

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Ronald T.C. Young
Address 1268 Young Street, Suite 301, Honolulu, Hawaii 96814

Project Name (*): Hale Nehoa
Address 1288 and 1300 Nehoa Street, Honolulu, Hawaii 96822

Registration No. 5855 Effective date: August 10, 2006
Expiration date: September 10, 2007

Preparation of this Report:

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

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

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

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

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

Type of Report

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
- SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 - 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

This material can be made available for individual with special needs. Please call the Senior Condominium Specialist at 586-2643 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 ATTENTION

THERE ARE CITY AND COUNTY RESTRICITONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STURCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PUBCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A STRUCTURE FOR RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

This is a CONDOMINIUM PROJECT and not a subdivision. The land area beneath and immediately appurtenant to each apartment unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The broken lines on the Condominium Map bounding the designated number of square feet within each limited common element land area are for illustrative purposes only, and should in no way be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental 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 the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Ronald T.C. Young Phone: (808) 781-8886
Name * (Business)
1268 Young St., Suite 301, Honolulu, HI 96814
Business Address

Names of officers and directors of developers 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):

N/A

Real Estate Broker*: Western Real Estate, LLC Phone: (808) 597-8114
Name (Business)
1268 Young St., Suite 301, Honolulu, HI 96814
Business Address

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen St., Honolulu, HI 96813
Business Address

General Contractor*: N/A Phone: _____ (Business)
Name
Business Address

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

Attorney for Developer: (None) Phone: _____ (Business)
Name
Business Address

* 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 interest, and other information relating to the condominium project.

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances	Document No. <u>2005-210682</u>
<input type="checkbox"/>	Filed -	Land Court	Document No. _____

The Declaration referred to above has been amended by the following instrument: Amendment to Declaration of Condominium Property Regime, By-Laws, and Condominium Map No. 4095, recorded in the Bureau of Conveyances as Document No. 2006-131450, dated July 18, 2006.

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:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. <u>4095</u>	
<input type="checkbox"/>	Filed -	Land Court Condo Map No. _____	

The Condominium Map has been amended by the following instrument: Amendment to Declaration of Condominium Property Regime, By-Laws, and Condominium Map No. 4095, recorded in the Bureau of Conveyance as Document No. 2006-131450, dated July 18, 2006.

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 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:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2005-210683</u>
<input type="checkbox"/>	filed-	Land Court:	Document No. _____

The Bylaws referred to above have been amended by the following instrument: Amendment to Declaration of Condominium Property Regime, By-Laws, and Condominium Map No. 4095, recorded in the Bureau of Conveyances as Document. No. 2006-131450, dated July 18, 2006.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and condo Map)	75% *	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-	<u>N/A</u>

* The percentages for individual condominium projects maybe 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:

1. To grant easements for utility easements (see paragraph 7.5 of the Declaration).
2. To amend the Declaration by filing an "as built" certificate (see paragraph 20.1 of the Declaration).
3. To amend the Declaration to comply with the requirements imposed by law, title insurers, lenders, etc. (see paragraph 20.2 of the Declaration).
4. to amend the bylaws to comply with the requirements of any federal or State governmental agency (see section 9.2(a) of the By-Laws).

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For 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 Sub-leasehold:

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 Negotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Monthly 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 improvement to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 1288 and 1300 Nehoa St. Tax Map Key (TMK): (1) 2-4-027-066
Honolulu, HI 96822

Address TMK is expected to change because individual CPR numbers will be assigned to each apartment

Land Area: 26,291 square feet acre(s) Zoning: R-5

Fee Owner: Ronald T.C. Young and Sylvia S.E. Young
 Name
1268 Young St., Suite 301
 Address
Honolulu, Hawaii 96814

Lessor: N/A
 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: 2 Floors Per Building: 1
 Exhibit _____ contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Storage Shed is made of Plastic or Steel
4. Uses Permitted by Zoning:

	<u>No. of Apts</u>	<u>Uses Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> MixRes/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other (storage sheds)	<u>2</u>	<input checked="" 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 in the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Dogs, cats and customary household pets permitted in reasonable number, provided no commercial breeding or use. No livestock, poultry or other animals.
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Living Area (sf)*</u>	<u>Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit 1</u>	<u>1</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>49</u>	<u>Storage Shed</u>
<u>Unit 2</u>	<u>1</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>49</u>	<u>Storage Shed</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

*** 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:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B".

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS, or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement because the project is exempt.

