

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer RYM Hawaii Kai Venture
Address 1405 N. King Street, Suite 200, Honolulu, Hawaii 96817

Project Name(*): KALUANUI
Address: 7226, 7228, 7230, 7232, 7236 and 7238 Hawaii Kai Drive, Honolulu, Hawaii 96825

Registration No. 4373
Effective date: April 17, 2000
Expiration date: January 17, 2001

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
CONTINGENT FINAL (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the: Preliminary 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

(*)Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892/0197/123/11/97

February 12, 1998 CONTIGFV.FRM

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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 NOTES

This project is built directly on a hillside. Due to this topography, rocks and other similar elements present on a portion of the slope directly above this project may, from time to time, become loose and fall or roll down into the project area thereby causing damage to the apartments and/or the common elements of the project. Neither the Developer nor any of its respective officers, directors, representatives or employees shall be held responsible for any property damage or personal injury caused by such rocks or other similar elements.

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to '514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

(1) The Developer will notify the Purchaser thereof by certified mail; and

(2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." ('514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information :

(1) A copy of the executed and recorded deed.

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: RYM Hawaii Kai Venture Phone: 808-847-6531
Name* (Business)
1405 N. King Street, Suite 200
Business Address
Honolulu, Hawaii 96817

Names of officers or general partners of developer who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

General Partner: RYM Development, Inc.
1405 N. King Street, Suite 200
Honolulu, HI 96816

Real Estate Broker*: Mark Parrish Realty, L.L.C. Phone: (808) 847-6531
Name (Business)
1405 N. King Street, Suite 200
Business Address
Honolulu, Hawaii 96817

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-02110
Name (Business)
235 Queen Street, First Floor
Business Address
Honolulu, Hawaii 96813

General Contractor*: Coastal Construction Co., Inc. Phone: (808) 847-3277
Name (Business)
1900 Hau
Business Address
Honolulu, Hawaii 96819

Condominium Managing Agent*: Ind-Comm Management, Inc. Phone: (808) 526-2404
Name (Business)
681 S. King Street, Suite 204
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Dwyer Imanaka Schraff Kudo Meyer & Fujimoto Phone: (808) 524-8000
Name (Business)
900 Fort Street Mall, Ste. 1800
Business Address
Honolulu, Hawaii 96813
Att.: Mitchell A. Imanaka, Esq.

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. 2000-045927
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]:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3063
 Filed - _____

The Condominium Map has been amended by the following instruments [state name of document, date 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 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. 2000-045928
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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 requirement for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>By a majority of the Board 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 attached 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 Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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 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): _____

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

Fee Owner: RYM Hawaii Kai Venture
 Name
1405 N. King Street, Suite 200
 Address
Honolulu, Hawaii 96817

Lessor:
 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 (4 buildings containing Floors Per Building 3
 4 apartments; 2 buildings containing
 6 apartments)

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Steel and Glass

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>28</u>	<input checked="" type="checkbox"/> Yes []No	[] Ohana	___	[]Yes []No
<input type="checkbox"/> Commercial	___	[]Yes []No	[] Industrial	___	[]Yes []No
<input type="checkbox"/> Mix Res/Comm	___	[]Yes []No	[] Agricultural	___	[]Yes []No
<input type="checkbox"/> Hotel	___	[]Yes []No	[] Recreational	___	[]Yes []No
<input type="checkbox"/> Timeshare	___	[]Yes []No	[] Other: _____	___	[]Yes []No

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

Yes No

5. Special Use Restrictions:

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

Pets: Pets are permitted as set forth in the House Rules. Certified seeing eye dogs, signal dogs and service dogs for physically impaired persons are permitted.

