



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL & VOCATIONAL LICENSING DIVISION
 1910 Richards Street
 P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

PALEHUA VILLAS-PHASE 4
 92-1148 and 92-1152 Panana Street
 Ewa Beach, Hawaii

Registration No. 1997

Issued: April 28, 1989
 Expires: May 28, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 24, 1989 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:
(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 when complete information is filed.
- FINAL:
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 - Supersedes all prior public reports
 - Must be read together with _____
- SUPPLEMENTARY:
(pink) Updates information contained in the
 - 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.

There has been no prior public report.

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*
*          SPECIAL ATTENTION:
*
*   The developer has disclosed that this project may
*   be merged with three other phases of Palehua Villas.
*   This merger will affect a purchaser by a decrease
*   in the purchaser's common interest. (See Exhibit F)
*
*   The prospective purchaser is cautioned to carefully
*   review the Declaration for further information with
*   regard to the foregoing.
*
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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 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.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Makakilo Properties, a Hawaii limited Phone: 548-3347
Name partnership (Business)
195 South King Street
Business Address
Honolulu, Hawaii 96813

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

Finance Realty Company, Limited, is the general partner.

Real Estate Sales Agent: Finance Realty Company, Limited Phone: 548-3347
Name (Business)
195 South King Street
Business Address
Honolulu, Hawaii 96813

Escrow: Bank of Hawaii Phone: 537-8744
Name (Business)
Financial Plaza of the Pacific
Business Address
Honolulu, Hawaii 96813

Managing Agent: Mahalo Nui Management, Inc. Phone: 672-9112
Name (Business)
92-605 Makakilo Drive
Business Address
Ewa Beach, Hawaii 96707

Attorney for Developer: Wendell K. Pang
Name
195 South King Street
Business Address
Honolulu, Hawaii 96813

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 1626212

Amendment date(s) and recording/filing information:

- 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. 708

Amendment date(s) and recording/filing information:

- 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 1626213

Amendment date(s) and recording/filing information:

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 charges:

	<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>---</u>

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:

The developer has reserved the right to merge the project with one or more additional condominium projects. See Exhibit F.

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: 92-1148 and 92-1152 Panana Street Tax Map Key: 9-2-19-54 First Division
Ewa Beach, Hawaii (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 2.317 [] square feet [x] acre(s) Zoning: A-1

Fee Owner: Makakilo Properties
name
195 South King Street
address
Honolulu, Hawaii 96813

Sublessor: _____
name

address

C. Buildings and Other Improvements:

1. [x] New Building(s) [] Conversion of Existing Building(s)
[] Both New Building(s) and Conversion

2. Buildings: 2 Floors Per Building: 3

[] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[x] Concrete [] Hollow Tile [x] Wood

[] Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[] Commercial	_____	[] Industrial	_____
[x] Residential	<u>36</u>	[] Agricultural	_____
[] Timeshare/Hotel	_____	[] Recreational	_____
[] Other:	_____		_____

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: See Exhibit A
- [] Number of Occupants: _____
- [x] Other: See Exhibit A
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 36

Elevators no Stairways yes Trash Chutes no

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A	6	2/1	743	--
A-R	9	2/1	743	--
B	3	2/1 1/2	794	--
B-R	1	2/1 1/2	794	--
C	6	2/1 1/2 & Den	887	--
C-R	2	2/1 1/2 & Den	887	--
D	3	2/2 & BR/Den	912	--
D-R	6	2/2 & BR/Den	912	--

*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:

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, ducts, conduits or other utility or service lines running through such apartment which are utilized for or serve any other apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, all fixtures originally installed therein.

Permitted Alterations to Apartments:

Additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall be permitted with the approval of the Board of Directors of the Association of Apartment Owners and the consent of all apartment owners determined by the Board to be directly affected by such additions or alterations, and upon completion of any addition or alteration which changes the floor plan of an apartment or limited common element, the Board shall cause a copy of the revised floor plan of the apartment or limited common element affected to be filed, at the expense of the owner of such apartment, as an amendment of the Declaration and the Condominium Map.

7. Parking Stalls:

Total Parking Stalls: 69

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u> </u>	<u>41</u>	<u> </u>	<u>28</u>	<u> </u>	<u> </u>	<u>69</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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>41</u>	<u> </u>	<u>28</u>	<u> </u>	<u>0</u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 1 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 D 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
- Recreation Area
- Tennis Court
- Other: _____
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

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

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. 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	<u> x </u>	_____	_____
Structures	<u> x </u>	_____	_____
Lot	<u> x </u>	_____	_____

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 C 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 D 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 E describes the encumbrances against the title contained in the title report dated March 17, 1989.

