

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer KEOLU SUMMIT, INC.
Address 1001 Bishop Street, Suite #1350, Honolulu, Hawaii 96813

Project Name: KEOLU SUMMIT
Address: 1460 Aunauna Street
Kailua, Hawaii

Registration No. 3177 Effective date: October 26, 1994
Expiration date: November 26, 1995

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

 SUPPLEMENTARY: This report updates information contained in the:
(pink) [] Preliminary Public Report dated: _____
 [] Final Public Report dated: _____
 [] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports
 [] Must be read together with _____
 [] This report reactivates the _____
 public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

There are City and County restrictions on the number of residential dwellings units, or other structures, which may be built on the property. Therefore, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate City and County of Honolulu agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property, as further improvement of the property is subject to their building and zoning ordinances and codes.

There are presently NO RESIDENTIAL STRUCTURES ON THE PROPERTY. The only buildings on the property are storage sheds, each of which may be defined as an "apartment" under the condominium property act.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT 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 the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Keolu Summit, Inc. Phone: (808) 533-0347
Name (Business)
1001 Bishop Street, Pauahi Tower, Suite #1350, Hon., HI 96813
Business Address
Honolulu, HI 96822

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

James E. Hallstrom, Jr., President
Donald L. Hallstrom, Vice President

Real Estate Broker: Sheldon Good & Co., Pacific Rim Division Phone: (808) 988-8077
Name (Business)
2752 Woodlawn Drive, Suite 5-205
Business Address
Honolulu, Hawaii 96822

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 245-8877
Name (Business)
333 Queen Street, Suite 500
Business Address
Honolulu, Hawaii 96813

General Contractor: Ron's Construction Corp. Phone: (808) 841-6151
Name (Business)
2045 Kam IV Road
Business Address
Honolulu, Hawaii 96813

Condominium Managing Agent: Self-managed by the Association of Apartment Owners Phone: _____
Name (Business)

Business Address

Attorney for Developer: Lester G. L. Wong Phone: (808) 526-3033
Name (Business)
1088 Bishop Street, Suite #404
Business Address
Honolulu, HI 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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. 94-122678
Book _____ Page _____

Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: Amendment to Declaration of Condominium Property Regime dated September 15, 1994, recorded as Document No. 94-154447.

- 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, dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. 2067

Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: Amendment to Declaration of Condominium Property Regime dated September 15, 1994, recorded as Document No. 94-154447.

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

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. 94-122679
Book _____ Page _____

Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, dated 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 limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	_____
Bylaws	65%	_____
House Rules	---	<u>Bd. of Directors</u>

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

2. **Developer:**

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

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

See Exhibit A

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: _____

Rent Renegotiation Date: _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 1460 Aunauna Street Tax Map Key: (1) 4-02-97: 48
Kailua, Hawaii 96734 (TMK)

[] Address [X] TMK is expected to change because the subject parcel is expected to be subdivided into three different parcels.

Land Area: 322,359 [X] square feet [] acre(s) Zoning: R-5

Lessor

(Fee Owner): See Exhibit B
Name _____

Address _____

Sublessor:

Name _____

Address _____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 6 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Utility Shed</u>	<u>6</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

[X] Pets: 2 dogs, 2 cats, 2 birds, fish, no poultry/livestock

[X] Number of Occupants: Per City and County of Honolulu Code

[X] Other: No rental for transient or hotel purposes

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>	<u>Utility Shed Area (sf)</u>
<u>A</u>	<u>6</u>	<u> </u>	<u> </u>	<u> </u>	<u>20</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Apartments: 6

***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 the those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

All perimeter walls, floors, foundations and roofs of each building.

Permitted Alterations to Apartments:

An apartment owner can increase the total square footage of structure, alter the location if the structure and/or subdivision in accordance with building code, zoning and subdivision ordinances.

7. Parking Stalls:

Total Parking Stalls: None

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each units)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>0</u>		<u>0</u>		<u>0</u>		

Each apartment will have the exclusive use of at least _____ 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 _____ 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: Asphalt driveway, underground utilities and drainage ditch.

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____

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

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

described in Exhibit C .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

The portion of the land area beneath and adjacent to each unit on the site plan of the Condominium Map. Said land areas are not legally subdivided lots.

Apt. No. 1461	-	14,148 s.f.
1471	-	16,768 s.f.
1464	-	12,904 s.f.
1460	-	21,325 s.f.
1470	-	20,197 s.f.
1474	-	17,961 s.f.

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

described in Exhibit D.

as follows:

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

Exhibit E describes the encumbrances against the title contained in the title report dated July 23, 1994 and issued by Long & Melone, Ltd.

Blanket Liens:

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

[] There are no blanket liens affecting title to the individual apartments.

[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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's contract will be canceled and buyer's deposit refunded, less Escrow cancellation fees.

F. 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:

Standard one year contractor's warranty.

2. Appliances: None

G. **Status of Construction and Estimated Completion Date:**

Construction on the utility buildings was completed in September, 1994. Site work was completed August, 1994.

