

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer AL Group, LLC

Address 1585 Kapiolani Boulevard, Suite 1512, Honolulu, Hawaii 96814

Project Name(*): "PEARLRIDGE SUNSET"

Address: 98-080 Uao Place, Aiea, Hawaii 96701

Registration No. 6023 (Conversion) Effective date: June 30, 2006 Expiration date: July 30, 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.
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 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 individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request. FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

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:

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General Information on Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a 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:

AL Group, LLC
Name*
1585 Kapiolani Boulevard, #1512
Business Address
Honolulu, Hawaii 96814
Phone: (808) 942-4472
(Business)
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):
Adam Lee, Manager

Real Estate Broker*:

Abe Lee Realty, LLC
Name
1585 Kapiolani Boulevard, #1533
Business Address
Honolulu, Hawaii 96814
Phone: (808) 942-4472
(Business)

Escrow:

Integrity Escrow & Title Company
Name
33 Queen Street, Suite A
Business Address
Honolulu, Hawaii 96813
Phone: (808) 447-6007
(Business)

General Contractor*:

N/A
Name
Business Address
Phone:
(Business)

Condominium Managing Agent*:

Cen Pac Properties
Name
1150 S. King Street, Suite 1101
Business Address
Honolulu, Hawaii 96814
Phone: (808) 593-2902
(Business)

Attorney for Developer:

Jennifer A. Aquino, AAL, ALC
Name
1188 Bishop Street, Suite 3009
Business Address
Honolulu, Hawaii 96813
Phone: (808) 526-9400
(Business)

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

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>Board Approval</u>

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

2. Developer:

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

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

See Exhibit "A" attached hereto.

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 Subleasehold:

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 98-080 Uao Place Tax Map Key (TMK) :(1) 9-8-039-008
Aiea, Hawaii 96701

[] Address [X] TMK is expected to change because Individual tax map numbers will be assigned to
the unit.

Land Area: 42,562 [X] square feet [] acre(s) Zoning: A-2 Apartments

Fee Owner:

Bella Pearl, LLC, a California Limited Liability Company

Pearlridge Gardens, LLC, a California Limited Liability Company

Name

5377 Topanga Canyon Boulevard, 3rd Floor

Address

Woodland Hills, California 91364

Lessor:

n/a

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: Two Floors Per Building:

Residential Bldg. - Three Floors
Laundry - One Floor

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Steel

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Uses Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>36</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> 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 type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

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

Pets: _____

Number of Occupants: _____

Other: _____

There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>12</u>	<u>3/1</u>	<u>827</u>	<u>60</u>	<u>Patio</u>
<u>B</u>	<u>12</u>	<u>2/1</u>	<u>731</u>	<u>---</u>	<u>---</u>
<u>C</u>	<u>12</u>	<u>2/1</u>	<u>731</u>	<u>731</u>	<u>Attic</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Apartments: 36

***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"

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 elected to provide the information in a published announcement or advertisement.

See Exhibit "L"

7. Parking Stalls:

Total Parking Stalls: 45

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	<u>1</u>	_____	_____	_____	_____	<u>36</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	<u>9*</u>	_____	_____	_____	_____	<u>9</u>
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>45</u>		<u>0</u>		<u>0</u>		<u>45</u>

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

* NOTE: The Developer has reserved in Section 4.6c of the Declaration the right to assign the unassigned parking stalls to any unit and to cause the stalls to be used for different purposes and other reserved rights.

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 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):

In accordance with the letter dated May 11, 2006, prepared by Frank James Lyon,, Licensed Professional Engineer, the building is in good structural, mechanical and electrical condition, consistent with its age.

See Exhibit "D".

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 does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	X		
Structures	X		
Lot	X		

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 "F".

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 "G".

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 "H" describes the encumbrances against the title contained in the title report dated April 28, 2006 and issued by Island Title Corporation.

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 will be terminated and Buyer's deposit returned to Buyer.

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:

None. Apartments will be sold in "as in" condition.

2. Appliances:

None. Apartments will be sold in "as is" condition.

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

The building was constructed in 1970.