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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage in favor of First Hawaiian Bank	Buyer's interest may be terminated and Buyer's deposit will be refunded.

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:

[] not affiliated with the Developer.

[x] 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 I 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:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> 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:

The Developer warrants against structural defects in an individual apartment of which written notice has been given to the Developer by the apartment owner at any time within one year from the date of conveyance of title to the apartment owner or the date of initial occupancy, whichever first occurs. In addition, Developer warrants against structural defects in the common elements for one year from the date of substantial completion of the project, as that term is defined in the construction contract for the project.

2. Appliances:

Warranties on appliances furnished with an apartment shall be assigned by the Developer and shall thereafter run in favor of the apartment purchaser directly from the manufacturer. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.

J. Status of Construction and Estimated Completion Date:

The Developer reports that construction of the project commenced in April, 1988 and it is estimated that construction will be completed in April, 1989.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

Palehua Villas-Phase 4 is the fourth phase to be developed in a project consisting of four phases. A brief description of the other projects is contained in Exhibit F. The Declaration contains the provisions by which one or more of the projects will be merged. These provisions are contained in Paragraph X of the Declaration.

Palehua Villas-Phases 1, 2 and 3 have already been developed.

L. 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

Specimen Sales Contract

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

Escrow Agreement dated October 6, 1988

Exhibit H 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. 1997 filed with the Real Estate Commission on November 15, 1988.

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

This Public Report is a part of Registration No. 1997 filed with the Real Estate Commission on
December 15, 1988.

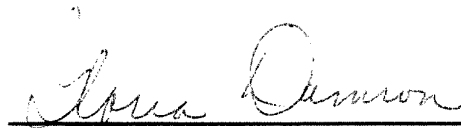
Reproduction of Report. When reproduced, this report must be on:

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.



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

Special Use Restrictions

No livestock, poultry or other animals whatsoever shall be allowed or kept in any part of the project, except that dogs and cats in reasonable number and other common household pets which are confined, such as tropical fish or small birds, may be kept by apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purposes nor allowed on any common elements at any time; provided, however, that dogs shall be allowed on common elements when in transit if carried or on a leash. Any pet causing a nuisance or unreasonable disturbance, as determined by the Board or Managing Agent, to any other apartment owner or occupant of the project shall be promptly and permanently removed from the project upon written notice given by the Board.

The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes, the owners of the respective apartments shall have the absolute right to lease such apartments provided that all leases of such apartments shall be in writing and shall be subject to all provisions of the Declaration and the Bylaws of the Association of Apartment Owners.

EXHIBIT B

Limited Common Elements

Each apartment shall have appurtenant thereto an exclusive right to use the parking stalls assigned to such apartment as set forth in Exhibit "B" to the Declaration; provided, however, that each apartment shall have at least one parking stall appurtenant to it but otherwise any parking stall may be conveyed and made appurtenant to another apartment by a written instrument which expressly identifies the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall also be denominated an amendment of the Declaration, shall be executed by the owner of each apartment affected, with the consent of the mortgagee, if any, of each apartment affected, and shall be effective upon the filing of the instrument in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. A copy of said instrument, together with the filing data, shall be given to the Association by the affected apartment owners within 15 days of the filing thereof.

EXHIBIT C

Common Elements

- a. The land in fee simple;
- b. All foundations, floor slabs, columns, supports, retaining walls, fences, unfinished perimeter walls and load-bearing walls and roofs of the buildings;
- c. All mailboxes, yards, grounds and landscaping, roads, walkways, driveways, bridges, refuse facilities, recreation areas and address signs;
- d. All ducts, conduits, electrical and mechanical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations for services, such as power, light, sewer, water, drainage, telephone and radio and television signal distribution, over, under and across the project which serve more than one apartment;
- e. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT D

Schedule of Common Interests
and Parking Stall Assignments

The common interest for an apartment was determined by taking the net living floor area of the apartment and dividing that figure by the aggregate of the net living floor area for all apartments in the project, with minor adjustments to bring the total percentage to 100%.