H. **Project Phases:**

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated September 9, 1994

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

[] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

A) The Developer delivers to the buyer a copy of:

1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

B) The buyer has not waived the right to rescind.

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

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

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

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

This Public Report is a part of Registration No. 3177 filed with the Real Estate Commission on September 16, 1994.

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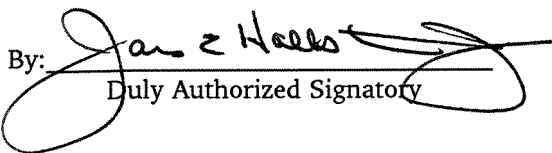
C. Additional Information Not Covered Above

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules "HAR", prospective purchasers are hereby advised that DONALD L. HALLSTROM, (RB-10707), Vice President, Secretary and Director of the Developer Keolu Summit, Inc. is a current and active Hawaii-licensed real estate broker and an officer and principal broker of The Hallstrom Property Group, Inc. (RB-11765), a real estate corporation. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', For rent by Owner', 'For Lease by Owner, 'For Exchange by Owner'."

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

KEOLU SUMMIT, INC.

Name of Developer

By: 
Duly Authorized Signatory

10-24-94
Date

JAMES E. HALLSTROM, JR. -President
print name & title of person signing above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration

EXHIBIT "A"

Disclosure regarding possible subdivision of the lot.

KEOLU SUMMIT, INC. ("Developer") in its Declaration of Condominium Property Regime states that it intends to subdivide the land into two lots and it will quitclaim its right, title and interest in and to the easement area known at G-1 to the owners of Lot 1100, Land Court App. 1508.

EXHIBIT "B"

The fee owner of the land is Keolu Summit, Inc. a Hawaii corporation.

EXHIBIT C

DESCRIPTION OF COMMON ELEMENTS

a. The land in fee simple as described in Exhibit "A" of the Declaration.

b. All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which will serve both apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.

c. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT D

COMMON INTEREST

<u>Apt No.</u>	<u>Common Interest %</u>
1461	16.666%
1471	16.666%
1464	16.666%
1460	16.666%
1470	16.666%
1474	16.670%

There are six units. Accordingly, 100% was divided by six such that each unit has approximately a 1/6 interest unit 1474 receiving more to equal 100%.

Exhibit E
LIST OF ENCUMBRANCES

1. Reservation in favor of the State of Hawaii of title to all mineral and metallic mines.
2. Declaration of Covenants, Conditions and Restrictions dated August 17, 1981, recorded in said Bureau of Conveyances in Book 15767, Page 336.
3. Unilateral Agreement and Declaration for Conditional Zoning dated June 16, 1983, recorded in said Bureau of Conveyances in Book 17125, Page 113, as amended by instrument dated July 5, 1983, recorded in said Bureau of Conveyances in Book 17166, Page 480.
4. Declaration of Covenants, Conditions and Restrictions dated May 5, 1986, recorded in said Bureau of Conveyances in Book 19481, Page 52.
5. Portion of Easement R (18 feet wide) for access and utility purposes as shown on File Plan 1953.
6. Grant of easement in favor of the City and County of Honolulu dated July 20, 1987, for access and utility purposes over Easement R, recorded in said Bureau of Conveyances in Book 21453, Page 99.
7. Grant of easement in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated dated March 15, 1993, to construct, reconstruct, operate, maintain, repair and remove pull boxes hand holes, etc. over, under, upon, across and through Lot 3, recorded in said Bureau of Conveyances as Document No. 93-062292.
8. Covenants contained in deed dated December 28, 1989, recorded in said Bureau of Conveyances as Document No. 90-000867.
9. Mortgage, Security Agreement, Assignment of Rents, and Financing Statement dated May 19, 1994, in favor of First Hawaiian Bank, recorded in said Bureau of Conveyances as Document No. 94-087120.
10. Financing Statement in favor of First Hawaiian Bank recorded May 24, 1994 in said Bureau of Conveyances as Document No. 94-087121.
11. Grant of Easement in favor of Scott Allen and Barbara Ann Allen, husband and wife, in the nature of an exclusive perpetual easement for residential yard expansion purposes, recorded as Land Court Document No. 2166426 and recorded in the Bureau of Conveyances as Document No. 94-122677.

12. Covenants, conditions, restrictions, easements, liens for assessments, options, powers of attorney, limitations on title, and all other provisions contained in or incorporated by reference in the Declaration of Condominium Regime dated July 22, 1994, recorded in the Bureau of Conveyances as Document No. 94-122678, and By-Laws dated July 22, 1994, recorded in the Bureau of Conveyances as Document No. 94-122679, Condominium Map No. 2067; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.

13. Filing of Architects "As Built Certificate" for Condominium Map 2067.

14. For Real Property Taxes that may be due and owing, reference is made to the Office of Tax Assessor, City and County of Honolulu.

END OF EXHIBIT "E"

EXHIBIT F

Summary of Sales Contract

The Seller intends to use the standard form Deposit, Receipt, Offer and Acceptance (DROA) as the sales contract for the sale of the unit(s). The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

(a) A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.

