

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Arthur Howard

Address 1123 Faragut Boulevard, Foster City, California 94415

Project Name(*): KALAPAKI VILLAS

Address: 4121 Rice Street, Lihue, Kauai, Hawaii

Registration No. 1236

Effective date: September 8, 1995

Expiration date: October 8, 1996

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission. [] No prior reports have been issued. [] This report supersedes all prior public reports. [] This report must be read together with

SECOND SUPPLEMENTARY: (pink) This report updates information contained in the: [] Preliminary Public Report dated: [] Final Public Report dated: [X] Supplementary Public Report dated: 2/14/84

And [] Supersedes all prior public reports [] Must be read together with [X] This report reactivates the Supplementary Report dated 2/14/84 public report(s) which expired on 9/27/84

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. A new Developer (Arthur Howard) is involved.
2. A new escrow company has been selected.
3. A new Sales Contract will be used.
4. A new Apartment Deed will be used.
5. Part of the original property has been withdrawn and certain easements have been granted.
6. The Declaration & Condominium Map & Bylaws have been amended three times since issuance of the last Public Report. A summary of all Declaration & Condominium Map changes, including those made since issuance of the last Public Report on February 14, 1984, appears on pages 2a and 2b following.
7. The Association's budget and the maintenance fees for each unit have increased substantially. See Exhibit B.
8. The Association has hired a new Managing Agent and Real Estate Broker (Hawaiian Asset Management & Investments Corporation).

SUMMARY OF AMENDMENTS TO DECLARATION & CONDOMINIUM MAP

First Amendment

Amends Declaration by deleting in its entirety the descriptions of the possible withdrawal areas set forth in Exhibit "E", and by inserting in place thereof the descriptions attached [hereto]; and by deleting in its entirety the list of unassigned parking stalls and guest parking stalls listed in Exhibit "F" to said Declaration, and by inserting in place thereof the list of unassigned parking stalls and guest parking stalls attached [hereto].

Also amends Condominium Map No. 785 by deleting in its entirety the site plan attached as the first sheet thereof, and by substituting therefor the site plan submitted [herewith].

Second Amendment

Amends Declaration by deleting in its entirety the descriptions of the possible withdrawal areas set forth in Exhibit "E" to said Declaration, and by inserting in place thereof the descriptions attached [hereto].

Also amends said Condominium Map No. 785 by deleting in its entirety the site plan attached as the first sheet thereof, and by substituting therefor the site plan submitted [herewith].

Third Amendment

Amends Declaration by incorporating the Verified Statement of Registered Architect certifying that the final plans of the first increment of the Project (Condominium Map 785) fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built.

The above changes were made before issuance of the last Supplementary Public Report of 2/14/84. The following changes were made subsequently.

Fourth Amendment

Withdraws from the Project and from the Declaration, Bylaws, and Condominium Map, the County Parcel [conveyed to the County of Kauai], the Access Parcel and the Undeveloped Parcel [both subdivided from the remainder of the Project]. The land which remains part of the Project and subject to the terms of the Declaration, Bylaws and Condo Map is Lot E-2A (the "Land") is described in Exhibit D attached [hereto].

Cancels and deletes Easements "C", "D" and "E" (pursuant to County approval); excepts Easement "G" (granted to the County of Kauai for sewer purposes); excepts a perpetual, nonexclusive easement for ingress and egress over and across the Land for the purpose of providing access to all existing and future easements which serve Lot E-3 and Lot E-2B (the "Undeveloped Parcel"); excepts an easement for waterline purposes; excepts an easement for utility purposes.

Amends Condominium Map by the addition of Sheet A-1 showing the property withdrawn.

Fifth Amendment

Lot E-2A is subjected to a perpetual, nonexclusive easement and right of way to KPG II.

