



REAL ESTATE COMMISSION
STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3460
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

HEALANI GARDENS
Ikeanani Drive
Kaneohe, Hawaii

Registration No. 1553

Issued: November 9, 1988
Expires: December 9, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 30, 19 88 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- ☐ **PRELIMINARY:** 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 when complete information is filed.
(yellow)
- ☒ **FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
☒ Supersedes all prior public reports
☐ Must be read together with _____
- ☐ **SUPPLEMENTARY:** Updates information contained in the
(pink)
☐ Prelim. Public Report dated _____
☐ Final Public Report dated _____
☐ Supp. Public Report dated _____
- And ☐ Supersedes all prior public reports
☐ Must be read together with _____
- ☐ This report reactivates the _____
public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

☒ Required ☐ 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.

This public report supercedes the Preliminary Public Report issued on August 25, 1983 and the Supplementary Public Report issued on April 27, 1987.

Guest Parking Stall Dispute

As shown on the Condominium Map for the project, 10 guest parking stalls for the project have been planned for the southwestern corner of the project (at the end of the extension of the planned Ikeanani Drive). This area is outlined in red on Drawing No. 2 of the Condominium Map. This parking plan and the location of these stalls have been approved by the City and County of Honolulu. A dispute has arisen between the Developer and the owner of the land located on the southern side of the project (identified by Tax Map Key No. 4-4-13: 89), over the Developer's right to locate the 10 guest parking stalls in that area. Depending upon the final resolution of this dispute, it is possible that (i) all or a portion of these 10 stalls may have to be removed by the developer, (ii) all or a portion of these 10 stalls may have to be relocated by the Developer, (iii) the Developer may have to give the adjacent owner a right of access across the area where the 10 stalls are located and/or (iv) the Developer may have to remove from the project the area where the 10 stalls are located. If any of those events occur, the project may have fewer than the number of guest parking stalls for the project presently required by the County.

BY APPROVING THIS FINAL PUBLIC REPORT AND NOT EXERCISING THE PURCHASER'S RIGHT TO CANCEL THE SALES CONTRACT THE PURCHASER HAS ENTERED INTO, THE PURCHASER SHALL BE DEEMED TO HAVE ACCEPTED AND ASSUMED THE RISK THAT ANY OF THE EVENTS DESCRIBED ABOVE MAY OCCUR, AND THE PURCHASER AGREES THAT IN ANY SUCH EVENT, THE PURCHASER SHALL CONTINUE TO BE BOUND TO PURCHASE THE APARTMENT WITHOUT ANY RIGHT TO CANCEL THE PURCHASE OR TO RECEIVE A REDUCTION IN THE PURCHASE PRICE AND WITHOUT BEING ABLE TO FILE ANY CLAIM AGAINST THE DEVELOPER, AND THAT THE DEVELOPER SHALL NOT IN ANY MANNER BE LIABLE TO THE PURCHASER OR THE ASSOCIATION OF APARTMENT OWNERS.

* SPECIAL ATTENTION: *
* The developer discloses that it makes no warranties *
* expressed or implied with respect to the apartment, the *
* project, appliances or other things installed or contained *
* in the apartment or project. (Please refer to Exhibit *
* "E".) The prospective purchaser is cautioned to carefully *
* review the documents for further information with respect *
* to the foregoing. *

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports.	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
 I. PEOPLE CONNECTED WITH THE PROJECT	 6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
 II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	 7
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
 III. THE CONDOMINIUM PROJECT	 9
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
 IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	 18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
 EXHIBIT A: Description of Common Elements	
EXHIBIT B: Description of Limited Common Elements and Common Interests	
EXHIBIT C: Description of Encumbrances Against Title	
EXHIBIT D: Schedule of Maintenance Fees	
EXHIBIT E: Description of Warranties	
EXHIBIT F: Summary of Pertinent Sales Contract Provisions	
EXHIBIT G: Summary of Pertinent Escrow Agreement Provisions	
EXHIBIT H:	
EXHIBIT I:	
EXHIBIT J:	

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 they 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 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.

Some condominium projects are leasehold. This means that the land or the land, 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 owner/tenant) 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. The 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.

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 a vote of the owners. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

(cite to appropriate pages
in text of report)

Interest to be Conveyed to Buyer:

Fee simple (apartment deed) and an undivided interest in the common elements of the project. See page 9 of this report.

Type of Project: See page 10 of this report.