7. Parking Stalls:

Total Parking Stalls: 0*

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

Each apartment will have the exclusive use of least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

*Note: Each apartment, when replaced or rebuilt, will have the exclusive use of that number of parking stalls located on each appurtenant dwelling area as determined by the owner of such apartment. The owner of an apartment has the right to designate parking stalls anywhere on the respective dwelling areas.

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/Enclosure(s)

Other: _____

9. Compliance With Building 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):

N/A

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<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 D

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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 _____ .

as follows:

Unit 1 - 50%

Unit 2 - 50%

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 status report dated October 13, 2005 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.

[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 interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit, less escrow cancellation fees.

F. Construction Warranties:

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

1. Building and Other Improvements: None. Units to be conveyed "as is". Developer is not making any warranties on the materials and workmanship of the Units.
2. Appliances: None.

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

Units 1 and 2, Storage Sheds, were completed in the last half of 2005.

H. **Project Phases:**

The developer [X] has [] 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):

See Exhibit A.

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 Managing 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 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, a lien may be placed on your apartment and the apartment may be 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 "H" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

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 & Apartments)
 Gas (___ Common Elements only ___ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

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

Specimen Sales Contract

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

Escrow Agreement dated October 17, 2005.

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final 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 is:

- 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 Contracts: 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 issued 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 or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5855 filed with the Real Estate Commission on November 7, 2005.

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C. **Additional Information Not Covered Above**

Not a Subdivision. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment will be conveyed an apartment unit together with an "undivided" interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

Storage Sheds; Building Permits; Replacement. Unit 1 and Unit 2 are both 49 square feet storage sheds. Pursuant to Section 18-3.1(b)(16) of the Revised Ordinances of Honolulu, the structures did not require building permits as they are both one-story detached storage sheds each with an aggregate floor area not exceeding 120 square feet.

If and when a shed is replaced, it is expected to be replaced by a single-family residence in accordance with Paragraph 19.1 of the Declaration. Each Unit will have that number of rooms (exclusive of lanai), net living floor area in square feet (exclusive of lanai) and a garage or carport, as set forth in an amendment to the Declaration made in accordance with Paragraph 20.4 of the Declaration. Exhibit "G" attached hereto contains additional information regarding alteration of the units.

Each owner ("Non-building Owner") shall cooperate with the other owner ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits, and obtaining utility services into his Dwelling area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expenses hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence (or making of any change) shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage, or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner.

Driveway. The owners of both apartments in the project will be jointly responsible for the cost of installing an all-weather surface on the common element driveway.

Maintenance Fees. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common elements, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. Although there is a common element driveway, the developer believes that the owners would rather treat any replacement as a special assessment rather than collect and maintain a reserve fund. All utilities are separately metered.

Insurance. Section 51A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the project, and that the premiums for such insurance be common expenses. Developer anticipates that the Association will elect, pursuant to Paragraph 16.5 of the Declaration, to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

Reserves. Developer discloses that no "reserve study" was done in accordance with Section 514A-83.6, Hawaii revised Statutes, and replacement reserve rule, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Access. Each Unit will have access to Nehoa Street from a common element driveway that connects to a shared driveway described as Lot 4 in the Declaration of Restrictive Covenants dated November 10, 1983, recorded in Bureau of Conveyances in Book 17476, Page 267 as noted in Exhibit "E."

Mailboxes. Each owner is responsible for installing a mailbox, which mailbox will be located in the common driveway.

DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER

The Developer has not selected a real estate broker for the sale of Unit #1288 in the project at this time.

When the Developer offers Unit #1288 for sale, the Developer shall (1) submit to the Real Estate Commission, a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed Disclosure Abstract identifying the designated broker, and (2) provide a copy of the disclosure Abstract to the purchaser together with a copy of this Public Report.

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraph 7.5 of the Declaration states:

"7.5 Right to Grant Utility Easements. Declarant reserves the right to grant (including the right to convey, transfer, cancel, relocate, and otherwise deal with a grant) to any public or governmental authority rights-of-way and other easements, which are for the benefit of the Project or which do not materially interfere with the use nor materially impair the value of, any Unit, over, across, under, and through the common elements (including limited common elements) for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering, and removing such lines and facilities and of trimming any trees in the way thereof. The rights reserved to Declarant in this paragraph shall continue for so long as Declarant owns any interest in any of the Units. Upon transfer of the title to the Last Unit in the Project to a party other than Declarant, the rights reserved to Declarant in this paragraph shall terminate as to Declarant and shall automatically vest in the Association."