<u>Building No.</u>	<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Parking Stall No(s).</u>	<u>Percentage Interest</u>
8	135	D-R	912	169, 233c	3.0785
8	136	B	794	172, 230c	2.6801
8	137	A-R	743	175, 227c	2.5080
8	138	A	743	178, 224c	2.5080
8	139	B-R	794	181, 221c	2.6802
8	140	D	912	184, 218c	3.0785
9	141	D-R	912	185, 217c	3.0785
9	142	B	794	190, 212c	2.6802
9	143	A-R	743	191	2.5080
9	144	A	743	196	2.5080
9	145	A-R	743	197	2.5080
9	146	B	794	202, 205	2.6802
8	235	D-R	912	168, 234c	3.0785
8	236	C	887	171, 231c	2.9941
8	237	A-R	743	174, 228c	2.5080
8	238	A	743	177, 225c	2.5080
8	239	C-R	887	180, 222c	2.9941
8	240	D	912	183, 219c	3.0785
9	241	D-R	912	186, 216c	3.0785
9	242	C	887	189, 213c	2.9941
9	243	A-R	743	192, 210c	2.5080
9	244	A	743	195, 208c	2.5080
9	245	A-R	743	198, 206	2.5080
9	246	C	887	201, 204	2.9941
8	335	D-R	912	167, 235c	3.0785
8	336	C	887	170, 232c	2.9941
8	337	A-R	743	173, 229c	2.5080
8	338	A	743	176, 226c	2.5080
8	339	C-R	887	179, 223c	2.9941
8	340	D	912	182, 220c	3.0785
9	341	D-R	912	187, 215c	3.0785
9	342	C	887	188, 214c	2.9941
9	343	A-R	743	193, 211c	2.5080
9	344	A	743	194, 209c	2.5080
9	345	A-R	743	199, 207	2.5080
9	<u>346</u>	C	<u>887</u>	<u>200, 203</u>	<u>2.9941</u>
Totals:	36		29625		100.0000

A Type A apartment contains 5 rooms. The apartment includes a living/dining room, a kitchen, 2 bedrooms with closets, a bathroom, a heater closet, a storage closet, a linen closet and a space for a stacked washer and dryer. The approximate net living floor area of the apartment is 743 square feet.

* * *

A Type B apartment contains 6 rooms. The apartment includes a living/dining room, a kitchen, 2 bedrooms with closets, 1-1/2 bathrooms, a heater closet, a storage closet, a linen closet and a space for a stacked washer and dryer. The approximate net living floor area of the apartment is 794 square feet.

* * *

A Type C apartment contains 7 rooms. The apartment includes a living/dining room, a kitchen, 2 bedrooms with closets, 1-1/2 bathrooms, a den, a heater closet, a storage closet, a linen closet and a space for a stacked washer and dryer. The approximate net living floor area of the apartment is 887 square feet.

* * *

A Type D apartment contains 7 rooms. The apartment includes a living/dining room, a kitchen, 2 bedrooms with closets, a bedroom/den, 2 bathrooms, a heater closet, two storage closets, a linen closet and a space for a stacked washer and dryer. The approximate net living floor area of the apartment is 912 square feet.

EXHIBIT E

Encumbrances

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Agreement for Issuance of Special Use Permit dated January 23, 1985, filed as Document No. 1318037.
3. Unilateral Agreement and Declaration for Conditional Zoning dated July 21, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17200, at Page 107.
4. Easements 1398, 1400, 1401, 1402 and 1403, as shown on Map 388, as set forth by Land Court Order No. 74746, filed August 1, 1985.
5. Grant dated May 6, 1985, filed as Document No. 1299324, in favor of Hawaiian Electric Company, Inc.
6. The reservation of all water rights in favor of the Trustees under the Will and of the Estate of James Campbell, Deceased, as set forth in Deed dated January 15, 1985, filed as Document No. 1277749.
7. Declaration as to Merger of Phases of Palehua Villas dated March 25, 1986, filed as Document No. 1361600.
8. Grant dated October 13, 1988, filed as Document No. 1588866, in favor of Hawaiian Electric Company, Inc.
9. Agreement to Annex Property dated January 15, 1985, filed as Document No. 1277750.
10. Mortgage dated May 31, 1985, in favor of First Hawaiian Bank, filed as Document No. 130246, as amended by instrument dated June 28, 1988, filed as Document No. 1560781.
11. Financing Statement dated June 3, 1985, in favor of First Hawaiian Bank, recorded in said Bureau in Liber 18683, at Page 711.
12. Declaration of Covenants, Conditions and Restrictions of Palehua Community dated January 4, 1977, filed as Document No. 801577, as amended.
13. Declaration of Condominium Property Regime dated April 12, 1989, filed as Document No. 1626212.