Number of Occupants: _____

Other: _____

There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 28 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Living Area (sf)*</u>	<u>Other Area (sf)</u>	<u>(Identify)</u>
<u>See Exhibit "D"</u>	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 28

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

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

Boundaries of Each Apartment:

see Exhibit "B"

Permitted Alterations to Apartments:

see Exhibit "C"

7. Parking Stalls:

Total Parking Stalls: 59*

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	<u>2</u>	—	—	—	—	—	<u>56</u>
Guest	—	<u>3</u>	—	—	—	—	<u>3</u>
Unassigned	—	—	—	—	—	—	—
Extra Purchase	—	—	—	—	—	—	—
Other:*	—	—	—	—	—	—	—
Total Covered & Open:	<u>59</u>	—	<u>0</u>	—	<u>0</u>	—	<u>59</u>

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

* The first floor of each apartment consists of a two-car garage which is a part of the apartment and not a common element.

- 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 Pools Storage Area Recreation Area
 Laundry Areas Tennis Court Trash Enclosure(s)
 Other: _____

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

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

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):

Not Applicable

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<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 E .

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 entry stairwell which each apartment shares with the apartment adjacent to it, as shown on the Condominium Map, such stairwell being a limited common element appurtenant to the apartments adjacent to such stairwell.

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 F describes the encumbrances against the title contained in the title report dated January 21, 2000, and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

[] There are blanket liens which may affect title to the individual apartments.*

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

Type of Lien

**Effect on Buyer's Interest and Deposit if Developer Defaults
Or Lien is Foreclosed Prior to Conveyance**

* The developer contemplates obtaining a loan to finance construction of the project. The loan will be secured by a mortgage, which will be a "blanket lien" on the entire project, including all apartments. Upon conveyance of an apartment to a buyer, the mortgage will be released as to the apartment being conveyed. If there is a default and foreclosure of the mortgage prior to conveyance, the buyer may lose the right to buy the apartment, but will receive his or her deposit back.

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:**

The Project shall consist of two separate phases of construction: the site work for the Project (the grading work, installation of utilities, etc.) ("Site Work") and the construction of the buildings of the Project. The Developer does not make any warranties for the Project, but merely passes on the warranties made to it by (i) the contractor performing the Site Work to correct any work found defective within one (1) year of the date of substantial completion of the Site Work, and (ii) the general contractor to correct any work found defective within one (1) year after the date of substantial completion of the building of the Project where the defective work was found (the general contractor provided the Developer with six (6) separate warranties for each building of the Project).

2. **Appliances:**

None

Note (as to 1 and 2 above): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the apartments, the project, the common elements thereof, or as to any appliances and furnishings contained within the apartments or the project.

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

The Construction of the Project has not yet commenced. The Developer estimates that the Project will be completed on April 1, 2001.

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):

IV. CONDOMINIUM MANAGEMENT

A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Management Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners other _____

B. **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.

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

A PRELIMINARY RESERVE STUDY HAS BEEN UNDERTAKEN BY THE DEVELOPER AS SET FORTH IN EXHIBIT G.

C. **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:

None Electricity* (Common Elements Only _____ Common Elements and Apartments)
 Gas (____ Common Elements Only _____ Common Elements and Apartments)
 Water** Sewer Television Cable
 Other: Refuse Collection

*Each unit will be billed separately for the electricity used within said unit (electricity used for lighting, water heating, cooking and the operation of the various appliances of the unit)

**Each unit will also be billed seapartely for the water consumption attributable to that unit.

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 H contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated October 13, 1999.
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Apartment Deed. Exhibit J contains a summary of the pertinent provisions of the apartment deed.

B. **Buyer's Right to Cancel Sales Contract:**

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

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

Supplementary Report to a Preliminary Report:

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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, as amended.
- D) House Rules, if any.
- 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. 4373 filed with the Real Estate Commission on _____, 2000.

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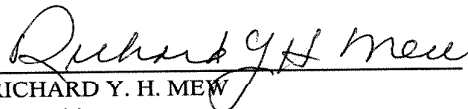
C. **Additional Information Not Covered Above**

NONE.

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.