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 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 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, 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 "J" 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 (Laundry) 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 (See Exhibit "L")

Specimen Sales Contract
Exhibit " I " contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated May 24, 2006
Exhibit " K " 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 sale contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

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

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

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

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

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been 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. 6023 filed with the Real Estate Commission on June 8, 2006.

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C. **Additional Information Not Covered Above**

1. **Hazardous Substances.** The developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.
2. **Lead Based Paint.** Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."
3. **Real Estate License Disclosure.** Disclosure is hereby made that the Manager of the Developer hold active real estate license in the State of Hawaii and is currently licensed with Abe Lee Realty, LLC, the real estate broker for the project.
4. **Lease of Floor Area Ratio to Adjacent Property.** Disclosure is hereby made that the subject property is encumbered by a Master Lease dated May 9, 1979 and recorded in the Bureau of Conveyances in Liber 13698, page 441. The Lease effects the adjacent property located at TMK (1) 9-8-39-005, upon which the PearlrIDGE Square condominium project is located. Section J of the Master Lease allowed the Lessee/Developer to use the density available to the subject property to develop the PearlrIDGE Square condominium project. The term of the lease runs until May 8, 2056. Prospective purchasers are notified that the effect of the Master Lease is to prohibit further development on the subject property beyond what currently exists. In the event the building is destroyed, current county zoning codes would allow the building to be rebuilt to its present size and design. A copy of the Master Lease is available for inspection from the Developer.
5. **Developer's Acquisition of Property from the Fee Owner.** Developer has entered into an agreement to purchase the property from the Fee Owners. Closing is scheduled to take place prior to the time when the units will be conveyed to the individual buyers. If Developer is unable to purchase the property from the Fee Owners then any sales agreements entered into by Developer and potential buyers will be terminated and buyer's deposits will be returned to buyer.
6. **Lease of Common Element Laundry Facilities.** The laundry facilities are currently leased to Web Services Company, Inc. ("Lessee"), for a term of Five (5) years commencing on June 20, 2005 and continuing until June 19, 2010. Lessee operates the facility as a coin-operated laundry facility available for use by the occupants of the Project. Rent paid by the Lessee for the term of the Lease is the greater of \$5.00 per month or 50% of Lessee's gross income from the laundry facilities, less any applicable taxes. A copy of the Lease is available for inspection from the Developer.
7. **Developer to Pay Actual Common Expenses.** Pursuant to Section 514A-15, HRS, disclosure is hereby made that the Developer shall initially assume the actual common expenses of the Project and that no apartment owner shall be obligated to pay his or her respective share of the common expenses until such time as the Developer has filed written notification with the Real Estate Commission notifying the Commission and all apartment owners that, after a certain date, each apartment owner shall be responsible for paying their respective share of the common expenses allocated to his or her apartment. The written notice to the Real Estate Commission shall be filed at least thirty (30) days prior to the date the common expenses will be charged to the apartment owners and a copy of the notice will be delivered, either by mail or personally, to each apartment owner affected thereby.
8. **Developer Affiliated with the Real Estate Broker.** The Developer's manager, Adam Lee, is a licensed real estate agent with Abe Lee Realty, LLC, the real estate broker for the Project. Abraham Lee, principal broker and owner of Abe Lee Realty, LLC, has a one-half interest in Integrity Escrow and Title Company, Inc., a one-third interest in Mortgage Free Americans, and a relationship with Mortgage Brokers Consortium, LLC.

DECLARANT'S RESERVED RIGHTS TO CHANGE THE PROJECT DOCUMENTS

The Declarant has reserved the following rights to change the project documents:

1. Section 25.0 of the Declaration provides that: the Declarant has the right to execute, acknowledge, process and record any and all instruments necessary or appropriate for the purposes of carrying out the provisions and exercising the rights, powers and privileges granted by Section 25.0 and Section 4.6c, referred to below (the "Reserved Rights"), all as the true and lawful attorney-in-fact of the respective owners of apartments in this Project. The grant of the power of attorney is coupled with an interest and shall be irrevocable. If not previously exercised, the Reserved Rights shall terminate on December 31, 2014. The Declarant shall not be required to obtain the consent or joinder of any person, including the Association, any apartment owner, or any mortgagee.