14. Bylaws of the Association of Apartment Owners dated April 12, 1989, filed as Document No. 1626213.

15. Condominium Map No. 708.

16. The right in favor of adjoining parcels of land of a higher elevation to drain surface and storm waters from such adjoining parcels over and across Lot 3976 and into any drainage systems and facilities located in Lot 3976.

0366s

EXHIBIT F

Merger Provisions

1. This project is the last phase of a multi-phase project which is described in Paragraph X of the Declaration. The purpose of the merger provisions of Paragraph X is to provide for a merger of all phases developed so as to permit the joint use of the common elements of each project by all of the owners of the apartments in the merged projects and the administration of all projects under a single association of apartment owners and board of directors for the merged projects and for a sharing of the common expenses of all projects among all of the owners of apartments in the merged projects. The right of the Developer to merge any and all phases shall terminate on April 14, 1991.

2. The Developer has reserved the right, at its option, at any time until April 14, 1991, to develop approximately 107 additional apartments, together with such supporting and servicing common elements which the Developer determines in its sole discretion are beneficial to the project, on up to approximately 5.245 acres of adjoining land, which land is described below.

(a) Phase 1: Approximately 41 apartments on a lot of 2.437 acres. This phase has already been developed.

(b) Phase 2: Approximately 30 apartments on a lot of 1.707 acres. This phase has already been developed.

(c) Phase 3: Approximately 30 apartments on a lot of 1.101 acres.

ALL OF THESE PHASES HAVE BEEN COMPLETED.

All improvements shall be consistent with the improvements in Palehua Villas-Phase 1 in terms of quality of construction, building types, architectural style and size of units, and shall be substantially completed prior to merger. The facilities which shall be for the common use of all owners in merged phases are the resident manager's apartment and maintenance building in Phase 1 and the driveways in all phases.

3. The Declaration contains additional provision regarding mergers and how they are to be accomplished. Purchasers are referred to these provisions in the Declaration on pages 23, 24 and 25.

4. From and after the date of the recordation of the Certificate of Merger with respect to a particular additional phase, the following consequences, among others, shall ensue:

(a) Use of Common Elements. The apartments in each of the merged phases shall have nonexclusive rights to use the common elements in each phase to the same extent and subject to the same limitations as are imposed upon an apartment in each phase. Each owner in each phase shall have the same rights of use with respect to the common elements in all merged phases as though the merged phases had been developed as one project.

(b) Common Expenses. Each phase shall bear a proportionate share of the total common expenses of the merged phases, as the term "common expenses" is defined in the Declarations of the merged phases. For each phase such proportionate share shall be equal to the ratio that the aggregate of the net living floor areas of all apartments in the phase bears to the aggregate of the net living floor areas of all apartments in the merged phases. The "net living floor area" of an apartment includes the total net living floor area of the apartment, exclusive of exterior storage closets, garages, lanais and decks. An apartment owner's proportionate share of the total common expenses of the merged phases shall be determined by multiplying the common interest appurtenant to an apartment by the proportionate share of the total of the common expenses allocated to the phase in which the apartment is located.

(c) Voting. Each of the merged phases shall be entitled to vote the same proportionate share of the total votes of the merged phases as is set forth above for the sharing of common expenses. An apartment owner's vote, therefore, on all matters relating to the administration, operation and use of the merged phases, the sharing of common expenses and all other matters which arise out of the merged phases shall be determined by multiplying the common interest appurtenant to an apartment by the proportionate share of the total common expenses allocated to the phase in which the apartment is located.

(d) Association of Owners. The Association of Apartment Owners of each merged phase provided for in its respective Declaration shall be merged into a single association.

(e) Effect of Merger on Costs. If this project is not merged with any other phase of Palehua Villas, the estimated

maintenance fees will remain as shown in Exhibit I (the Disclosure Abstract), subject to any presently unanticipated increases in the cost of services. If this project is merged with one or more phases of Palehua Villas, to the best of the Developer's knowledge, some cost savings should result, but these may be offset by presently unanticipated increases in the cost of services.

0367s

EXHIBIT G

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) What a purchaser must do to qualify for a loan if the purchaser wants a mortgage loan to cover part of the purchase price.

(b) That a purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That a purchaser will not receive interest on deposits made under the Sales Contract.

(d) That the apartment will be subject to various other legal documents which the purchaser should examine.

(e) That the developer must close the purchase at a certain date and that Developer will pay all closing costs, except those related to a purchaser's mortgage loan.

(f) That the Sales Contract will be subordinate to the lien of a construction lender.

(g) That the project will be subject to ongoing construction and sales activities which may result in certain annoyance to purchaser.