RYM HAWAII KAI VENTURE,
a Hawaii limited partnership

By RYM DEVELOPMENT, INC.,
a Hawaii corporation
Its General Partner

By 
RICHARD Y. H. MEW
Its President

April 14, 2000
Date

Distribution:

Department of Finance, City and County of Honolulu
Planning Department; City and County of Honolulu

EXHIBIT "A"

RIGHTS RESERVED BY DEVELOPER

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the Declaration. Capitalized terms have the same meaning ascribed to such terms in the Declaration

A. RESERVED RIGHT TO GRANT EASEMENTS. This right is set forth at Article XX of the Condominium Declaration. The Developer will have, among other things, the right until December 31, 2020, to grant easements over the common elements of the Condominium.

B. RESERVED RIGHT TO MODIFY PROJECT TO COMPLY WITH LAW. This right is set forth at Article XXI of the Condominium Declaration. The Developer will have the right until December 31, 2020 to effect all modifications to Apartments and common elements in the Condominium to ensure full compliance by the Condominium, the Condominium Association and the Developer with laws which apply to the Condominium, including the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including all rules and regulations adopted under it, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 et seq., including all rules and regulations adopted under it.

C. RESERVED RIGHT TO CONDUCT SALES ACTIVITIES. This right is set forth in Article XXII of the Condominium Declaration. The Developer will have the right until December 31, 2020 to conduct extensive sales activities at the Project and from any Apartment owned by Developer.

D. ASSIGNMENT OF RESERVED RIGHTS. Pursuant to Article XXIII of the Condominium Declaration, the rights reserved by the Developer are fully assignable.

Each and every party acquiring an interest in the Project, by such acquisition, consents to Developer's exercise of its reserved rights and to the execution, delivery and recording (if necessary) of any and all documents necessary to effect these rights, including any amendment or amendments of the Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns such party's attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and do such other things on his behalf, which grant of such power, being coupled with an interest is irrevocable for the term of these reserved rights, and shall not be affected by the disability of such party or parties.

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

Each Apartment shall be deemed to include (a) all the walls and partitions which are not load-bearing within its perimeter or party walls, (b) all pipes, ducts, conduits, wires and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (c) the inner decorated or finished surfaces of all perimeter or party walls, (d) the interior decorated or finished surfaces of any doors, door frames or window frames, (e) all windows, (f) the floors (excluding the garage floor slab) and ceilings (excluding the undecorated or unfinished surface of the ceiling located immediately below the roof) located within each Apartment and all of the space located between said floors and ceilings (including the space located between the garage floor slab and the ceiling directly above said floor slab); provided, however, that no Apartment Owner shall modify any portion of an Apartment without first obtaining the Board's prior approval if such modification will or is likely to affect the structural integrity of the building in which the Apartment is located, (g) all cranks and other window hardware, (h) all appliances and fixtures installed therein, and replacements therefor, and (i) the two-car garage located on the first floor of each Apartment, including the garage door and the automatic garage door mechanism; provided, however, that no owner may paint the garage door a color other than the original color of said door without first obtaining the Board's prior written approval.

The respective Apartments shall not be deemed to include: (i) the perimeter or party walls and chase walls, (ii) the undecorated or unfinished surfaces of such walls, (iii) the perimeter doors (other than the garage door, which is a part of the Apartment), door frames and window frames or the undecorated or unfinished surfaces of such doors and frames, (iv) the interior load-bearing walls and posts, if any, or the undecorated or unfinished surfaces of such walls and posts (v) the exhaust ducts for the bathrooms of each Apartment and the dryer vent cap attached to the outer exterior wall of each Apartment of the Project that is an "end-unit," (vi) any pipes, ducts, conduits, wires or other utility or service lines which are utilized for or serve more than one Apartment, (vii) the door to each entry stairwell, and the enterphone system located near the door to each entry stairwell, and (viii) the ceiling located immediately below the roof, the undecorated or unfinished surfaces of said ceiling and the space located between the roof and said ceiling, the same being deemed Common Elements as hereinafter provided.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS

A. **GENERAL PROVISIONS.** Except as otherwise expressly provided in the Condominium Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Owner only pursuant to an amendment of the Condominium Declaration in accordance with Article XIII thereof, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association or Owner, as the case shall be, shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