The Reserved Rights are to make one or more amendments to the Declaration, Bylaws of the Association, and Condominium Map that may be necessary or desirable to correct any typographical error, to comply with any request of an institutional lender for the Project, or title insurer, or to otherwise comply with the requirements of Chapter 514A, Hawaii Revised Statutes, any Building Code, or Zoning Ordinance.

In exercising the foregoing Reserved Rights, the Declarant may at any time file and process to final approval an application for building permits, grant easements, execute and file instruments and documents, record amendments, deeds, or other instruments necessary or appropriate to carry out any of the foregoing.

Each and every owner acquiring an interest in an apartment in the Project consents to the Reserved Rights contained in Section 25.0 of the Declaration and the amendments to the Declaration and the Condominium Map and the filing thereof.

2. Section 4.6c of the Declaration provides that the Declarant reserves the right to cause any un-assigned parking stall to be used for a different purpose such as manager stall, guest parking, or other uses. Declarant also reserves the right to apply for and obtain the right to add one or more parking stalls and to realign or re-configure the parking lot.

BOUNDARIES AND DESCRIPTION OF UNITS

The Project consists of one three-story building containing 36 apartment units without a basement (the "Building") and one single story building containing the laundry facilities and storage room. The Project has 45 open parking stalls. The Building contains 12 apartments on each of the three floors. There is also a storage room, meter area, and mailboxes on the ground level of the Building. The second and third floors of the Building are serviced by six sets of stairways.

The building is constructed principally of reinforced concrete and steel for loadbearing walls, columns, beams and floors.

The apartments in the Project consist of three types of apartments each of which are separately designated and described freehold estates as follows:

a. Type A. Type A apartments consist of three bedrooms, one bathroom, a kitchen, and a living/dining area. Type A apartments also have an enclosed patio. The net living area consists of approximately 827 square feet and the patio contains approximately 60 square feet. There are 12 Type A apartments each of which are located on the ground floor.

b. Type B. Type B apartments consist of two bedrooms, one bathroom, a kitchen, and a living/dining area. The net living area consists of approximately 731 square feet. There are 12 Type B apartments each of which are located on the second floor.

c. Type C. Type C apartments consist of two bedrooms, one bathroom, a kitchen, a living/dining area and an attic space. The net living area consists of approximately 731 square feet and the attic contains approximately 731 square feet. There are 12 Type C apartments each of which are located on the third floor.

Floor Area. The floor area of an apartment is the net living area and is measured from the interior surface of the apartment's perimeter walls.

PERMITTED ALTERATIONS TO UNITS

Section 20.0 of the Declaration provides as follows:

a. General. Except as otherwise provided in the Declaration or the Condominium Property Act, neither the Association nor any apartment owner shall perform any of the following acts except pursuant to plans and specifications therefor approved in writing by the Association:

- (1) repairing, replacing or rebuilding any apartment or limited common elements in a manner different in any material respect from the Condominium Map;
- (2) engaging in any alteration which will affect the structural integrity of the apartment or Project;
- (3) enclosing any patio or improving any attic space;
- (4) repairing or replacing any electrical, plumbing, or other mechanical feature or fixture of an apartment in a manner that would jeopardize the soundness or safety of the apartment and Project; or
- (5) make any alterations, additions, or remodeling at a cost of exceeding \$15,000.

If the alteration is different from the Condominium Map, such alteration shall be reflected in an amendment to the Condominium Map, together with a certification by a licensed architect stating that the plans are an accurate reflection of such alterations, as built.

b. Certain Work Prohibited. Notwithstanding anything to the contrary, no apartment owner (1) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament; or (2) shall permit any work or renovation that would cause any asbestos containing materials or lead containing paint to be disturbed or removed except in full compliance with all environmental laws governing such materials. The Board may adopt rules and regulations governing the removal of asbestos containing materials and lead containing paint, if any. Installation of window air conditioning units shall be subject to the approval by the Board and any rules adopted by the Board in connection with such installation. No apartment may install any washing machine, dryer, or similar appliance.