Sixth Amendment

Lot E-2A is subjected to a perpetual, nonexclusive easement and right of way for utility purposes in favor of Citizens Utilities Company. Condominium Map was amended "by the addition thereto by reference of the easement described in Exhibit 'C'" attached to the Sixth Amendment. No new map was filed.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: ARTHUR HOWARD Phone: (415) 578-9055
Name
1123 Farragut Boulevard
Business Address
Foster City, CA 94415
(Business)

Names of officers or general partners of developers who are corporations or partnerships:

Real Estate Broker: Hawaiian Asset Management and Investments Corporation Phone: (808) 524-8700
Name
225 Queen Street, Suite 200
Business Address
Honolulu, HI 96813-4658
(Business)

Escrow: Security Title Corporation Phone: (808) 521-9511
Name
1001 Bishop Street, Suite 1200
Business Address
Honolulu, HI 96813
(Business)

General Contractor: Not applicable. Phone: _____
Name

Business Address

Condominium Managing Agent: Hawaiian Asset Management and Investments Corporation Phone: (808) 524-8700
Name
225 Queen Street, Suite 200
Business Address
Honolulu, HI 96813
(Business)

Attorney for Developer: Chun, Kerr, Dodd, Beaman & Wong Phone: (808) 528-8200
Name
Attn: Kyong-su Im
Business Address
745 Fort Street, 9th Floor
Honolulu, HI 96813
(Business)

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book 15325 Page 500
 Filed - Land Court: Document No. _____

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

See page 6a.

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 785
 Filed - Land Court Condo Map No. _____

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

See page 6a.

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book 15325 Page 500
 Filed - Land Court: Document No. _____

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

ATTACHMENT:

I. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A. Declaration of Condominium Property Regime

Amendment dates and recording/filing information:

First Amendment	(12-28-81)	-	Liber 16070, Page 622
Second Amendment	(01-08-82)	-	Liber 16095, Page 759
Third Amendment	(01-08-82)	-	Liber 16098, Page 495
Fourth Amendment	(08-07-87)	-	Liber 21257, Page 217
Fifth Amendment	(11-11-87)	-	Liber 21319, Page 95
Sixth Amendment	(03-31-89)	-	Liber 23022, Page 129

B. Condominium Map (File Plan)

Amendment dates and recording/filing information:

First Amendment	(12-28-81)	-	Liber 16070, Page 622
Second Amendment	(01-08-82)	-	Liber 16095, Page 759
Third Amendment	(01-08-82)	-	Liber 16098, Page 495
Fourth Amendment	(08-07-87)	-	Liber 21257, Page 217
Fifth Amendment	(11-11-87)	-	Liber 21319, Page 95 <i>DELETED</i>
Sixth Amendment	(03-31-89)	-	Liber 23022, Page 129

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>75%</u>
House Rules	—	<u>51%</u>

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

2. Developer:

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

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

4. THE CONDOMINIUM PROJECT

4. Interest to be Conveyed to Buyer:

- Fee Simple:** Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold:** Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 4121 Rice Street Tax Map Key: (4) 3-6-003-026
Lihue, Kauai, Hawaii (TMK)

[] Address [] TMK is expected to change because N/A

Land Area: 6.132 [] square feet [X] acre(s) Zoning: R-20

~~XXXXX~~
(Fee Owner): Condiotti Investment Partnership

Name
2880 Cleveland Avenue

Address
Santa Rosa, CA 95406

Sublessor: _____
Name

Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion
2. Number of Buildings: 9 (including a one story cabana/manager's office and maintenance bldg.)
Floors Per Building 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Glass and gypsum board

4. Permitted Uses by Zoning:

	<u>No. of</u>	<u>Use Permitted</u>		<u>No. of</u>	<u>Use Determined</u>
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>88</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

- [] Pets: Section I(4) of House Rules * - nousehold pets permitted if registered
- [] Number of Occupants: Section I(1) of House Rules * - no more than 2 per bedroom
- [] Other: See HOUSE Rules * and page 26 of Declaration
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers): SEE ATTACHED page 11a.

Elevators: _____ Stairways: _____ Trash Chutes: _____

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: _____

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

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

Boundaries of Each Apartment:

Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls; the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames, windows and window frames; the lanai air space; and all fixtures originally installed in the apartment.

Permitted Alterations to Apartments: Section VII of the House Rules.*

* A copy of the latest House Rules has been submitted by the Developer to the Commission in connection with its request for this Second Supplementary Report.