B. **ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT.** Notwithstanding anything to the contrary contained in the Condominium Declaration, each Owner of an Apartment shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Owner, to make any of the following alterations solely within the Apartment or Limited Common Element which such Owner controls: to install, maintain, remove and rearrange partitions (including the party wall between two (2) Apartments owned by the same Owner) and other structures from time to time within such Apartment or Limited Common Element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment or Limited Common Element by such Owner or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Apartment or Limited Common Element; provided, however, that nothing contained in this paragraph shall jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment or Limited Common Element, materially alter the uniform external appearance of the Project, materially affect or impair any easement or rights of any of the other Owners or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Common Elements subject, however, to the exclusive use of the Limited Common Elements. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require same, in order that the buildings of the Project may continue to comply with applicable law, including any fire code requirements.

C. **APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES.** In the event that any change or alteration of an Apartment pursuant to and in compliance with Article XII, Section B of the Condominium Declaration shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof in the Condominium Declaration, then the Owner of such Apartment shall amend the Condominium Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments and by no other party, and such shall become effective upon the recordation thereof at the Bureau of Conveyances for the State of Hawaii. The provisions of Article XIII of the Condominium Declaration notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered. Every Owner and all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of the Condominium Declaration and/or the Condominium Map; and appoints such Owner and his assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

EXHIBIT "D"

**Apartment Numbers, Apartment Types, Number of Bedrooms and Bathrooms,
Approximate Net Square Footage, Percentage of Common Interest**

Apartment Number	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Square Footage	Percentage of Common Interest
7226 A	1	2/2	1386	3.52%
7226 B	2	2/2	1434	3.63%
7226 C	3	2/2	1434	3.63%
7226 D	4	2/2	1386	3.51%
7228 A	1	2/2	1386	3.52%
7228 B	2	2/2	1434	3.63%
7228 C	3	2/2	1434	3.63%
7228 D	4	2/2	1386	3.51%
7230 A	1	2/2	1386	3.52%
7230 B	2	2/2	1434	3.63%
7230 C	5	2/2	1384	3.50%
7230 D	2	2/2	1434	3.63%
7230 E	3	2/2	1434	3.63%
7230 F	4	2/2	1386	3.51%
7232 A	1	2/2	1386	3.52%
7232 B	2	2/2	1434	3.63%
7232 C	3	2/2	1434	3.63%
7232 D	4	2/2	1386	3.51%
7236 A	1	2/2	1386	3.52%
7236 B	2	2/2	1434	3.63%
7236 C	5	2/2	1384	3.50%
7236 D	2	2/2	1434	3.63%
7236 E	3	2/2	1434	3.63%
7236 F	4	2/2	1386	3.51%
7238 A	1	2/2	1386	3.52%
7238 B	2	2/2	1434	3.63%
7238 C	3	2/2	1434	3.63%
7238 D	4	2/2	1386	3.51%
				100%

CALCULATION OF COMMON INTEREST

The common interest attributable to each Apartment was calculated by dividing the square footage of each individual Apartment by the total square footage of all Apartments within the Project. In order to permit the common interest for all Apartments to equal exactly hundred percent (100%), the common interest attributable to each of the six (6) Type 1 Apartments was increased by .01%.

EXHIBIT "E"

COMMON ELEMENTS

A. **COMMON ELEMENTS.** One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements," including specifically but not limited to:

1. The Land in fee simple and any appurtenances thereto;
2. All perimeter or party walls and the undecorated or unfinished surfaces of such walls, any load-bearing walls and chase walls, and the undecorated or unfinished surfaces of such walls, all structural components such as foundations, concrete sidewalks and curbs, garage floor slabs, beams, supports, roofs and the ceiling located immediately below the roof, the undecorated or unfinished surfaces of said ceiling and the space located between the roof and said ceiling;
3. All perimeter doors (other than the garage door, which is a part of the Apartment), door frames and window frames and the undecorated or unfinished surfaces thereof; whether at the perimeter of a Building Structure or at the perimeter of an Apartment;
4. All landscaping and all trash enclosures within the Project;
5. All roads, driveways, access lanes, paved areas, ramps, loading areas, walkways and parking stalls designated for visitors or disabled persons within the Project;
6. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution;
7. All unimproved areas and other similar areas which are not part of an Apartment;
8. All other apparatus and installations existing for common use, such as fans, ducts, vents, fire suppression equipment and other such installations and apparatus;
9. All flood lights and other similar lighting devices, whether attached or unattached to the exterior of the buildings within the Project;
10. The mailboxes assigned to each apartment in the Project; and
11. All other parts of the Project necessary or convenient to its existence, maintenance and safe operation, or normally in common use.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Easement E-2, as shown on that certain survey map dated January 30, 1995, prepared by Kendall N.H. Hee, Registered Professional Land Surveyor with Engineers Surveyors Hawaii, Inc.; for electrical switching vault purposes.
3. Grant in favor of the City and County of Honolulu dated May 28, 1974, recorded at said Bureau in Liber 10448 at Page 200; granting an easement for flowage purposes.
4. Grant in favor of Hawaiian Electric Company, Inc. dated December 7, 1979, recorded at said Bureau in Liber 14438 at Page 30; granting an easement over said Easement E-2.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Unilateral Agreement and Declaration for Conditional Zoning dated July 3, 1986, recorded at said Bureau in Liber 19645 at Page 696.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration dated June 3, 1991, recorded at said Bureau as Document No. 91-119313.

Said Declaration was amended by that certain instrument dated August 11, 1993, recorded at said Bureau as Document No. 93-162598.
7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Warranty Deed with Covenants dated May 7, 1999, recorded at said Bureau as Document No. 99-071864.
8. For real property taxes due and owing reference is made to the Department of Finance, Real Property Assessment Division.

EXHIBIT "G"

**AOAO KALUANUI
PROJECTED MONTHLY OPERATING BUDGET
FEBRUARY 2000**

	Monthly Budget	Annual Budget
RECEIPTS:		
Maintenance Fee	5,548	66,576
TOTAL RECEIPTS:	5,548	66,576
DISBURSEMENTS:		
<u>Utilities and Services:</u>		
Electricity	80	960
Water & Sewer	1,665	19,980
Refuse	250	3,000
<u>Maintenance:</u>		
Repair & Maintenance	130	1,560
Building Supplies	30	360
Landscaping	750	9,000
<u>Administration:</u>		
Administrative Expenses	40	480
Property Management	575	6,900
Insurance - Building	1,100	13,200
Acctg. & Audit	50	600
TOTAL DISBURSEMENTS:	4,670	56,040
Reserve	878	10,536
TOTAL	5,548	66,576

I, Richard T. Yamasaki, as agent and employed by Ind-Comm Management, Inc., the condominium managing agent or the developer, for the condominium project Kaluanui in Hawaii Kai, hereby certify that the above estimates of initial maintenance fees assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


 RICHARD T. YAMASAKI

3/31/2000
 DATE

AOAO Kaluanui
 PROJECTED RESERVE PLAN
 UPDATED February 2000
 2000

<i>DESCRIPTION</i>	<i>EST USEFUL LIFE IN YEARS</i>	<i>REPLACE- MENT YEAR</i>	<i>EST. COST TO REPLACE</i>	<i>2000 EST ANNUAL COST</i>
Roadway	16	2016	25,000	1,563
Painting	8	2008	35,000	4,375
Roofing	15	2015	40,000	2,667
Lighting Fixture	15	2015	5,000	333
Termite Treatment	5	2005	2,500	500
Exterior Bldg Walls	20	2020	15,000	750
Exterior Fences & Walls	20	2020	7,000	350
			129,500	10,538

Monthly Cost 878

This is to certify that the Reserve Exhibit was conducted as a Preliminary Reserve Study for the purpose of the Contingent Final Report. A final Reserve Study will be prepared prior to RYM Hawaii Kai Venture's submission to its final report to the Real Estate Commission.