(h) That Developer makes no rental representations in connection with the sale of units.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT H

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

(a) Escrow will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Disclosure Abstract
for
Palehua Villas-Phase 4

1. Name of Project: Palehua Villas-Phase 4
2. Address of Project: 92-1148 and 92-1152 Panana Street
Makakilo, Ewa Beach, Hawaii
3. Developer Information: Makakilo Properties
195 S. King Street
Honolulu, Hawaii 96813
Phone: 548-3347
4. Project Manager: There is no project manager but the
Managing agent for the project is Mahalo Nui Management,
Inc., 92-605 Makakilo Drive, Ewa Beach, Hawaii 96707
(Phone: 672-9112).
5. Maintenance Fees: Schedules of the estimated annual main-
tenance fees for the project and the estimated monthly
maintenance fee for each apartment type are attached
hereto.
6. Warranties:
 - a. The Developer warrants against structural defects in
an individual apartment of which written notice has
been given to the Developer by the apartment owner at
any time within one year from the date of conveyance
of title to the apartment owner or the date of ini-
tial occupancy, whichever first occurs. In addition,
Developer warrants against structural defects in the
common elements for one year from the date of sub-
stantial completion of the project, as that term is
defined in the construction contract for the project.
 - b. Warranties on appliances furnished with an apartment
shall be assigned by the Developer and shall there-
after run in favor of the apartment purchaser
directly from the manufacturer. These warranties
will expire at different times, depending on the date
of installation of the appliances. The Developer
will assure each purchaser only that the appliances
are in working order at the time of occupancy by the
purchaser.
7. The project is a residential project and does not contain
any apartments for hotel use.

- 8. There is no commercial or non-residential development in the project.
- 9. Approximately \$1.35 per unit per month will be assessed for Palehua Community Association to be used for insurance, audit fees, taxes and maintenance expenses. Also, a one time \$100.00 initiation fee per unit will be assessed for the Palehua Community Association's reserve fund.

PALEHUA VILLAS

PHASE 4

Monthly Maintenance Fees

<u>Apartment Type</u>	<u>Maintenance Fee</u>
A	\$106.00
B	113.00
C	126.00
D	130.00

The undersigned hereby certifies that the foregoing estimates of the Annual Operating Budget and monthly maintenance fees for Palehua Villas-Phase 4, were prepared in accordance with generally accepted accounting principles.

Dated: Honolulu, Hawaii; NOV 25 1983.

MAKAKILO PROPERTIES, a Hawaii limited partnership

MAHALO NUI MANAGEMENT, INC.

By Its General Partner:

By [Signature]
Its President

FINANCE REALTY COMPANY, LIMITED

(Managing Agent)

By [Signature]
Its PRESIDENT

By [Signature]
Its VICE PRESIDENT

(Developer)

0278N

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANNUAL OPERATING BUDGET FOR COOPERATIVE HOUSING CORPORATIONS

PROJECT NO.(S) _____

PROJECT NAME Palehua Villas - Phase IV ADDRESS c/o Mahalo Nui Mgmt., Inc. 92-605 Makakilo Dr., Ewa Beach, HI

COVERING PERIOD FROM _____ TO _____

EXPENSES	ACCT. NO.	1 Prior Year Budget	2 Prior Year Actual	3 Over (Under)	4 Adjustments Incr. (Decr.)	5 New Annual Budget	6 Adjustments By HUD
1. Vacancy & Collection Loss	6370						
2. Employee Apartment Rent	6330						
3. Apartment Resale Expense	6200						
4. Management Fee	6320					3931.20	
5. Legal Expense	6340						
6. Audit Expense	6350					400.00	
7. Telephone	6360					97.14	
8. Office & Adm. Salaries	6310						
9. Office Expenses Supplies	6311					416.50	
10. Misc. Administrative Exp.	6390						
11. Res. Mgr. Salary						3000.00	
12. Newsletter						33.31	
13.							
14.							
15. Fuel	6420						
16. Electricity	6450					2775.00	
17. Water & Sewer	6451					8560.00	
18. Veh. & Equip. Oper. Exp.	6441					134.39	
19. Janitor's Payroll	6430						
20. Janitor's Supplies	6431						
21. Exterminating	6462						
22. Rubbish Removal	6470					1702.95	
23. Parking Area Expense	6480						
24.							
25.							
26.							
27. Grounds Maintenance	6520					83.50	
28. Painting & Decorating	6560						
29. Structural Repairs	6540						
30. Heating & Air Cond. Maint.	6510						
31. Plumbing Maintenance	6511						
32. Electrical Maintenance	6512					100.00	
33. Elevator Maintenance	6550						
34. Pool Maintenance	6521						
35. Maintenance Supplies	6515					481.35	
36. Maintenance Payroll	6585					5000.00	
37. Misc. Maintenance Repair	6590						
38. Income Taxes						105.00	
39. Real Estate Taxes	6710						
40. Employer's Payroll Taxes	6711					1000.00	
41. Miscellaneous Taxes G.E.	6719					20.00	
42. Property & Liability Insurance	6720					6000.00	
43. Workmen's Compensation	6721					1000.00	
44. Fidelity Bonds	6723						
45. Miscellaneous Insurance	6729					40.00	
46. Medical INS.						960.05	
47.							
48. Project Improv.						80.08	
49. Ground Rent	6815						
50. Mortgage Ins. Premium	6830						
51. Mortgage Interest	6820						
52. Mortgage Principal	2320						
53. Replacement Reserve	1320					12638.87	
54. General Operating Reserve	1365					1519.20	
55. Painting Reserve	1330						
56. Project Equipment Purch.	1470					560.55	
57. Capital Improvements	1400						
58. TOTAL EXPENSE						50640.00	