2. Paragraph 19.1(h) of the Declaration states:

"19.1(h) This Declaration is being imposed on the Land before completion of the contemplated construction on each Dwelling Area of a residence. Consequently, each Owner ("Non-Building Owner") shall cooperate with the other Owner ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits and obtaining utility services into his Dwelling Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expenses hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence (or making of any change) shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner."

3. Paragraph 19.5 of the Declaration states:

"19.5 Reservations by Declarant,

(a) Notwithstanding anything to the contrary set forth in this Declaration, Declarant hereby reserves and shall have the right, without the joinder of any Unit Owner, the Association, the Board, any lien holder or any other person at any time to tear down Unit 1 and/or Unit 2 and replace it with a residential dwelling or anything else permitted under the Land Use Ordinance, to locate it at a different location from that currently shown on the condominium Map, to build and further develop Unit 1 Dwelling Area and/or Unit 2 Dwelling Area for a residential dwelling or anything else permitted under the Land Use Ordinance then in effect. Declarant further reserves the right to subject this Project to any Declaration of Restrictive Covenants or any other conditions required by the city and County of Honolulu or any governmental or quasi governmental agency to further develop Unit 1 Dwelling Area and/or Unit 2 Dwelling Area.

(b) In connection therewith, the Declarant, without the consent or joinder of any Owner, the Association, the Board, any lien holder, or any other person, may execute and deliver on behalf of all of the unit Owners and their respective mortgagees, if necessary, all applications, petitions, amendments to this Declaration, deeds and other instruments which the Declarant deems necessary or desirable, including without limitation, documents to be filed or recorded with the Department of Planning and Permitting of the City and County of Honolulu, the Recording Office, other governmental or quasi governmental agencies or private parties. The Declarant shall have the right also without the consent or joinder of any other person to take such actions in connection therewith if the Declarant deems such necessary or desirable. The form and content of such instruments or the taking of such actions shall be in the sole and absolute discretion of the Declarant, and his delivery of such instrument or the taking of such action shall be sufficient determination.

(c) In connection therewith, the Declarant shall have the right, without being required to obtain his consent or joinder of any Owner, any lien holder, the Association, the Board or any other person who may have any interest in the Property or the Project (i) to amend this Declaration and the Condominium Map to describe and depict the Land and Project as modified by effectuating any of the rights reserved by Declarant, to create additional common and limited common elements and easements as appurtenances to the Apartments in the Project, to determine, describe and change the common interest and percentage of expenses effective upon such addition, deletion or modification and to set forth such other matters necessary or desirable to effect any such alteration in the Project; (ii) to amend any prior instrument of conveyance of an Apartment and undivided interest so as to conform the same to the Declaration, as so amended; and (iii) to cause a conveyance by deed or other instrument from the Owners to the Declarant, or to whom the Declarant may designate, which instrument shall convey rights of access for utility purposes through the Land or portions thereof which Declarant deems reasonable or necessary.

(d) The Declarant shall have the right to assign, mortgage or otherwise transfer or encumber its rights granted under this Section 19.5 and any assignee or transferee shall have the rights of the Declarant. Any income or other financial benefit from the rights under this Section 19.5 shall accrue solely to the benefit of the Declarant or its assignee or transferee.

(e) To the extent that joinder of any Owner, the Association or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in Section 19.5, such Owner, lien holder, the Association, the Board or other person shall execute such joinder or instrument of conveyance, and if such person fails to do so, such person shall be liable for any loss or damage incurred or suffered by the Declarant on account thereof, and the execution of the joinder or instrument of conveyance may be accomplished by power-of-attorney in favor of the Declarant from each of the Owners, lien holders, the Association or such other parties. The acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project or Property subject to this Declaration shall be deemed a grant of such power-of-attorney, and the grant being coupled with an interest, shall be irrevocable.

(f) By accepting or acquiring any right, title or interest in the Project or the Property subject to this Declaration, each Owner, lien holder, the Association, the Board or other person having any interest in the Project or Property agrees that he shall, if required by law or by the Declarant, join in, consent to, or execute all instruments or documents necessary or desirable to effect any of the rights reserved to Declarant in this Declaration, any amendments of the Declaration and Condominium Map as provided for in Sections 19.5 and 20.4 and to effect any conveyance to the Declarant or its assignee or transferee.

(g) The reservations in the Section 19.5 and Section 7.5 shall inure to and for the benefit of Declarant, and its successors, assigns, transferees and designees. This Section 19.5 and Section 7.5 shall not be amended without the consent of Declarant which consent may be withheld for any reason."