c. Connection of Apartments. Except as otherwise provided in the Declaration, the owner of any two or more adjacent apartments separated by a common element which is a wall may, with the consent of his mortgagee, alter or remove all or any portion of the intervening wall, if the structural integrity of the common elements or any other apartment (including any utility lines serving other apartments) in the Project will not thereby be adversely affected and if the finish of the wall and common element then remaining is placed in a condition substantially comparable to that of the common element prior to such alterations. If any intervening wall between adjacent apartments shall have been altered or removed pursuant to this provision then prior to the termination of the common ownership of such adjacent apartments, the owner thereof shall restore such intervening wall to substantially the same condition in which the same existed prior to such alteration or removal. The alteration shall not affect the common interest appurtenant to such apartment(s).

d. Board Approval; Bonding. Prior to commencing any improvements or alteration as permitted to be made pursuant to Section 20.0 of the Declaration, and as a condition to the apartment owner's right to undertake such improvements and alterations, the apartment owner shall provide to the Board

(1) a certification in form and content reasonably satisfactory to the Board signed by a licensed architect or structural engineer duly registered in the State of Hawaii, that such improvement or alteration will not adversely affect the structural integrity of the common elements or any other apartment in the project,

(2) satisfactory evidence that all governmental approvals required for such alteration or removal have been duly obtained,

(3) that such improvements and alterations shall be conducted in a manner that is in full compliance with applicable environmental laws, and

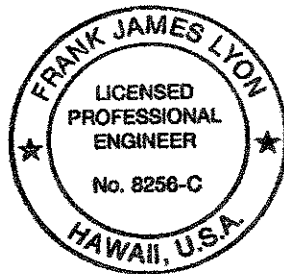
(4) if the cost of such improvement or alteration, as reasonably determined by the Board, shall exceed the sum of \$15,000.00, the Board may require that the owner provide evidence satisfactory to the Board of sufficient funds or financing to complete such alteration or, in lieu thereof, require that the owner obtain a performance and lien payment bond, naming as a dual obligee the Association and the Board for a penal sum of not less than 100% of the estimated cost of such alteration or removal.

May 11, 2006

TO: Real Estate Commission
State of Hawaii

RE: "PEARLRIDGE SUNSET"
98-080 Uao Place, Aiea, Hawaii 96701
TMK: (1) 9-8-039-008

I have inspected the buildings of the "PEARLRIDGE SUNSET" Condominium Project. Without making any invasive examination of covered components, my observations during this inspection are that the buildings appear to be in good structural, mechanical, and electrical condition commensurate with their age.



Yours Truly,



FRANK JAMES LYON
Registered Professional Engineer
No. 8256-C

EXHIBIT "D"

COMMON ELEMENTS

Except for the Units, all remaining portions of the Project are hereby designated as and herein called the "common elements", including specifically but not limited to:

- a. The land described herein in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and loadbearing walls of each apartment, roof, stairs, stairways, rails, storage room, laundry room and facilities, walkways around and between the Buildings and storage building, and the common grounds.
- c. Except as may otherwise be specifically provided for herein, all yards, landscaping, planters, driveways, any open parking stalls which are not appurtenant or assigned to an apartment, and the trash enclosure and like facilities.
- d. All pipes, wires, conduits or other utility or service lines running through one apartment which are utilized for or serve more than one apartment, all fire safety systems, if any, and any other central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project.
- e. Any and all other structures, apparatus and installations of common use, and all other parts of the Project necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use.

LIMITED COMMON ELEMENTS

Certain parts of the common elements, called the "limited common elements", are designated and set aside for the use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

a. Patio. The patio immediately adjacent to each Type A apartment in the Project shall be appurtenant to and for the exclusive use and enjoyment of the adjacent apartment as shown on the Condominium Map.

b. Mailboxes. The mailbox assigned to an apartment shall be limited to the use of such apartment. Each apartment shall at all times have at least one mailbox appurtenant to it.

c. Parking. Each apartment in the Project shall have the use of at least one (1) parking stall as set forth on the Condominium map. Each such assigned parking stall is hereby designated as a limited common element appurtenant to and for the exclusive use of such apartment. The location and number of each parking stall is shown on the Condominium Map. Section 4.6(c) of the Declaration provides that the Declarant has reserved the right to cause any un-assigned parking stall to be used for a different purpose such as manager stall, guest parking, or other uses. The Declarant also reserves the right to apply for and obtain the right to add one or more parking stalls and to re-align or re-configure the parking lot.

d. Other. All common elements of the Project which are rationally related to less than all of the apartments shall be limited to the use of such apartment or apartments to which the same are related.