1. ☒ New Building(s) ☐ Conversion
☐ Both New Building(s) and Conversion
2. ☒ Residential ☐ Commercial
☐ Mixed Residential and Commercial
☐ Other _____
3. ☐ High Rise (5 stories or more) ☒ Low Rise
4. ☐ Single or ☒ Multiple Buildings
5. Apartment Description (See page 11 of this report.)

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>A</u>	<u>6</u>	<u>2/2</u>	<u>815</u>	<u>N/A</u>
<u>AR</u>	<u>6</u>	<u>2/2</u>	<u>815</u>	<u>N/A</u>
<u>B</u>	<u>6</u>	<u>1/1</u>	<u>553</u>	<u>N/A</u>
<u>BR</u>	<u>6</u>	<u>1/1</u>	<u>553</u>	<u>N/A</u>
<u>C</u>	<u>25</u>	<u>2/2</u>	<u>975</u>	<u>N/A</u>
<u>CR</u>	<u>25</u>	<u>2/2</u>	<u>975</u>	<u>N/A</u>

Total Apartments: 74

*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.

6. Parking: (See page 12 of this report.)

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>148</u>
Guest Stalls	<u>19</u>
Unassigned Stalls	<u>N/A</u>
Extra Stalls Available for Purchase	<u>N/A</u>
Other: _____	<u>N/A</u>
Total Parking Stalls	<u>167</u>

(see page 2 of this report)

7. Recreational amenities: (See page 12 of this report.)

private park (8,800 square feet, including tot lot and picnic facilities)

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Healani Ventures, a Hawaii general partnership
Name
2752 Woodlawn Drive, Suite 5-207
Business Address
Honolulu, Hawaii 96822

Phone: 988-7081
(Business)

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

Honvest Corp., a Hawaii corporation
Koolaupoko Ventures, a Hawaii general partnership

Real Estate
Sales Agent:

Pro-sites, Inc.
Name
1600 Kapiolani Boulevard, Suite 1450
Business Address
Honolulu, Hawaii 96814
-continued below-

Phone: 946-1600
(Business)

Escrow:

First Hawaii Title Corporation
Name
733 Bishop Street, Suite 1190
Business Address
Honolulu, Hawaii 96813

Phone: 521-3411
(Business)

Managing
Agent:

Hawaiiana Management Company
Name
1270 Ala Moana Boulevard
Business Address
Honolulu, Hawaii 96814

Phone: 528-3800
(Business)

Attorney for
Developer:

Cades Schutte Fleming & Wright (Attn: Stanley M. Kuriyama)
Name
1000 Bishop Street, Suite 1200
Business Address
Honolulu, Hawaii 96813

Real Estate
Sales Agent

Waie, Ltd
Name
25 Kaneohe Bay Drive, Suite 201
Business Address
Kailua, Hawaii 96734

Phone: 254-3521

-Properties Unlimited, Inc.
4510 Salt Lake Blvd., B4
Honolulu, Hawaii 96818

Phone: 487-3855

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 Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Horizontal 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 — Book _____ Page _____
☒ Filed — Land Court — Document Number 1582017

Amendment date(s) and recording/filing information:

N/A

- 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 Conveyance Condo Map No. _____
☒ Filed — Land Court Condo Map No. 682

Amendment date(s) and recording/filing information:

N/A

- 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 way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

☐ Proposed
☐ Recorded — Bureau of Conveyances — Book _____ Page _____
☒ Filed — Land Court — Document Number 1582018

Amendment date(s) and recording/filing information:

N/A

- D. House Rules. The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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 apartment owners who 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>65 %</u>
House Rules	—	<u>Majority of Board</u> of Directors

The percentages for individual condominium projects may be more than the minimum set by law.

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

Before the first conveyance of an apartment to a purchaser, the Developer may change the Declaration, Condominium Map, Bylaws and House Rules in any manner without any purchaser's consent. After the first conveyance, the Developer may, without notice to or consent of any purchaser, change the Declaration (and, if applicable, the Condominium Map) to (a) transfer parking stalls owned by the Developer to another apartment, (b) file the architect's "as-built" certificate required under the Condominium Statute (Chapter 514A, HRS), and (c) to grant easements for access across the southwest portion of the project located south of Ikeanani Drive (such portion being outlined in red on Drawing No. 2 of the Condominium Map) or to remove such portion from the project and the Horizontal Property Regime established by the Declaration and/or to remove or relocate the parking stalls located in such portion which are presently shown on the Condominium Map.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- ☒ Fee Simple: Individual apartments and the underlying land will be in fee simple.
- ☐ Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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.

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.

- ☐ Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The 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; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

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:

For Subleaseholds:

- ☐ Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
☐ Cancelled ☐ 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 cancelled or foreclosed.