4. Paragraph 20 of the Declaration states:

"20. AMENDMENT OF DECLARATION.

20.1 Amendments Generally. Except as otherwise expressly provided herein or in the Act, this Declaration and the Condominium Map may be amended only by the affirmative vote or written consent of seventy-five (75%) of the Apartment Owners, evidenced by an instrument in writing, signed and acknowledged by each of them, which amendment shall be effective upon recordation in the Recording Office; provided, however, that notwithstanding the foregoing provision, at any time prior to the first recording of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory hereto, the Declarant may amend this Declaration (including all exhibits), the Condominium Map, and the By-Laws in any manner, without the consent or joinder of any Apartment purchaser or any other party. Notwithstanding the lease, sale or conveyance of any of the Apartments, Declarant may amend this Declaration (and when applicable, any exhibits to this Declaration and the Condominium Map) to file the "as-built" verified statement required by Section 524A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict the layout, location, Apartment numbers, and the

dimensions of the Apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the Apartments as build or any change in the Apartment number.

20.2 Amendments Required by Law, Lenders, Title Insurers, Etc. Any other provision of this Declaration notwithstanding, for so long as the Declarant retains any interest in an Apartment in the project, the Declarant shall have the right (but not the obligation) to amend this Declaration and the By-laws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lien holder, or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development, or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to an Apartment or substantially change the design, location, or size of an Apartment shall be made without the consent of all persons having an interest in such Apartment. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this Section 20.2 and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints Declarant and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

20.3 Mortgagee Approval. Any other provision of this Declaration notwithstanding, the approval of eligible holders of first mortgages (as defined below) on Apartments to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated shall be required to materially amend any provision herein, or to add any material provisions hereto, which establish, provide for, govern, or regulate any of the following: (a) voting; (b) assessments, assessments liens or subordination of such liens; (c) reserves for maintenance, repair and replacement of the common elements; (d) insurance or fidelity bonds; (e) right to use of the common elements; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any Unit (except where the amendment merely reflects that a Unit has been constructed according to alternate plans shown on the Condominium Map); (i) the interests in the common elements or limited common elements; (j) convertibility of Units into common elements or of common elements into Units; (k) leasing of Units; (l) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit; (m) establishment of self-management of the Project by the Association where professional management has been required by any agency or corporation which has an interest or prospective interest in the Project; and (n) any provision that expressly benefits holders, insurers, or guarantors of first mortgages on apartments in the Project. To qualify as an "eligible holder of a first mortgage", a holder, insurer or guarantor of a first mortgage on a Unit in the Project must have made a written request to the Association for timely written notice of proposed amendments to the condominium instruments. The request must state the name and address of the holder, insurer or guarantor and the number of the Unit covered by the mortgage. In the event that an eligible holder of a first mortgage fails to appear at a meeting of the Association at which amendments of a material nature to this Declaration are proposed and considered, or fails to file a written response with the Association within thirty (30) days after it receives proper notice of the proposed amendment, delivered by certified or registered mail, with a "return receipt" requested, then and in any such event such amendments shall conclusively be deemed approved by such eligible holder of a first mortgage.

In addition to the foregoing, no amendment to this Declaration which would allow any action to terminate the condominium property regime created hereby for reasons other than substantial destruction or condemnation shall be made without the prior written approval of all of the eligible holders of first mortgages.

20.4 Amendments for Changes to Units. Notwithstanding the foregoing, an Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to his Unit in accordance with Section 19.1 or Section 19.2 of this Declaration. Promptly upon completion of such changes, the Unit Owner shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit

Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such Amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including its appurtenant common interest) and shall be irrevocable."

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS

1. Paragraph 19.1 of the Declaration states:

"19.1 Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other person, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the dwelling area appurtenant to the unit (collectively, the foregoing are referred to "change") subject to the following conditions:

(a) All building plans for any such changes shall be prepared by a Hawaii licensed architect or professional engineer and conform with applicable City and County building and zoning laws and ordinances and applicable State law, and all construction changes shall be undertaken by a building contractor licensed in the State of Hawaii.

(b) If required by County Building Laws, then the Owner making the change shall first obtain any required building permit(s).

(c) All changes to a Unit must be made within the Dwelling Area to which the Unit is appurtenant.

(d) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportionate share of the allowable floor area or lot area coverage for the Land, or number of dwelling units, as defined by the LUO in effect when the change is to be made; provided, however, that each Unit shall be permitted to have only one dwelling unit as defined under the LUO. The "proportionate share" for each Unit shall be the same as its common interest in the Land.