*Richard T. Yamasaki, CPM
 Managing Agent for
 AOAO Kaluanui*

**AOAO Kuluanui
Per Unit Maintenance Fee Cost**

Unit Type	Total % Per Unit	Total % Per Group	New Budget	No. of Units	Monthly Maint Fee
A	0.03520	0.211	5,548	6	195.29
B	0.03630	0.218	5,548	6	201.39
C	0.03630	0.218	5,548	6	201.39
D	0.03510	0.211	5,548	6	194.73
E	0.03630	0.073	5,548	2	201.39
F	0.03510	0.070	5,548	2	194.73
		1.000		28	

AOAO KALUANUI
Footnotes to the
2000 Fiscal Budget

1. Estimated Revenue - \$5,548.00 per month
Estimated Expense - \$4,670.00 per month
2. Information on the Budget were prepared on the cash basis of accounting.
3. Total Replacement Reserves as of the date of the budget is \$0.00 due to the fact that no money has been collected.
4. Estimated Reserves:
 - Total Replacement - \$ 129,500.00
 - Annual Basis - \$ 10,536.00
 - Montly Basis - \$ 878.00
5. Estimated Replacement Reserve items were based on the current construction cost as provided by the developer with an adjustment for future year inflation of material and constuction cost.
6. Annual Reserve Estimate is \$10,536.00.
7. The Reserve plan was based on the Percent Funded Method.

EXHIBIT "H"

SUMMARY OF PURCHASE AGREEMENT

The specimen Kaluanui Purchase Agreement ("Agreement") contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Title Guaranty Escrow Services, Inc. ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement. All payments to be made under the Agreement shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement.

B. The Purchaser specifically acknowledges and agrees that the Condominium Declaration contains reservations of certain rights in favor of Seller, the Association and other owners and contains certain other provisions to which the Purchaser consents.

C. The "Closing Date" shall be the date (following the completion of the structure in which the Apartment is located) upon which Seller certifies to the Purchaser in writing that the Apartment is ready for occupancy. All payments shall be due and payable in full on the Closing Date, and, if not paid on said date due to Purchaser's failure to act in a diligent manner in order for said payment to be made on said date, then such nonpayment shall result in a default under the Agreement. If Purchaser, after the delivery by Seller of a copy of the Contingent Final Public Report for the Project, either personally or by registered or certified mail with return receipt requested, shall fail to execute an acknowledgement of receipt and waiver of Purchaser's right to cancel the Agreement (or shall fail to give his written approval or acceptance to any material change to the Project as requested by Seller pursuant to the provisions of Hawaii Revised Statutes Section 514A-63, as amended) within thirty (30) days of such receipt, Seller may at its option: (i) cancel the Agreement upon ten (10) days' written notice to Purchaser of such cancellation and upon such cancellation Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by its failure to give said written notice of cancellation) to treat such failure as a deemed acceptance ("Deemed Acceptance") of such Public Report and as a waiver of the right to cancel the Agreement (or as a Deemed Acceptance of such material change, as the case may be).

D. The Purchase Price does not include closing costs which include, among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, real property tax and other prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, credit report costs and all other applicable mortgage costs. Purchaser shall pay a start-up fee equal to two (2) months' of the estimated maintenance fee in advance.

E. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

F. Purchaser shall not be entitled to possession of the Apartment as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

G. Notices to either party may be delivered personally or mailed.

H. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any sales person that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

I. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

J. Purchaser has examined and approved the estimate of monthly maintenance charges for the Property as shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any such changes.

K. If Purchaser is purchasing an Apartment that has been designated by the Seller as an owner-occupant apartment pursuant to Part VI of Chapter 514A of the Hawaii Revised Statutes, as amended, pertaining to sales to owner-occupants, Purchaser shall, upon receiving the disclosure statement informing the Purchaser that the Real Estate Commission has issued an effective date for the Final Public Report for the Project, reaffirm Purchaser's intent to be an owner-occupant. Purchaser's failure to execute the reaffirmation shall constitute a default under the Purchase Agreement.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Kaluanui Escrow Agreement dated March 10, 2000 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. When Seller (Developer) shall enter into a purchase agreement for the conveyance of an apartment or other interest in the Project ("Purchase Agreement"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Purchase Agreement to Escrow together with the address of the Purchaser. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchasers, including those received on any Purchase Agreement, and all payments made on loan commitments from lending institutions on account of any apartment in the Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any Purchaser's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms the Agreement.