B. Underlying Land:

Address: Ikeanani Drive Tax Map Key: 4-4-13:88 (1st Div)
Kaneohe, Hawaii (TMK)

☐ Address ☐ TMK is expected to change because _____

Land Area: 19.703 ☐ square feet ☒ acre(s) Zoning: R-4 and Preservation

Fee Owner: Healani Ventures, a Hawaii general partnership

name
2752 Woodlawn Drive, Suite 5-207

address
Honolulu, Hawaii 96822

Sublessor:

name

address

C. Buildings and Other Improvements:

1. ☒ New Building(s) ☐ Conversion of Existing Building(s)
☐ Both New Building(s) and Conversion

2. Buildings: 9 Floors Per Building: 2

☐ Exhibit _____ contains further explanations.

3. Principal Construction Material:

☐ Concrete ☐ Hollow Tile ☒ Wood

☐ Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>74</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input checked="" type="checkbox"/> Other: <u>Apartments may be used by the</u>			
<u>developer for sales purposes</u>			
<u>(model units, sales office, etc.)</u>			

5. Special Use Restrictions:

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

[x] Pets: no livestock or domestic fowl are permitted; no commercial breeding of animals is permitted.

[] Number of Occupants: _____

[] Other: _____

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 74

Elevators N/A

Stairways 19 (total)

Trash Chutes N/A

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>A</u>	<u>6</u>	<u>2/2</u>	<u>815</u>	<u>N/A</u>
<u>AR</u>	<u>6</u>	<u>2/2</u>	<u>815</u>	<u>N/A</u>
<u>B</u>	<u>6</u>	<u>1/1</u>	<u>553</u>	<u>N/A</u>
<u>BR</u>	<u>6</u>	<u>1/1</u>	<u>553</u>	<u>N/A</u>
<u>C</u>	<u>25</u>	<u>2/2</u>	<u>975</u>	<u>N/A</u>
<u>CR</u>	<u>25</u>	<u>2/2</u>	<u>975</u>	<u>N/A</u>

*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 floor area may have been used.

Boundaries of Each Apartment: Each apartment shall be deemed to include: all walls and partitions which are not load-bearing within its perimeter walls; the inner decorated or finished surfaces of all walls, floors and ceilings; any doors, windows or panels along the perimeters; and all fixtures originally installed therein. The respective apartments shall not be deemed to include: the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the party walls; the undecorated or unfinished surfaces of the floors and ceilings surrounding each apartment; or any pipes, shafts, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment.

Permitted Alterations to Apartments:

No alterations are permitted without the prior approval of the project's Board of Directors. In addition, certain provisions of the Condominium Statute (Chapter 514A, HRS), prohibit certain types of material changes without the consent of other apartment owners.

7. Parking Stalls:

Total Parking Stalls: 167

	<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 individual units)	<u>75</u>	<u>73</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>148</u>
Guest Unassigned	<u> </u>	<u>19</u>	<u>(see page 2 of this report)</u>				<u>19</u>
Extra Available for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>167</u>		<u> </u>	<u> </u>	<u> </u>	<u> </u>	

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

☐ Commercial parking garage permitted in condominium project.

☒ Exhibit s A & B 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: private park (8,800 sq. ft., including
tot lot and picnic facilities)

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years): N/A

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

- a. [X] No variances to zoning code have been granted. The project has been approved pursuant to a PDH (planned development) approval.
[] 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	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

(see page 2 of this report)

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.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit A describes the common elements.

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 may use them are:

☒ described in Exhibit B

☐ as follows:

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 often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

☒ Exhibit B describes the common interests for each apartment.

☐ as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit C describes the encumbrances against the title contained in the title report dated September 28, 1988.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It 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.

[X] 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. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

Type of Lien

Effect on Buyer's Interest
If Developer Defaults

The Developer has obtained a loan for the construction of the project, which loan is secured by a mortgage covering the project.

The buyer's sales contract is subordinate to the mortgage lien and may be terminated if the Developer defaults.

F. Management of the Common Elements: The Association of Apartment 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 managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[X] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and 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 to each apartment.

Exhibit D contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

☐ Electricity ☐ Television Cable

☐ Gas ☒ Water & Sewer

☐ Other _____

I. 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:

See Exhibit E attached hereto and made a part hereof.

2. Appliances:

See Exhibit E attached hereto and made a part hereof.

J. Status of Construction and Estimated Completion Date:

Construction has not commenced, but is expected to be completed in November 1989.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development: N/A

L. Sales Documents Filed with the Real Estate Commission:

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit F contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated March 17, 1987

Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

[] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer 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, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

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

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. 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.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

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 Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1553 filed with the Real Estate Commission on June 28, 1983.