COMMON INTERESTS

Each apartment shall have appurtenant thereto an undivided interest in all the common elements of the Project, herein called "common interest", and the same proportionate share in the common profits and expenses of the Project and for all other purposes, including voting, as shown on Exhibit "B" of the Declaration. The allocation of common interest is based upon an apartment's size (but not including the patio or attic space) in comparison with the other apartments in the Project, with some rounding in order to bring the total to 100%. The common interests are as follows:

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Common Int.</u>
A1	A	3.0107%
A2	A	3.0107%
A3	A	3.0107%
A4	A	3.0107%
A5	A	3.0107%
A6	A	3.0107%
A7	A	3.0107%
A8	A	3.0107%
A9	A	3.0108%
A10	A	3.0108%
A11	A	3.0108%
A12	A	3.0108%
B1	B	2.6613%
B2	B	2.6613%
B3	B	2.6613%
B4	B	2.6613%
B5	B	2.6613%
B6	B	2.6613%
B7	B	2.6613%
B8	B	2.6613%
B9	B	2.6613%
B10	B	2.6613%
B11	B	2.6613%
B12	B	2.6613%
C1	C	2.6613%
C2	C	2.6613%
C3	C	2.6613%
C4	C	2.6613%
C5	C	2.6613%
C6	C	2.6613%
C7	C	2.6613%
C8	C	2.6613%
C9	C	2.6613%
C10	C	2.6613%
C11	C	2.6613%
C12	C	2.6613%

NOTE: The common interest for units A9, A10, A11 and A12 is higher than the other Type A apartments because it was necessary to make the total percentage interest for all apartments equal 100%.

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes Tax Map Key No. (1) 9-8-039-008-0000
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Restriction of vehicle access rights along the northeasterly boundary of Lot B, as shown in Deeds:

DATED:	BOOK:	PAGE:
May 15, 1970	7312	387
December 27, 1971	8026	379

4. EASEMENT "4" for sewer purposes, as shown in Deed:

Dated:	December 27, 1971
Recorded:	Book 8026, Page 379

5. MASTER LEASE

Lessor:	Jack H. Ujimori, husband of Harumi Ujimori
Lessee:	Pearlridge Square Development, Ltd., a Hawaii corporation
Dated:	May 9, 1979
Recorded:	Book 13698, Page 441
Term:	Seventy-seven (77) years from May 9, 1979, to and including May 8, 2056

AMENDMENT OF LEASE

Dated:	October 12, 1979
Recorded:	Book 14086, Page 342

AMENDMENT OF LEASE

Dated: ---	
Recorded:	Book 14193, Page 689

6. AGREEMENT PERMITTING ENCROACHMENT

Dated: ---	
Recorded:	Book 14193, Page 694

7. ENCROACHMENT AGREEMENT

Dated: ---	
Recorded:	Document No. 99-124800

8. Regular System Condominium Map No. 3853 .

9. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

Declaration of Condominium Property Regime

Dated: September 24, 2004
Recorded: Document No. 2004-206265
to which reference is hereby made, but deleting any covenant, condition or restriction 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) or Section 515-6, HRS, as amended

10. By-Laws of the Association of Apartment Owners of PearlrIDGE Sunset :

Dated: September 24, 2004
Recorded: Document No. 2004-206266

11. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said said Declaration, and/or in Apartment Deed , and/or as delineated on said Condominium Map.

12. Any recorded, unrecorded or unfiled subleases or rental agreements and any liens, charges or exceptions against any sublessees or tenants named therein.