(b) That a buyer's deposits will be held in escrow until the sales contract is closed or cancelled.

(c) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(d) In the event of default:

If buyer defaults:

- (1) Seller may bring an action for breach of contract;
- (2) Seller may retain the deposits as liquidated damages;
- (3) Buyer is responsible for any costs incurred under the sales contract.

If Seller defaults:

- (1) Buyer may bring an action for breach of contract;
- (2) Buyer may bring an action for specific performance;
- (3) Seller is responsible for any costs incurred under the sales contract.

The prevailing party is entitled to recover all costs incurred including reasonable attorney's fees. Escrow fees incurred shall be deducted before disbursement to the prevailing party.

The sales contract contains various other provisions which the buyer should become acquainted with.

The sales contract may contain additional terms and conditions as the Seller and Buyer may agree to include.

EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Is Item Individually Metered for Each Unit?	MONTHLY COSTS FOR EACH UNIT						Annual Total Entire AOA
	NO. 1460	NO. 1461	NO. 1464	NO. 1470	NO. 1471	NO. 1474	
UTILITIES AND SERVICES							
Air Conditioning.....	YES						
Electricity.....	YES						
() common elements		N/A	N/A	N/A	N/A	N/A	N/A
() common elements and apartments		N/A	N/A	N/A	N/A	N/A	N/A
Gas.....	YES						
Refuse Collection.....	YES						
Telephone.....	YES						
Water and Sewer.....	YES						
MAINTENANCE, REPAIRS, ETC.							
Buildings.....	YES						
Grounds.....	YES						
MANAGEMENT							
Management Fee.....		N/A	N/A	N/A	N/A	N/A	N/A
Payroll & Payroll Taxes.....		N/A	N/A	N/A	N/A	N/A	N/A
Office Expenses.....		N/A	N/A	N/A	N/A	N/A	N/A
COMMON ELEMENT INSURANCE.....		\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 504
HOMEOWNER'S INSURANCE.....	YES						
RESERVES.....		\$43	\$43	\$43	\$43	\$43	\$3,096
TAXES & GOVERNMENT ASSESS.....		N/A	N/A	N/A	N/A	N/A	N/A
AUDIT FEE.....		N/A	N/A	N/A	N/A	N/A	N/A
TOTAL.....		\$50	\$50	\$50	\$50	\$50	\$3,500

I/We, the ASSOCIATION OF APARTMENT OWNERS OF "KEOLU SUMMIT", as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

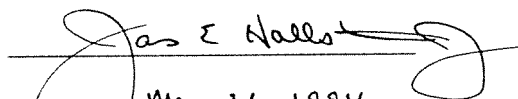

 Date: May 26, 1994

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a buyer 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 collect and hold payments due pursuant to the sales contract.

(b) Upon receipt of notice from Seller that a payment(s) is/are due, Escrow will notify buyer that payment(s) are due. Escrow will not enforce payment of any sums due.

(c) Unless otherwise provided for in the sales contract, Escrow will disburse funds:

(1) to pay for construction costs in proportion to the value of the work completed;

(2) to pay for architectural, engineering, finance and legal fees and other incidental expenses;

(d) Escrow will not disburse any remaining funds until such time it receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared for sufficient funds have been set aside to cover claims; otherwise Escrow will not disburse any remaining funds until 46 days after the publication of a Notice of Completion.

(e) Escrow will arrange for and supervise the signing of all necessary documents.

(f) Escrow is relieved from all liability if it acts according to the terms of the escrow agreement.

(g) Purchaser and Seller agree to indemnify Escrow from and against all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities incurred by Escrow.

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

EXHIBIT I

DISCLOSURE ABSTRACT

1. a. PROJECT: KEOLU SUMMIT
1460 Aunauna Street
Kailua, HI
 - b. DEVELOPER: Keolu Summit, Inc.
1001 Bishop St., Suite #1350
Honolulu, HI 96813
 - c. MANAGING AGENT:
2. Estimated Maintenance Fee Assessments and Disbursements

Maintenance Fees: The routine maintenance and repair of each apartment unit, including all utility charges, is the sole responsibility of each owner. The breakdown of annual maintenance fees and monthly estimate for each apartment has been based on generally accepted accounting principles and is attached as Exhibit G.

Individual Insurance: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the Project's improvements. It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and name the Association as an additional insured. As such, the premiums on said policies will be the individual responsibility of each apartment owner rather than a common expense of the Association. Purchasers should be aware that the premiums for said fire insurance will vary depending upon the insurance company and the coverage. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association shared by the apartment owners.

3. Description of All Warranties Covering the Apartments and Common Elements.

NONE

4. Use of Apartments. The KEOLU SUMMIT condominium project will consist of six utility apartments which will be used for storage purposes by the owners, their tenants, servants, guests and invitees and for no other purpose.

DATE: October 24, 1994

KEOLU SUMMIT, INC.

By James E. Hall
Its President