Reproduction of Report. When reproduced, this report must be on:

☐ yellow paper stock ☒ white paper stock ☐ pink paper stock

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

Supplementary Public Reports expire on the expiration date given on the front of the report.



GLORIA DAMRON, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

EXHIBIT A

DESCRIPTION OF COMMON ELEMENTS

The common elements of the project include the limited common elements described in Exhibit B, and all other portions of the project, other than the apartments, including, but not limited to:

a. All of the land ("Land") submitted to the Horizontal Property Regime, in fee simple;

b. All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, stairs, stairways, ducts, pumps, pipes, wires, conduits, and generally all equipment, apparatus, installations and personal property existing for common use in the buildings or located on the Land; and

c. All driveways and other common ways, recreational facilities, landscaping, yards, fences, retaining walls, mail box areas, trash areas, accessory equipment and parking areas situate on the Land, including guest parking stalls.

Notwithstanding the foregoing, the Developer reserves the right to grant easements for access across the southwest portion of the Land located south of Ikeanani Drive (such portion being outlined in red on Drawing No. 2 of the Condominium Map) or to remove such portion of the Land from the project and the Horizontal Property Regime and/or to remove or relocate the parking stalls located in such portion which are presently shown on the Condominium Map, in connection with the resolution of the Guest Parking Stall Dispute described below.

Guest Parking Stall Dispute

As shown on the Condominium Map for the project, 10 guest parking stalls for the project have been planned for the southwestern corner of the project (at the end of the extension of the planned Ikeanani Drive). This area is outlined in red on Drawing No. 2 of the Condominium Map. This parking plan and the location of these stalls have been approved by the City and County of Honolulu. A dispute has arisen between the Developer and the owner of the land located on the southern side of the project (identified by

Tax Map Key No. 4-4-13: 89), over the Developer's right to locate the 10 guest parking stalls in that area. Depending upon the final resolution of this dispute, it is possible that (i) all or a portion of these 10 stalls may have to be removed by the Developer, (ii) all or a portion of these 10 stalls may have to be relocated by the Developer, (iii) the Developer may have to give the adjacent owner a right of access across the area where the 10 stalls are located and/or (iv) the Developer may have to remove from the project the area where the 10 stalls are located. If any of those events occur, the project may have fewer than the number of guest parking stalls for the project presently required by the County.

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EXHIBIT B

DESCRIPTION OF LIMITED COMMON ELEMENTS AND COMMON INTEREST

Each apartment shall have appurtenant thereto:

(a) As a limited common element, the parking stalls designated on Exhibit B-1 attached hereto as being appurtenant to such apartment.

(b) The percentage of undivided interest in the common elements identified on Exhibit B-1 attached hereto as being appurtenant to such apartment.

EXHIBIT B-1

<u>Bldg.</u>	<u>Apt. No.</u>	<u>Residen- tial Floor</u>	<u>Model Type</u>	<u>Net Living Area (Measured in Square Feet) (Approx.)</u>	<u>Percentage Interest In Common Elements</u>	<u>Assigned Parking Stall No.</u>	<u>Covered</u>	<u>Uncovered</u>
1	111	1	C	975	1.496	7		4
1	112	1	CR	975	1.496	8		3
1	113	1	C	975	1.496	13		2
1	114	1	CR	975	1.496	14		1
1	121	2	C	975	1.496	5, 6		
1	122	2	CR	975	1.496	9, 10		
1	123	2	C	975	1.496	11, 12		
1	124	2	CR	975	1.496	15, 16		
2	211	1	A	815	1.252			20, 21
2	212	1	AR	815	1.252	22		140
2	213	1	B	553	0.848	25		148
2	214	1	BR	553	0.848	28		147
2	215	1	A	815	1.252	31		141
2	216	1	AR	815	1.252			17, 18
2	221	2	A	815	1.252	23		19
2	222	2	AR	815	1.252	24		142
2	223	2	B	553	0.848	26		146
2	224	2	BR	553	0.848	27		145
2	225	2	A	815	1.252	30		143
2	226	2	AR	815	1.252	29		144
3	311	1	C	975	1.496	46		123
3	312	1	CR	975	1.496	47		124
3	313	1	C	975	1.496	52		125
3	314	1	CR	975	1.496	53		126
3	321	2	C	975	1.496	44, 45		
3	322	2	CR	975	1.496	48, 49		
3	323	2	C	975	1.496	50, 51		
3	324	2	CR	975	1.496	54, 55		
4	411	1	A	815	1.252	56		133
4	412	1	AR	815	1.252	59		134
4	413	1	B	553	0.848	62		135
4	414	1	BR	553	0.848			34, 136
4	415	1	B	553	0.848			33, 137
4	416	1	BR	553	0.848			32, 138
4	417	1	C	975	1.496	65		139
4	421	2	A	815	1.252	57		127
4	422	2	AR	815	1.252	58		128
4	423	2	B	553	0.848	60		129
4	424	2	BR	553	0.848	61		130