13. Any lien, or right to a lien for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

14. MORTGAGE (Loan No. 09744617)

Dated: March 28, 2005
Recorded: Document No. 2005-062899
Principal Amount: \$ 4,965,800.00
Mortgagor: Bella Pearl, LLC, a California Limited Liability Company
(as to an undivided 80% interest), and
PearlrIDGE Gardens, LLC, a California Limited Liability Company
(as to an undivided 20% interest)
Mortgagee: First Regional Bank, a California corporation

15. ASSIGNMENT OF RENTS

Assignor: Bella Pearl, LLC, a California Limited Liability Company
(as to an undivided 80% interest), and
PearlrIDGE Gardens, LLC, a California Limited Liability Company
(as to an undivided 20% interest)

Assignee: First Regional Bank, a California corporation
Dated: March 28, 2005
Recorded: Document No. 2005-062900

16. FINANCING STATEMENT

Recorded: March 31, 2005
Document No. 2005-062901
Debtor: Bella Pearl, LLC, a California Limited Liability Company
Additional Debtor: PearlrIDGE Gardens, LLC, a California Limited Liability Company
Secured Party: First Regional Bank

EXHIBIT I

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees (per Apartment):

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
A1, A2, A3, A4 A5, A6, A7, A8	\$ 270.56 X 12 = \$ 3,246.71
A9, A10, A11, A12	\$ 270.57 X 12 = \$ 3,246.82
B1, B2, B3, B4, B5, B6 B7, B8, B9, B10, B11, B12, C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12	\$ 239.16 X 12 = \$ 2,869.71

Note: The Developer has conducted a Reserve Study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. A copy is attached as Exhibit "I-1"

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		N/A	
Electricity			
	<input type="checkbox"/>	common elements only	
	<input checked="" type="checkbox"/>	common elements and apartments	
		\$ 1,950.00 X 12 =	\$23,400.00
Elevator		N/A	
Gas			
	<input checked="" type="checkbox"/>	common elements only	
	<input type="checkbox"/>	common elements and apartments	
		\$ 1,250.00 X 12 =	\$15,000.00
Refuse Collection		\$ 360.00 X 12 =	\$ 4,320.00
Telephone		\$ 50.00 X 12 =	\$ 60.00
Water and Sewer		\$ 1,020.00 X 12 =	\$12,240.00
Water			
Sewer			

Maintenance, Repairs and Supplies

Misc. From Exhibit "I-2"		\$ 1,304.00 x 12 =	\$ 15,650.00
Building		\$ 250.00 X 12 =	\$ 3,000.00
Grounds		\$ 300.00 X 12 =	\$ 3,600.00

Management

Management Fee		\$ 800.00 X 12 =	\$ 10,200.00
Payroll and Payroll Taxes		\$ 750.00 X 12 =	\$ 9,000.00
Office Expenses		\$ 75.00 X 12 =	\$ 900.00

Insurance \$ 416.50 X 12 = \$ 5,000.00

Reserves(*) \$ 826.00 X 12 = \$ 9,902.00

Taxes and Government Assessments \$ 31.00 X 12 = \$ 367.00


Audit Fees

Other - Income from Laundry vending (\$ 400.00) X 12 = (\$ 4,800.00)

TOTAL \$107,839.00

I, AL GROUP, LLC, as Developer, for the "PEARLRIDGE SUNSET" condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

AL GROUP, LLC


Signature

5/22/06
Date

Adam Lee, Its Manager

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

RESERVE STUDY																
Pearlridge Sunset	Est. last yr	2006 % Required	2006 \$ Required	Current Year Res. Requirement	next exp	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Next imprt.
Projected Improvements	impr. 2005	8	12.50%	6,875	6,875	55000							55,000			
Paint & Spall repair																
Wood fence - repair/replace	2005	25	4.00%	1,000	1,000	25000										2030
Roof replacement	1999	64	11.67%	15,167	2,031	130000										2024
				23,042	9,906		0	0	0	0	0	0	55,000	0	0	0

EXHIBIT "I-1"