(e) All such changes shall be at the expense of the Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other owner's use of his unit or its appurtenant Dwelling Area.

(f) During the entire course of such construction, the Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(g) The Owner of the changed unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer, and other utilities and services and when applicable, to add, delete, relocate, realign, designate, and grant easement and rights-of-way over, under, and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by the other Owner.

(h) If the consent or joinder of another Unit Owner to any change, including obtaining building permits is required by the Act, then each Unit Owner hereby consents in advance to give such consent or join any such application for such change, provided that all such expenses relating to the change shall be borne by the Owner making the change.

(i) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this section and any lease of a Dwelling Area shall reserve to each owner the rights set forth in this section.

(j) This Declaration is being imposed on the Land before completion of the contemplated construction on each Dwelling Area of a residence. Consequently, each Owner ("Non-Building Owner") shall cooperate with the other Owner ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits and obtaining utility services into his Dwelling Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expenses hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence (or making of any change) shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner."

EXHIBIT "C"

COMMON ELEMENTS

1. Paragraph 4 of the Declaration designates certain portions of the project as "common elements" including specifically but not limited to:

- (a) The Land in fee simple;
- (b) The driveway access to the Units as shown on the Condominium Map;
- (c) All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit;
- (d) All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines running through a Unit which are utilized by or serve more than one Unit;
- (e) All other portions of the Land and improvements not specifically heretofore designated as Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

"5.1 Certain parts of the common elements, herein referred to as the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Unit, and each Unit shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the Unit to which said limited common elements are appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Unit 1 is located, consisting of the land beneath and immediately adjacent to Unit 1, as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive use and benefit of Unit 1. Said site is referred to in this Declaration as the Dwelling Area.

(b) The site on which Unit 2 is located, consisting of the land beneath and immediately adjacent to Unit 2, as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive use and benefit of Unit 2. Said site is referred to in this Declaration as the Dwelling Area.

5.2 Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit it is rationally related."

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Covenants, conditions and provisions set forth in that certain Agreement dated May 27, 1983, recorded in said Bureau in Book 17476, Page 250.
3. Covenants, conditions and provisions set forth in that certain Declaration of Restrictive Covenants dated November 10, 1983, recorded in said Bureau in Book 17476, Page 267, but deleting any covenants, conditions or restrictions indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
4. Covenants, conditions and provisions set forth in that certain Grant of Easement dated October 20, 1995, recorded in said Bureau as Document 95-155292.
5. The following to be amended to encumber or affect only the Unit and/or the Limited Common Elements of Ronald T.C. Young and Sylvia S.E. Young, husband and wife, and not to encumber or affect the Unit and/or Limited Common Elements of Patrick Breeden and Jackie Breeden, husband and wife, nor the common elements of the Project; otherwise, the following is to be removed entirely from the said property as described in Exhibit "A" that is to be conveyed to this Project:

Existing Mortgage between Ronald T.C. Young and Sylvia S.E. Young, Borrower, and American Savings Bank, Lender, dated June 21, 2002, Loan No. 0020112738, recorded in said Bureau as Document 2002-112677.
6. Condominium Map No. 4095 recorded in the Bureau of Conveyances, State of Hawaii.
7. Declaration of Condominium Property Regime dated October 17, 2005, recorded in the Bureau of Conveyances as Document No. 2005-210682.
8. By-Laws of the Association of Apartment Owners dated October 17, 2005, recorded in the Bureau of Conveyances as Document No. 2005-210683.
9. Amendment to Declaration of Condominium Property Regime, By-Laws, and Condominium Map No. 4095, recorded in the Bureau of Conveyances as Document No. 2006-131450, dated July 18, 2006.

EXHIBIT "F"

SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

The sales contract consists of the standard Deposit Receipt and Sales Contract form ("DROA") and attached "Special Provisions to the "DROA", which contains, among other provisions, the following :