<u>Bldg.</u>	<u>Apt. No.</u>	<u>Residen- tial Floor</u>	<u>Model Type</u>	<u>Net Living Area (Measured in Square Feet) (Approx.)</u>	<u>Percentage Interest In Common Elements</u>	<u>Assigned Parking Stall No.</u>	
						<u>Covered</u>	<u>Uncovered</u>
4	425	2	B	553	0.848	63	131
4	426	2	BR	553	0.848	64	132
4	427	2	C	975	1.496	66	35
5	511	1	CR	975	1.496		42, 43
5	512	1	C	975	1.496		40, 41
5	521	2	CR	975	1.496		38, 39
5	522	2	C	975	1.496		36, 37
6	611	1	C	975	1.496	72	69
6	612	1	CR	975	1.496	73	68
6	621	2	C	975	1.496	70, 71	
6	622	2	CR	975	1.496	74, 75	
7	711	1	C	975	1.496	78	67
7	712	1	CR	975	1.496	79	106
7	713	1	C	975	1.496	84	105
7	714	1	CR	975	1.496	85	104
7	721	2	C	975	1.496	76, 77	
7	722	2	CR	975	1.496	80, 81	
7	723	2	C	975	1.496	82, 83	
7	724	2	CR	975	1.496	86, 87	
8	811	1	C	975	1.496	90	103
8	812	1	CR	975	1.496	91	102
8	813	1	C	975	1.496	96	101
8	814	1	CR	975	1.496	97	100
8	821	2	C	975	1.496	88, 89	
8	822	2	CR	975	1.496	92, 93	
8	823	2	C	975	1.496	94, 95	
8	824	2	CR	975	1.496	98, 99	
9	911	1	CR	975	1.496		115, 122
9	912	1	C	975	1.496		120, 121
9	913	1	CR	975	1.496		109, 110
9	914	1	C	975	1.496		107, 108
9	921	2	CR	975	1.496		118, 119
9	922	2	C	975	1.496		116, 117
9	923	2	CR	975	1.496		113, 114
9	924	2	C	975	1.496		111, 112

Note: All parking stalls are standard sized.

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EXHIBIT C

ENCUMBRANCES AGAINST TITLE

1. Easement (10 feet wide) for powerline purposes, as shown on Map 14, as set forth by Land Court Order No. 8837.

2. Easement V (20 feet wide) for water purposes, as shown on Map 84, as set forth by Land Court Order No. 27667.

3. Grant in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, and Board of Water Supply, dated August 31, 1967, filed in said Office of the Assistant Registrar as Document No. 430059, to install underground water pipeline(s) over, under and across Easement V.

4. Restriction of vehicle access rights as set forth by Land Court Order No. 31968, filed July 24, 1970.

5. Easement 77 as shown on Map 135, as set forth by Land Court Order No. 67326, filed September 26, 1983.

6. Grant in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, dated October 3, 1963, filed in said Office of the Assistant Registrar as Document No. 327217, for sewer purposes over, under, across and through a portion of the land described above.

7. Restriction of vehicle access rights as set forth by Land Court Order No. 36988, filed March 5, 1973, now owned by the State of Hawaii by Document No. 582800.

8. Declaration of Restrictive Covenants (Private Park), dated December 8, 1982, filed in said Office of the Assistant Registrar as Document No. 1500655.

9. Mortgage, Security Agreement and Financing Statement dated May 23, 1988, executed by Healani Ventures, a Hawaii general partnership, as Mortgagor, and First Interstate Bank of Hawaii, a Hawaii corporation, as Mortgagee, filed in said office of the Assistant Registrar as Document No. 1552565.

10. Financing Statement executed by Healani Ventures, a Hawaii general partnership, as Debtor, and First Interstate Bank of Hawaii, a Hawaii corporation, as Secured Party, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 21962, Page 790.

11. Declaration of Horizontal Property Regime of "Healani Gardens" dated September 19, 1988, filed in said Office of the Assistant Registrar as Document No. 1582017.