PEARLRIDGE SUNSET

DISBURSEMENT	MONTHLY	ANNUAL	2006 BUDGET
ELECTRICAL&LIGHTING	0	700	700 light bulbs/ replace fixtures
EQUIPMENT / REPAIR	0	200	200 contingency
LOCKS AND KEYS	0	60	60 common area locks
PAINTING	35	0	420 touch up paint, railings
PEST CONTROL	100	0	1,200 monthly contract
PLUMBING	25	0	300 common area
ROOF REPAIR	0	0	0 contingency
SIGNS	0	120	120 contingency
SUPPLIES AND TOOLS	0	2,750	2,750 Misc supplies
MISC-OPERATING EX	0	0	0
FIRE CONTROL	0	900	900 Pacific Isle Fire Protection
TOTALS	160	4,730	6,650

EXHIBIT "I-2"

SPECIMENT SALES CONTRACT – PERTINENT PROVISIONS

The specimen Sales Contract (Deposit, Receipt, Offer and Acceptance and Addendum) contains, among other things, the following provisions:

1. Risk of Loss and Insurance. Risk of loss passes to Buyer upon closing or possession, whichever occurs sooner.
2. Time is of the Essence/Default. Time is of the essence of the obligations of Buyer under this Agreement. In the event Buyer fails to perform Buyer's obligations under the Sales Contract, Seller may (a) bring an action for damages for breach of contract, or (b) retain the initial deposit and all additional deposits provided by Buyer as liquidated damages, and the Buyer shall be responsible for any costs incurred in accordance with the Sales Contract.
3. Existing Building; No Warranties. Buyer is aware, agrees and affirms that the three-story residential building was constructed in 1970. Based on the letter issued by the Department of Planning and Permitting dated October 5, 2004, Seller represents that to the best of the Seller's knowledge, the Units are in compliance with all ordinances, codes, rules, regulations, or other requirements which were in force at the time of their construction and no variances or special permits have been granted for the property. It is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT(S), OR CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN THE UNIT OR IN THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE UNIT FOR A PARTICULAR PURPOSE.
4. Existing "As Is" Condition. Buyer agrees the Unit is being purchased in its "AS IS" condition, without any warranties or representations, expressed or implied. Buyer acknowledges that Buyer will be given an opportunity to inspect the Unit and by closing on the sale of the Unit, Buyer accepts the Unit in its "AS IS" condition as provided for herein.
5. Master Lease. Buyer is aware, understands and agrees that the subject property is encumbered by a Master Lease dated May 9, 1979 and recorded in the Bureau of Conveyances in Liber 13698, page 441. The Lease effects the adjacent property located at TMK (1) 9-8-39-005, upon which the Pearlrige Square condominium project is located. Section J of the Master Lease allowed the Lessee/Developer to use the density available to the subject property to develop the Pearlrige Square condominium project. The term of the lease runs until May 8, 2056. Prospective purchasers are notified that the effect of the Master Lease is to prohibit further development on the subject property beyond what currently exists. In the event the building is destroyed, current county zoning codes would allow the building to be rebuilt to its present size and design.

5. Mediation And Arbitration. If any dispute or claim in law or equity arises out of this Agreement, and Buyer and Seller are unable to resolve the dispute themselves, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by mediation under the Commercial Mediation rules of the American Arbitration Association. If such mediation is not successful in resolving such dispute or claim, then such dispute or claim shall be decided by a neutral binding arbitration before a single arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator may award reasonable attorney's fees and costs to the prevailing party.

ESCROW AGREEMENT – PERTINENT PROVISIONS

An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is INTEGRITY ESCROW & TITLE COMPANY, INC. (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

