrow in writing to return to the Purchaser the funds of the Purchaser then being held hereunder by Escrow; or

(b) Seller has notified Escrow in writing of the Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated herein or otherwise available to the seller; or

(c) With respect to a Purchaser whose funds were obtained prior to the issuance of the Developer's Public Report, the Purchaser has exercised his right to cancel the contract pursuant to Section 514B-86, Hawaii Revised Statutes, as amended; and, upon any such cancellation, Purchaser shall be entitled to a prompt refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00; or

EXHIBIT "G"

(d) A Purchaser has exercised his right to rescind the contract pursuant to Section 514B-87, Hawaii Revised Statutes, as amended; or

(e) If, in accordance with Part V, Chapter 514B, Hawaii Revised Statutes:

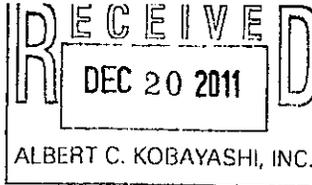
i) no sales contract is offered to purchaser who was place on the Developer's reservation list of owner-occupants, or upon a request from a person who is on the final reservation list but who has elected not to execute a sales contract; or

ii) the Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within fifty (50) calendar days following the end of the ten (10) calendar-day period during which the Developer is limited to selling to owner-occupants.

Upon the return of said funds to the purchaser as aforesaid, Escrow shall return to Seller such Purchaser's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract. Other documents delivered to Escrow relating to the sale of the units identified in such Sales Contracts will be returned to the person from whom or entity from which they were received.

(f) In the event of default of the Purchaser, Purchaser's initial deposits shall be retained by Seller, as liquidated damages.

END OF EXHIBIT "G"



STATE OF HAWAII
FILED

2011 DEC 14 AM 10:41

OWNER'S NOTICE OF
COMPLETION OF CONTRACT

Kendall Korenaga
Korenaga Inc.

AFFIDAVIT OF PUBLICATION

J. KUBO
CLERK

STATE OF HAWAII }
CITY AND COUNTY OF HONOLULU } ss.

Derek Yamashiro being
duly sworn, deposes and says, that he is the Clerk
of the HAWAII HOCHI, LTD., publisher of THE
HAWAII HOCHI, a daily newspaper published in
the City and County of Honolulu, State of Hawaii,
that the ordered publication in the above entitled
matter of which the annexed is a true and correct
printed notice, was published two time(s)
in THE HAWAII HOCHI, aforesaid, commencing
on the 2nd day of December, 2011,
and ending on the 9th day of December,
2011 (both days inclusive), to wit on
December 2, 9, 2011
and that affiant is not a party to or in any way
interested in the above entitled matter.

[Signature of Derek Yamashiro]

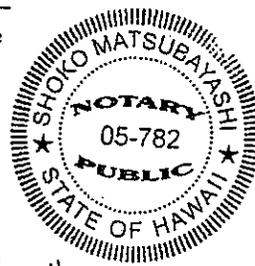
OWNER'S NOTICE OF
COMPLETION OF CONTRACT:
Notice is hereby given that pur-
suant to the Provisions of Section
507-43 of the Hawaii Revised Stat-
utes, as amended, the construction
by Albert C. Kobayashi, Inc. of that
certain single family dwelling
situated at 85-745 B Lihue Street,
tax key: 8-5-012-037, Waianae,
Hawaii, has been completed.
Kendall Korenaga
Korenaga Inc.
(owners):
(Hawaii Hochi: December 2, 9, 2011)

This 1 page Affidavit of Publication, which is undated at
the time of notarization, was subscribed and sworn before
me this 9th day of December, 2011,

by, Shoko Matsubayashi
Notary Public of the
First Judicial Circuit, State of Hawaii

[Signature] 12/9/11
Notary Signature Date

My Commission Expires: December 18, 2013



L. N. 11 - 1 - 1021

EXHIBIT "H"