12. Bylaws dated September 19, 1988, filed etc. as Document No. 1582018.

13. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

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EXHIBIT "D"

HEALANI GARDENS

**Estimated Monthly Common Expenses
as of May 2, 1988**

<u>RECEIPTS</u>	<u>COMMON EXPENSES</u>
Maintenance Fees	
Other	\$ 7,212
TOTAL RECEIPTS	<u>0</u>
	\$ 7,212
<u>DISBURSEMENTS</u>	
<u>Utilities</u>	
Electricity	\$ 500
Water	700
Sewer	450
Telephone	<u>30</u>
	\$ 1,680
<u>Building Maintenance</u>	
Electrical	\$ 25
Grounds	1,200
Plumbing	50
Miscellaneous Repairs/Purchases	200
Equipment	25
Refuse	500
Fire Systems	<u>10</u>
	\$ 2,010
<u>Administration</u>	
Office and Administration Expense	\$ 80
Management Services	775
Legal Fees	25
Audit/Public Accounting	<u>50</u>
	\$ 930
<u>Payroll and Benefits</u>	
Payroll - Manager	\$ 600
Worker's Compensation	100
TDI	10
Health Care	60
Payroll Taxes	75
Rent - Apartment	<u>600</u>
	\$ 1,445

HEALANI GARDENS
Estimated Monthly Common Expenses
May 2, 1988
Page Two

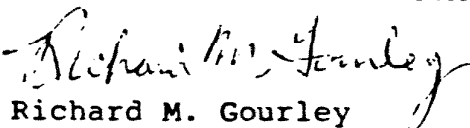
	<u>COMMON EXPENSES</u>
<u>Other</u>	
Insurance	\$ 600
Miscellaneous Expense	25
Taxes: Gross Income	7
	<u>\$ 632</u>
 TOTAL DISBURSEMENTS	 \$ 6,697
 <u>RESERVE TRANSFERS</u>	
General Operating	\$ 100
Painting	200
Driveways	100
Roofing	100
TOTAL RESERVES	<u>\$ 500</u>
 TOTAL DISBURSEMENTS AND RESERVES	 \$ 7,197
 NET SURPLUS	 \$ 15

Monthly maintenance fees per unit would be:

A and AR units	\$ 90
B and BR units	\$ 61
C and CR units	\$108

It is hereby certified that the foregoing estimate of Monthly Common Expenses of the project has been based on generally accepted accounting principles.

HAWAIIANA MANAGEMENT COMPANY, LTD.


Richard M. Gourley
President

Dated: May 2, 1988

EMC:rc

EXHIBIT E

DESCRIPTION OF WARRANTIES

The warranties applicable to the construction of the Project and appliances in the apartments are as follows:

(a) Building Warranty. The Developer anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 (1976 Edition) which generally provides as follows:

If, within one year after the date of substantial completion of the work or designated portion thereof or within one year after acceptance by the Owner of designated equipment, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the contractor a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition.

The Developer makes no warranties itself, but if the apartment purchaser shall give the Developer written notice of any defective condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, the Developer will forward such notice together with the written notice to the contractor to correct such condition.

(b) Appliance Warranty. A description of warranties on the appliances in each apartment is presently unavailable inasmuch as the purchase contracts therefor have not been executed by the Developer. The Developer will attempt to assign to the apartment purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the purchaser's apartment. By such assignment, the Developer will be merely

passing through to the apartment purchaser any such manufacturer's or dealer's warranties, and Developer will not be adopting any such warranties or acting as co-warrantor.

* THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR *
* IMPLIED, WITH RESPECT TO THE APARTMENT, THE *
* PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS *
* INSTALLED OR CONTAINED IN THE APARTMENT OR THE *
* PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES *
* OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE *
* CONSTRUCTION OR FITNESS FOR A PARTICULAR USE. *

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EXHIBIT F

SUMMARY OF PERTINENT SALES CONTRACT PROVISIONS

A specimen Deposit Receipt and Sales Contract (the "Sales Contract") has been submitted to the Real Estate Commission and is also available in the sales office of the Developer. All purchasers and prospective purchasers should carefully review the Sales Contract in its entirety, since this summary is not a complete description of its provisions. The Sales Contract, among other things, covers in more detail the following items:

1. After the purchaser has receipted for a Final Public Report on the project, all or a portion of the purchaser's deposits made under the Sales Contract will be used by the Developer for the construction of the project and for other expenses of developing the project. The amounts disbursed for construction and development purposes will earn no interest. However, interest earned on all deposits made by the purchaser which are not disbursed for construction and development purposes will be credited to the purchaser's account at closing, provided the purchaser closes the sale of his or her apartment by the scheduled closing date. If the purchaser does not close by the scheduled closing date, then all interests earned on the purchaser's deposit will be the sole property of the Developer.