C. Escrow shall make no disbursements of Purchasers' funds or proceeds from the sale of apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has received a letter from Seller stating that the Purchasers have signed the required Receipt and Notice of Right to Cancel or are deemed to have received for the public reports and to have waived their right to cancel, and stating further that no subsequent events have occurred which would give the Purchasers the right to rescind, the Purchase Agreements have "become effective" and "the requirements of Sections 514A-40, 514A-39.5 and 514A-63" of the Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65, Hawaii Revised Statutes, and further that the requirements of Section 514A-62 of the Hawaii Revised Statutes have been met. Further, no disbursements of Purchasers' funds shall be made until the affidavit of intent to become an owner-occupant required by Section 514A-104, Hawaii Revised Statutes, as amended, and approved and issued by the Real Estate Commission pursuant to Section 514A-104.5, Hawaii Revised Statutes, as amended, has been reaffirmed by the prospective owner-occupant of the respective residential unit.

D. Each Purchaser shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Purchaser, promptly after request for return by the Purchaser if one of the following has occurred:

- (1) Escrow receives a written request from Seller to return to the Purchaser the funds of the Purchaser then being held by Escrow;
- (2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller;
- (3) The conditions providing for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes (as amended on the date upon which the Purchase Agreement becomes binding and effective) have been met, and written notice thereof has been provided to Seller.

Upon the return of said funds to the Purchaser as aforesaid, Escrow shall return to Seller such Purchaser's Purchase Agreement and any conveyancing documents theretofore delivered to Escrow pursuant to such

Purchase Agreement; and thereupon the Purchaser shall no longer be obligated under the Purchase Agreement. Other documents delivered to Escrow relating to the sale of the apartment identified in such Purchase Agreement will be returned to the person from whom or entity from which they were received.

Upon the cancellation of any Purchase Agreement as specified above, Escrow shall be entitled to a \$25.00 cancellation fee.

E. If the Purchaser fails to make any payment on or before the due date thereof or if the Purchaser does or fails to do any act which would constitute an event of default under the Purchase Agreement, Seller shall promptly give to such Purchaser and to Escrow, written notice of default. If Purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Purchase Agreement and has notified the Purchaser, or (2) that Purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 14 of the Agreement, shall thereafter treat all funds of the Purchaser paid under such Purchase Agreement, less Escrow's cancellation fee, as funds of Seller and not of the Purchaser. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Purchase Agreement of such Purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Purchase Agreement shall be returned to the person from whom or entity from which such documents were received.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, PURCHASER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL.

EXHIBIT "J"

SUMMARY OF DEED FORM

The specimen Kaluanui Apartment Deed, Encumbrances and Reservations of Rights ("Deed" or "Apartment Deed") contains among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of the Kaluanui Condominium Property Regime situate at Maunaloa, City and County of Honolulu, State of Hawaii.

B. The Grantor (Developer) is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; that the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; that the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Purchaser agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Condominium Declaration, and Purchaser agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including signing, delivery and recording of all documents which may be necessary, and Purchaser appoints Grantor as Purchaser's "attorney-in-fact" which means that Grantor can act for Purchaser or on Purchaser's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and record all documents and to do all things on Purchaser's behalf, which grant of authority, being coupled with an interest, which means that the Grantor has an interest beyond just in the power Purchaser is giving, cannot be revoked by Purchaser for the term of the reserved rights, and will not be affected by Purchaser's disability.

D. Purchaser agrees, for the benefit of all other owners of the other apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Condominium Declaration, the Bylaws and the House Rules as any of the same exist or may hereafter be amended in accordance with law and does accept and approve of the Declaration, Bylaws and House Rules.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE APARTMENT DEED. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE APARTMENT DEED, PURCHASER MUST REFER TO THE APARTMENT DEED TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE APARTMENT DEED, THE APARTMENT DEED WILL CONTROL.