ATTACHMENT:

6. Interior

Elevators: None

Stairways: Buildings 1, 3, 4, 24 and 28 have two stairways each
Buildings 3, 25, 26 and 27 have three stairways each

Trash Chutes: None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	10	2/2	1,070	155
B	10	2/2	1,070	183
C	24	2/2	1,010	153
D	15	2/2	1,010	139
E	9	2/2	1,050	152
F	2	3/2	1,244	153
G	2	3/2	1,244	139
H	8	3/2	1,244	153
I	7	3/2	1,244	139
J	1	3/2	1,280	152

Total Apartments: 88

7. Parking Stalls:

Total Parking Stalls: 252

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)		<u>108</u>					<u>108</u>
Guest		<u>72</u>					<u>72</u>
Unassigned		<u>72</u>					<u>72</u>
Extra for Purchase							
Other:							
Total Covered & Open	<u>252</u>						

Each apartment will have the exclusive use of at least one parking stall(s). See p. 14
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

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

N/A

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

Common Elements, Limited Common Elements, Common Interest:

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

described in Exhibit A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows: Each apartment has for its exclusive use at least one (1) parking stall and one (1) mailbox having the same number as the respective apartment. The following apartments have the exclusive use of an additional stall:

<u>APARTMENT NO.</u>	<u>STALL NO.</u>	<u>APARTMENT NO.</u>	<u>STALL NO.</u>
101	3199	407	3147
102	3200	408	3148
107	3197	2403	3056
108	3198	2405	3057
201	3196	2405	3063
202	3195	2406	3062
207	3184	2801	3003
208	3185	2802	3004
401	3164	2807	3043
402	3163	2808	3044

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

described in Exhibit B.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit C describes the encumbrances against the title contained in the title report dated May 18, 1995 and issued by Title Guaranty of Hawaii.

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage on the property	Buyer's interest is specifically made subject and subordinate to such lien. Buyer's interest may be terminated and Buyer's deposit will be refunded.

Construction Warranties:

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

1. Building and Other Improvements: N/A

2. Appliances: N/A

Status of Construction and Estimated Completion Date:

The construction of the project was completed in 1982.

Project Phases:

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

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

V. MISCELLANEOUS

Sales Documents Filed With the Real Estate Commission:

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

- [] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit D contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated June 13, 1995
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Apartment Deed

Buyer's Right to Cancel Sales Contract:

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 1236 filed with the Real Estate Commission on 01/29/80.

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C. Additional Information Not Covered Above

Pursuant to Purchase and Sale Agreement by and between Condiotti Investment Partnership ("Condiotti") and Arthur Howard dated June 20, 1995, a copy of which is on file at the Real Estate Commission, prior to the sale of apartment units by the Developer to the prospective purchasers, the Developer will purchase the apartment units from Condiotti and Condiotti will simultaneously have its mortgagee release the lien on the apartment units.

3. 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 buyers 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.

ARTHUR HOWARD

Name of Developer

By: *Arthur Howard*

Duly Authorized Signatory

6/30/95
Date

Arthur Howard, Developer
print name & title of person signing above

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

EXHIBIT A

Common Elements.

- (1) Said land in fee simple;
- (2) All structural components, such as foundations, girders, beams, supports, main walls, roofs, halls, corridors, exterior stairs, stairways, entrances, exits, floor slabs, unfinished perimeter, party and load-bearing walls, and walkways of the Project;
- (3) All common spaces such as yards, gardens, planting areas, trash collection areas, all parking areas, driveways and access lanes;
- (4) All common premises for the use of janitors or other persons employed for operation of the Project, if any;
- (5) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under, or across the Property which serve more than one apartment for services such as power, light, gas, hot water, cold water, incineration, sewage, telephone, radio and television signal distribution, if any;
- (6) Any apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, vents, and other such installations and apparatus;
- (7) All other parts of the Project necessary or convenient to its existence, maintenance, and safety or normally in common use; and
- (8) The following 142 unassigned and guest parking stalls:

3002	3006	3008	3010	3012	3001	3005	3007	3009	3011
3014	3016	3018	3020	3022	3013	3015	3017	3019	3021
3024	3026	3028	3030	3032	3023	3025	3027	3029	3031
3034	3036	3038	3040	3042	3033	3035	3037	3039	3041
3046	3048	3050	3052	3054	3045	3047	3049	3051	3053
3058	3060	3064	3066	3068	3055	3059	3061	3065	3067
3070	3072	3149	3151	3153	3069	3071	3073	3150	3152
3155	3157	3159	3161	3165	3154	3156	3158	3160	3162
3167	3169	3171	3173	3175	3166	3168	3170	3172	3174
3177	3179	3181	3183	3187	3176	3178	3180	3182	3186
3189	3191	3193	3201	3203	3188	3190	3192	3194	3202
3205	3207	3209	3211	3213	3204	3206	3208	3210	3212
3215	3217	3219	3221	3250	3214	3216	3218	3220	3249
3252	3254	3256	3258	3260	3251	3253	3255	3257	3259
3262	3264				3261	3263			

KALAPAKI VILLAS AOA					
1995 MAINTENANCE FEE COMPUTATIONS					
AS OF 6/1/95					
UNIT	OWNER	COMMON ELEMENT %	MONTHLY MAINT FEE	MONTHLY RESERVE	TOTAL
207	KAUAI NURSERY	1.28677	316.42	150.53	466.95
208	FUJIEKI INVESTMENT	1.27389	313.25	148.20	461.45
312	ANTHONY SALES	1.15415	283.80	134.19	417.99
408	JAMES H. HARRIS	1.27389	313.25	148.20	461.45
2401	WAIMEA GARAGE	1.12836	277.47	131.86	409.33
2402	THOMAS D. YANO	1.15415	283.80	134.19	417.99
2501	PHILIP A. TROESTER	1.12836	277.47	131.86	409.33
2502	MALCOLM IKEDA	1.15415	283.80	134.19	417.99
2511	JACK E. BELSOM	1.12836	277.47	131.86	409.33
2612	KEI KUNITO INAZU	1.15415	283.80	134.19	417.99
2803	RICHMOND APAKA	1.07015	263.21	124.90	388.11
101	CONDIOTTI INVESTMENT	1.28677	316.96	150.41	467.37
102	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
103	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
104	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
105	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
106	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
107	CONDIOTTI INVESTMENT	1.28677	316.32	150.10	466.42
108	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
201	CONDIOTTI INVESTMENT	1.28677	316.32	150.10	466.42
202	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
203	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
204	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
205	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
206	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
301	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
302	CONDIOTTI INVESTMENT	1.15415	283.77	134.65	418.42
303	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
304	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
305	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
306	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
307	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
308	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
309	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
310	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
311	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
401	CONDIOTTI INVESTMENT	1.28677	316.32	150.10	466.42
402	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
403	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
404	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
405	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
406	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
407	CONDIOTTI INVESTMENT	1.28677	316.32	150.10	466.42
2403	CONDIOTTI INVESTMENT	1.28679	316.32	150.10	466.42
2404	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
2405	CONDIOTTI INVESTMENT	1.28679	316.32	150.10	466.42
2406	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
2407	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
2408	CONDIOTTI INVESTMENT	1.15415	283.77	134.65	418.42
2503	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2504	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2505	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2506	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2507	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2508	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2509	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2510	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2512	CONDIOTTI INVESTMENT	1.15415	283.77	134.65	418.42
2601	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
2602	CONDIOTTI INVESTMENT	1.15415	283.77	134.65	418.42
2603	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2604	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2605	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2606	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2607	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2608	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2609	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2610	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2611	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
2701	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
2702	CONDIOTTI INVESTMENT	1.15415	283.77	134.65	418.42
2703	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2704	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2705	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2706	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2707	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2708	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2709	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2710	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2711	CONDIOTTI INVESTMENT	1.12836	277.56	131.71	409.27
2712	CONDIOTTI INVESTMENT	1.15415	283.77	134.65	418.42
2801	CONDIOTTI INVESTMENT	1.28677	316.32	150.10	466.42
2802	CONDIOTTI INVESTMENT	1.27389	313.32	148.68	462.00
2804	CONDIOTTI INVESTMENT	1.05834	260.21	123.47	383.68
2805	CONDIOTTI INVESTMENT	1.07015	263.21	124.90	388.11
2806	CONDIOTTI INVESTMENT	1.10716	272.20	129.17	401.37
2807	CONDIOTTI INVESTMENT	1.28677	316.32	150.10	466.42
2808	CONDIOTTI INVESTMENT	1.31901	324.25	153.86	478.11
		100.00000	24,591.01	11,667.11	36,258.12