2. The closing date of the sale of the apartment to the purchaser shall be specified in a written notice given by the Developer to the purchaser. The Developer shall give the purchaser at least ten (10) days prior written notice of the scheduled closing date; provided, however, that the closing date shall not be earlier than the date a Certificate of Occupancy covering the purchaser's apartment is issued, and shall not be later than twenty-four (24) months after the date the purchaser receipts for the Final Public Report on the project.

3. If the purchaser intends to obtain a loan to pay for a portion of the purchase price, then the purchaser will be required to submit within thirty (30) days after the Developer signs the Sales Contract, a written loan approval for the purchaser's loan from the purchaser's lender. If the purchaser should fail to obtain such loan approval, then the Developer may cancel the Sales Contract or extend the date for obtaining the loan approval. If the Sales Contract is cancelled, then the purchaser's deposit will be refunded to the purchaser without any interest, and less any

cancellation fees imposed by Escrow and any actual expenses incurred by the Developer or Escrow. It is the purchaser's responsibility to be sure that the purchaser's lender funds the loan on the scheduled closing date. If the purchaser's lender does not fund on the scheduled closing date, then the Developer may cancel the Sales Contract and keep all deposits made by the purchaser under the Sales Contract.

4. Once the purchaser receipts for the Final Public Report on the project, then the Sales Contract becomes a binding sales contract. If the purchaser should fail to close the purchase of the apartment by the scheduled closing date or otherwise defaults under the Sales Contract, then the Developer will be entitled to exercise various default remedies, including suing the purchaser for specific performance or cancelling the Sales Contract and keeping all of the purchaser's deposits. If the Developer should fail to fulfill any of its obligations under the Sales Contract, then the purchaser will be entitled to sue the Developer for specific performance or cancel the Sales Contract and receive a refund of all of the purchaser's deposits, plus the sum of \$500.

5. The Sales Contract requires the purchaser to pay various closing costs, such as title insurance premiums, one-half of the escrow fees and purchaser's notary fees. In addition, the purchaser will be obligated to pay at closing two (2) months of prepaid maintenance fees and a non-refundable start-up fee equal to an additional two (2) months' maintenance fees, determined as of the date a Certificate of Occupancy is issued for the purchaser's apartment.

6. The Developer makes no warranties, expressed or implied, with respect to the purchaser's apartment, the project or consumer products or other things installed or contained in the apartment or the project, including but not limited to warranties of merchantability, habitability, workmanlike construction or fitness for a particular use.

7. The Developer shall complete construction of the purchaser's apartment so as to permit normal occupancy within twelve (12) months after the purchaser has receipted for the Final Public Report on the project, subject, however, to certain extensions of time due to certain factors beyond the Developer's control.

8. The Developer intends to borrow a loan for the construction of the project. This loan will be secured by one or more mortgages upon the project. The purchaser's

interest in the apartment and under the Sales Contract shall be subordinate in all respects to these mortgage liens. At the time of closing, the purchaser's apartment will be conveyed to purchaser free and clear of these mortgage liens.

9. Until the first conveyance of an apartment in the project to a purchaser, the Developer shall have the right to change the Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners, Condominium Map and other documents pertaining to the project.

10. The purchaser may not assign the Sales Contract without the Developer's prior written consent and payment of a processing fee.

11. In order to facilitate the closing of sales of apartments in the project, the Developer has the right to "pre-close" the purchaser's sale. This means that the purchaser will be required to sign various documents and to pay into Escrow that portion of the purchase price which the purchaser is not borrowing from his or her lender. However, pre-closing shall not occur earlier than sixty (60) days before the date that a Certificate of Occupancy is expected to be issued for the purchaser's apartment.

12. All apartments in the project may be used only for residential purposes, and may not be rented for tenement or rooming house or transient purposes, except that the Developer shall have the right to use apartments in the project for sales purposes (such as a sales office, model unit, etc.). The Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the project. The Developer has authorized no agents, salespersons or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal and state tax laws, to be derived from the purchase of an apartment in the project.

13. The purchaser shall inspect the apartment at such time as directed by the Developer.

ALL PURCHASERS SHOULD READ THE SALES CONTRACT IN ITS ENTIRETY, AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT GIVE A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER.