Column #4 reflects necessary or desirable increases and decreases over prior year's budget (Col. #1) to arrive at New Annual Budget (Col. #5). Carrying Charges and other budgeted income (line #68) must at least equal the total expenses on line #59. Lines 52-57 provide for capital contributions by members. In cases of their disbursements, and should be entered in the books thru Account #3241 (Paid-in Surplus). Surcharges received from over-income occupants in Section 221(d)(3) and Section 236 cases are not budget items and should not be reflected in any of the columns in Line 59 nor in the Schedule of Carrying Charges, but should be reflected in a separate Schedule. Additional instructions for the preparation of this form are contained in HUD Handbook HM 4371 - The Uniform System of Accounts for Cooperative Housing Corporations.

INCOME	ACCT. NO.	1 Prior Year Budget	2 Prior Year Actual	3 Over (Under)	4 Adjustments Incr. (Deer.)	5 New Annual Budget	6 Adjustments By HUD
59. Carrying Charges	3110					50640.00	
60. Late Charges	5910	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX
61. Interest Income	3410						
62.							
63.							
64.							
65.							
66.							
67.							
68. TOTAL INCOME						50640.00	
69. TOTAL EXPENSE (Line 5B)						50640.00	
70. INCOME OVER (UNDER) EXPENSE							

STATUS OF FUNDED RESERVES

	ACCT. NO.	Required to Date	Actual on Deposit	Excess (Deficiency)	PROVISION FOR REPAYMENT OF ANY DEFICIENCIES SHOULD BE INCLUDED IN LINES 53, 54 AND 55.
A. Replacement Reserve	1320				
B. Gen. Opr. Reserve	1365				
C. Painting Reserve	3230				
D.					
E.					
F.					

SCHEDULE OF CARRYING CHARGES

DESCRIPTION OF UNIT	Per Unit Per Month	No. of Units of this Type	MONTHLY CARRYING CHGS.		ANNUAL CARRYING CHARGES	
			Prior Year	New Year	Prior Year	New Year
A (2BR)	\$106.00	15		1590.00		19080.00
B (2BR)	113.00	4		452.00		5424.00
C (2BR)	126.00	8		1008.00		12096.00
D (3BR)	130.00	9		1170.00		14040.00
TOTALS		36		4220.00		50640.00

Unless otherwise indicated it is assumed that all utilities, maintenance and replacements are provided by the cooperative and are included in the above carrying charges. If any of these items are paid for directly by the member check below. (Specify any other items are billed)

Utilities: Fuel Electricity Water _____

Replacements: Range Refrigerator Air Cond. Garb. Disp. _____

Maintenance: Range Refrigerator Air Cond. Garb. Disp. _____

Explanatory comments, including management agents opinions as to adequacy of proposed new budget:

Prepared By: MAHALO NUI MANAGEMENT, INC.
John Ake
 Managing Agent President/Acct. Executive
 Date September 13, 1988
 Approved:

 (Signature and Title of Authorized Official)
 Date _____

Makakilo Properties,
 Approved: Limited Partnership
Katherine S. Kam
 Title Vice President
 (On Behalf of Cooperative)
 Date September 15, 1988
 Approved as indicated in column 6:

 (Signature and Title of Authorized Official)
 Date _____