1. Description of the property to be conveyed: fee simple title to the Apartment, together with an undivided interest in the common elements.
2. Purchase price and terms. The purchase price is to be paid as follows: (a) an initial deposit; (b) an additional cash deposit, if any; (c) the balance of the purchase price is to be paid to escrow by purchaser before closing.
3. Closing costs. The Buyer is required to pay at closing all escrow fees, buyer's notary fees and all recording fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of final closing.
4. Closing. Seller has agreed to cause the Apartment to be sold to the buyer within the time period set forth on page 1 of the DROA, which is expected to occur within 90 days of the date of the DROA.
5. Condominium documents. By closing the purchase of the Apartment, Buyer acknowledges that it has examined and approved the form of the apartment Deed, Declaration of condominium Property regime of Hale Nehoa ("Declaration"), By-Laws, Escrow agreement, final Public Report, Condominium Map, and any amendments to such documents or plan. The Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and is not intended to be and is not a representation, warranty or promise to buyer.
6. No warranties. Seller is making no warranties, express or implied (including warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose), regarding the apartments, common elements, or Project, fixtures, appliances, furnishings, consumer items in the Apartments or anything connected with the Project.
7. Seller's right to cancel. In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) buyer intends to obtain financing and fails to meet the deadlines regarding applying for financing or to obtain an irrevocable written commitment for an adequate loan within 20 days of the acceptance of the Sales Contract by Seller, (c) Buyer intends to pay all cash and fails to provide proof of ability to pay within 5 days after Seller accepts the Sales Contract, or (d) Buyer should die prior to closing, or (e) buyer shall default or fail to perform other obligations under the contract and is not cured within 5 days of Seller's notice to buyer, Seller reserves the right to cancel the Sales contract and return buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of buyer's execution of the Sales Contract.
8. Buyer's right to cancel. Buyer has the right to cancel a binding Sales contract at any time prior to the earlier of (1) the conveyance of an apartment to Buyer or (2) midnight of the thirtieth (30th) day following the receipt of the Final Public Report unless Buyer waives his right to cancel in writing prior to such time. Buyer also has the right to rescind the Sales contract pursuant to HRS 514A-63.
9. Subordination. The buyer waives, relinquishes and subordinates the priority or superiority of any lien or other legal or equitable interest arising under the agreement in favor of the lien or charge on the Project or the security interest of the Lender, including but not limited to any lien, mortgage, or other charge securing a loan secured by the land and any and all advance therefor, whether contractual or voluntary, until the final closing and delivery by Seller of an Apartment Deed to the Buyer.

THE SALES CONTRACT CONTAINS VARIOUS OTHER PROVISIONS WHICH THE BUYER SHOULD BECOME ACQUAINTED WITH. THE INFORMATION CONTAINED HEREIN IS ONLY A SUMMARY OF THE TERMS OF THE SALES CONTRACT. FOR MORE DETAILED INFORMATION, YOU MUST SECURE A COPY OF THE SALES CONTRACT AND READ IT THOROUGHLY.

EXHIBIT "G"

SUMMARY OF PERTINENT PROVISIONS OF ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and TITLE GUARANTY ESCROW SERVICES, INC.:

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.
2. Refunds. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:
 - a. Developer and the Buyer shall have requested Escrow in writing to return to Buyer the funds of Buyer held hereunder by Escrow; or
 - b. Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or
 - c. With respect to a Buyer whose funds were obtained prior to the issuance of the Final Report, the buyer has exercised his right to cancel the Sales Contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or
 - d. A Buyer has exercised his right to rescind the Sales contract pursuant to Section 514A-63, Hawaii Revised statutes, as amended.
3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, until Buyer's apartment deed is recorded in the Bureau of Conveyances of the State of Hawaii.
4. Purchaser's Default. Seller must notify Escrow in writing if Buyer defaults, and must certify to Escrow ;in writing that Buyer defaults and that Seller is terminating the contract. Escrow will treat the Buyer's funds less cancellation fees as belonging to the Seller.

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

EXHIBIT "H"

ESTIMATED OPERATING EXPENSES

Estimated annual expenses:

1. Water/sewer.....	\$ -0-
2. Electricity.....	\$ -0-
3. Fire insurance.....	\$ -0-
4. Reserves.....	\$ -0-
5. Management fee.....	\$ -0-
6. Other.....	\$ -0-
Total annual expenses	<u>\$ -0-</u>

Estimated monthly expenses.....\$ -0-

Estimated monthly maintenance fee for each apartment.....\$ -0-

Notes:

- a. All utilities will be separately metered or submetered or otherwise charged, and the common elements will incur no separate utility charges.
- b. Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.
- c. Developer discloses that no reserve study was done in accordance with 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, title 16, Chapter 107, Hawaii Administrative Rules, as amended.
- d. The Project will be self managed by the Association of apartment Owners.

The Developer certifies that the maintenance fees and expenses as estimated by the Developer is based on generally accepted accounting principles.



Ronald T.C. Young, Developer

11-7-05

Date

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.