EXHIBIT B

I, Sandy Cooley, as agent and employed by Hawaiian Asset Management and Investments Corporation, the condominium managing agent for the condominium project Kalapaki Villas, hereby certify that the attached estimates of maintenance fee computations as of June 1, 1995 and cashflow budget ending December 31, 1995 were prepared in accordance with generally accepted accounting principles.


Date: 7-26-95

EXHIBIT B

EXHIBIT C

1. Any and all Real Property Taxes that may be due and owing.

Tax Key: 3-6-003-026 (4). For further information, check with the County Tax Assessor.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A perpetual right of way as an easement appurtenant to Tax Key parcel 3-6-03-65 for ingress and egress, drainage and pipeline purposes over a portion of the land described herein containing an area of 1,189 square feet, as granted to the County of Kauai, by instrument dated November 14, 1961, recorded in Liber 4181 at Page 385, as amended by instrument dated August 24, 1965, recorded in Liber 5165 at Page 1.
4. Grant in favor of Citizens Utilities Company, dated December 4, 1978, recorded in Liber 13351 at Page 721; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., over, under, upon, across and through a portion of the land described herein, said easement being designated as Easement "11" containing an area of 1,189 square feet, and being more particularly described therein.
5. Reservation and exception contained in Deed dated December 28, 1978, recorded in Liber 13379 at Page 41.
6. Easement "A" (area 0.376 acre) for water pipeline purposes, as shown on the map prepared by Jerry S. Nakagawa, Registered Professional Land Surveyor, dated April 13, 1981.
7. Easement "B" (area 0.073 acre) for water pipeline purposes, as shown on the map prepared by Jerry S. Nakagawa, Registered Professional Land Surveyor, dated April 13, 1981.

EXHIBIT C

8. Easement "C-1" (area 0.213 acre) for water pipeline purposes.
9. Easement "C-2" (area 0.112 acre) for water pipeline purposes.
10. Easement "D-1" (area 0.029 acre) for water pipeline purposes.
11. Grant in favor of the County of Kauai, by its Department of Water, County of Kauai, dated February 6, 1987, recorded in Liber 20706 at Page 742; granting a perpetual easement on, over and under said Easements "A", "B", "C-1", "C-2" and "D-1".
12. Grant in favor of Citizens Utilities Company and Hawaiian Telephone Company dated October 6, 1987, recorded in Liber 21257 at Page 200; granting a perpetual nonexclusive right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines, etc., for the transmission and distribution of electricity, over, under, upon, across and through Easement "E-1" (area 0.224 acre).
13. Easement "G" (10 feet wide, area 0.318 acre) for sewer purposes, as shown on the map prepared by Jerry S. Nakagawa, Registered Professional Land Surveyor, dated April 13, 1981.
14. Grant in favor of the County of Kauai dated February 6, 1987, recorded in Liber 20507 at Page 404; granting an easement to construct, install, maintain, operate, replace and remove an underground sewer pipeline or pipelines, etc., under, across and through said Easement "G".

EXHIBIT C

15. Easement "G-1" (area 0.063 acre) for sewer purposes in favor of Lot E-2B, as granted by instrument dated October 7, 1987, recorded in Liber 21257 at Page 261.

16. Perpetual, non-exclusive easement for ingress and egress over portion of the land described herein in favor of Lot E-2B for the purpose of providing access to all existing and future easements which serve said Lot E-2B, as granted by instrument dated October 7, 1987, recorded in Liber 21257 at Page 261.

17. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated February 3, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15325 at Page 500, and to the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 785, as amended.) Said Declaration was amended by instruments dated December 28, 1981, recorded in Liber 16070 at Page 622, dated January 8, 1982, recorded in Liber 16095 at Page 759, dated January 8, 1982, recorded in Liber 16098 at Page 495, dated October 7, 1987, recorded in Liber 21257 at Page 217, dated November 11, 1987, recorded in Liber 21319 at Page 95, and dated March 31, 1989, recorded in Liber 23022 at Page 129.

18. Grant in favor of KPG II, a Hawaii general partnership, dated November 11, 1987, recorded in Liber 21319 at Page 107; granting a perpetual, nonexclusive easement and right of way for pedestrian and vehicular access, ingress and egress over the roadways, walkways and driveways, now or in the future in existence on Lot E-2A.

19. Grant in favor of Citizens Utilities Company, dated March 31, 1989, recorded in Liber 23022 at Page 141; granting a non-exclusive perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and

EXHIBIT C

operate underground lines, etc., for the transmission and distribution of electricity, etc., over and across Easement "E-2" (10 feet wide) containing an area of 1,567 square feet, and being more particularly described therein.

20. -AS TO ALL APARTMENTS EXCEPT APARTMENT NO. 2710:-

(A) Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed dated December 11, 1985, recorded in Liber 19167 at Page 383.

(B) MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : CONDIOTTI INVESTMENT PARTNERSHIP, a
California general partnership

MORTGAGEE : HONOLULU FEDERAL SAVINGS AND LOAN
ASSOCIATION, a federal savings and loan
association, now known as BANK OF AMERICA,
FSB, a federal savings bank

DATED : January 15, 1988
RECORDED : Liber 21601 Page 649
AMOUNT : \$2,700,000.00

21. -AS TO APARTMENT 2710 ONLY:-

(A) Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed dated March 15, 1982, recorded in Liber 16271 at Page 414.

(B) MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : CONDIOTTI INVESTMENT PARTNERSHIP, a
California general partnership

MORTGAGEE : HONOLULU FEDERAL SAVINGS AND LOAN
ASSOCIATION, a federal savings and loan
association, now known as BANK OF AMERICA,
FSB, a federal savings bank

EXHIBIT C

DATED : August 12, 1988
RECORDED : Liber 22456 Page 518
AMOUNT : \$2,700,000.00

EXHIBIT D

SUMMARY OF SALES CONTRACT AND DEPOSIT RECEIPT

The form of the Sales Contract, filed with the Commission, provides for, among other things, a description of the apartment to be sold, the purchase price, the time, manner and place of payment, the Purchaser's obligations regarding mortgage financing, Developer's warranties and disclaimers regarding the construction, fixtures and appliances, and the remedies of Owner and of Purchaser in the event of a default under the Contract.

Among other provisions, the specimen Sales Contract provides:

1. The Sales Contract contains restrictions on selling or assigning the Sales Contract.

2. Owner has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's Apartment.

3. The Sales Contract is subject to the provisions of the Declaration of Condominium Property Regime, By-Laws, and other condominium documents.

4. The purchase of an apartment in the Project is subject to ongoing sales and construction activity by the Owner with respect to completing the sales of the Project and construction, which may result in noise, dust and other annoyance.

It is incumbent on the Purchaser that he read the full text of the Sales Contract.

EXHIBIT E

SUMMARY OF EXECUTED ESCROW AGREEMENT

A copy of the executed Escrow Agreement, dated June 13, 1995, between Security Title Corporatin as Escrow, and the Owner has been filed with the Commission. The Escrow Agreement provides for the deposit of Purchaser's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides in part that any interest earned on money on deposit belongs to the Owner. In the event that the Sales Contract or Chapter 514A, Hawaii Revised Statutes, as amended, entitles a Purchaser to a refund of Purchaser's deposits held by Escrow, then Escrow, upon instruction from the Owner, will refund Purchaser's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

By law, the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). Under the Escrow Agreement, no disbursement of funds can be made to the Owner until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes, as amended.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.