EXHIBIT G

SUMMARY OF PERTINENT ESCROW AGREEMENT PROVISIONS

Copies of the Escrow Agreement between the Developer and First Hawaii Title Corporation ("Escrow") have been submitted to the Real Estate Commission and are available for inspection in the sales office of the Developer. All purchasers and prospective purchasers should carefully read the Escrow Agreement in its entirety, since this summary is not a complete description of its provisions. The Escrow Agreement, among other things, covers in more detail the following items:

1. The Developer will turn over the purchaser's initial deposits to Escrow. All other payments to be made by the purchaser under the Sales Contracts are to be made to Escrow.

2. The purchaser's funds will be deposited in a federally-insured institution. Except as otherwise stated in the Sales Contract, the Developer will get all of the interest paid on the purchaser's funds.

3.a. The purchaser's funds may be released by Escrow to the Developer when two (2) full working days have passed since the purchaser has receipted for the Final Public Report on the project, and the Developer notifies Escrow that certain requirements imposed under the Condominium Statutes (Chapter 514A, HRS) have been satisfied and that the Sales Contract has become a binding sales contract in accordance with the terms of the Sales Contract.

b. If the purchaser's funds are released to the Developer by Escrow, then the Developer may use the funds for the payment of construction costs, architectural fees, engineering fees, finance and legal fees and other incidental expenses of the project, and for the payment of any other items which does not violate the Condominium Statutes.

c. The balance of the purchaser's funds will be released by Escrow to the Developer when the purchaser's Apartment Deed has been recorded, and the purchaser is protected against mechanics' and materialmen's liens.

d. The Sales Contract explains when purchasers may obtain refunds of their deposits. Escrow will make these refunds only if the Developer instructs Escrow to make such refunds. No refund is to be made at a purchaser's request unless Escrow receives written approval

from the Developer. The refunds will be made without interest unless the Sales Contract states differently. If permitted under the Sales Contract, Escrow will deduct its cancellation fees from the refunds. Escrow will also make refunds as required under Part IV of the Condominium Statutes.

e. The Developer will notify Escrow if a purchaser has defaulted and the Developer has cancelled the purchaser's Sales Contract. Escrow will then notify the purchaser by registered mail that the Developer has cancelled the Sales Contract because of the default. After ten (10) days following Escrow's mailing of such notice to the purchaser, Escrow will treat all of the purchaser's funds in escrow as belonging to the Developer, and shall release the funds to the Developer upon the Developer's request.

3. Escrow will assist and supervise the signing of all documents necessary for closing. Escrow will close the sale only if all of the money required to be paid to Escrow has been paid and all necessary closing documents can be recorded.

4. Escrow's fee will be \$135 per sale, plus Hawaii general excise tax. Escrow will also issue to each purchaser, at closing, an owner's title policy. The cost of such policy will be \$150, plus Hawaii general excise tax. An additional sum of \$26, plus Hawaii general excise tax, will be charged for each title policy issued in favor of the purchaser's lender.

It will be the purchaser's responsibility to pay for the purchaser's and lender's title policies, and payment will not be the responsibility of the Developer.

5. If escrow is cancelled, Escrow's cancellation fee will be \$25. If escrow is cancelled as a result of the purchaser's default or cancellation, then the purchaser will also have to pay as an additional cancellation fee, all out-of-pocket costs incurred by Escrow.

6. Escrow will not be liable to anyone so long as Escrow acts in accordance with the terms of the Escrow Agreement, even if someone attempts to give Escrow instructions which are different from the terms of the Escrow Agreement.

7. Except as otherwise provided in the Escrow Agreement, Escrow is not obligated to choose sides or do anything if the Developer and a purchaser should have a dispute. Escrow can wait until the dispute is resolved or

file an "interpleader" action to have the dispute resolved by the courts. In that case, Escrow will deposit into court any money involved in the dispute, and Escrow will not have any further liability to the parties. The Developer and the purchaser will be jointly and severally responsible for the payment of all costs and attorneys' fees payable by Escrow in connection with this interpleader action. As between the Developer and the purchaser, the party that wins the interpleader action will be entitled to recover from the losing party all of the winning party's attorneys' fees and costs.

8. The Developer and the purchaser will jointly and severally indemnify Escrow against all sums and damages incurred by Escrow in connection with the Escrow Agreement, except that the Developer and purchaser need not indemnify Escrow in cases of misconduct or negligence by Escrow or Escrow's failure to comply with the terms of the Escrow Agreement.

9. The Escrow Agreement can be amended only by Escrow and the Developer.

10. The Escrow Agreement may be terminated by either the Developer or Escrow upon fifteen (15) days notice to the other party. The Escrow Agreement is subject to the provisions of the Condominium Statutes.

ALL PURCHASERS SHOULD READ THE ESCROW AGREEMENT IN ITS ENTIRETY, AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.