1. Payment of Funds to Escrow. As and when Purchaser enters into a Sales Contract for the conveyance of an apartment in the Project, it shall require the payment due thereunder to be promptly made to Escrow, and shall deliver an executed copy thereof to Escrow together with the name(s) and address(es) of the purchaser(s).
2. Deposit of Funds by Escrow. All monies received by Escrow hereunder shall be deposited, within a reasonable time of their receipt by Escrow and in reasonable convenient and practical sums, in a trust fund with a bank, savings and loan or trust company as authorized by law, authorized to do business in the State of Hawaii under an escrow arrangement, and held in accordance with the terms hereof.
3. Disbursement of Purchaser's Funds. Escrow shall make no disbursements of purchaser's funds or proceeds on the sale of such apartments (including any payments made on loan commitments from Permanent Lenders), except by way of refunds thereof as provided hereinbelow, until: (a) Escrow receives a copy of a "Receipt for Public Report(s) and Notice of Right to Cancel", in the form specified by Section 514A-62 of the Condominium Act for the Final and any Supplementary Public Reports, executed by the purchaser; (b) Escrow has received a certification from Developer, acceptable to Escrow, stating that the Sales Contract has become effective and requirements of Section 514A-63 has been met as those quoted phrases are used in Section 514A-65 of the Condominium Act; and (c) until the purchaser's apartment deed is filed in the Land Court or the Bureau of Conveyances of the State of Hawaii, as the case may be.
4. Purchaser's Default. 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 other act which would constitute an event of default under the Sales Contract, Developer shall give to such purchaser written notice of such default with a copy to Escrow. If a purchaser fails to make any payment under the Sales Contract, Developer shall give to such purchaser written notice of such default with a copy to Escrow. If a purchaser fails to make any payment under the Sales Contract within the time specified in a notice by the Developer or fails to provide to Escrow any document required for closing within the time specified in a notice by Developer or Escrow, Escrow shall so advise the Developer with reasonable promptness. If purchaser has failed to cure the default after the delivery of notice by Developer and such default continues after the expiration of any grace period, Developer shall so advise Escrow. If Developer shall thereafter certify in writing to Escrow (i) that Developer has elected to terminate the Sales Contract and has notified the purchaser, or (ii) that purchaser is otherwise in default and provides Escrow with a copy of the default notice, then, and in either event, Escrow shall

thereafter treat all funds of the purchaser paid under such Sales Contract, or any portion thereof as may be allowed by said Sales Contract, less the cancellation fee and expenses of Escrow, as funds of Developer and not of the purchaser. Thereafter, such funds shall be held free of the escrow established by this Agreement and shall be held by Escrow for the account of Developer. Upon written request by Developer, Escrow shall pay such funds to Developer or order and shall return to Developer the Sales Contract of such purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Sales Contract shall be returned to the person from whom or entity from which such documents were received.

Pearlridge Sunset CPR Project 98-080 Uao Place, Aiea, HI 96701

	Bed / Bath	Sq. ft of living area	Percentage of Common Interest	parking stalls included	Est maint. Fee / month	Price
A1	3 bed 1 bath	827	3.0107%	1	\$ 270.56	*
A2	3 bed 1 bath	827	3.0107%	1	\$ 270.56	*
A3	3 bed 1 bath	827	3.0107%	1	\$ 270.56	*
A4	3 bed 1 bath	827	3.0107%	1	\$ 270.56	*
A5	3 bed 1 bath	827	3.0107%	1	\$ 270.56	*
A6	3 bed 1 bath	827	3.0107%	1	\$ 270.56	*
B1	2 bed 1 bath	731	2.6613%	1	\$ 239.16	*
B2	2 bed 1 bath	731	2.6613%	1	\$ 239.16	*
B3	2 bed 1 bath	731	2.6613%	1	\$ 239.16	*
B4	2 bed 1 bath	731	2.6613%	1	\$ 239.16	*
B5	2 bed 1 bath	731	2.6613%	1	\$ 239.16	*
B6	2 bed 1 bath	731	2.6613%	1	\$ 239.16	*
C1	2 bed 1 bath w/ loft	731 + 731 of loft space	2.6613%	1	\$ 239.16	*
C2	2 bed 1 bath w/ loft	731 + 731 of loft space	2.6613%	1	\$ 239.16	*
C3	2 bed 1 bath w/ loft	731 + 731 of loft space	2.6613%	1	\$ 239.16	*
C4	2 bed 1 bath w/ loft	731 + 731 of loft space	2.6613%	1	\$ 239.16	*
C5	2 bed 1 bath w/ loft	731 + 731 of loft space	2.6613%	1	\$ 239.16	*
C6	2 bed 1 bath w/ loft	731 + 731 of loft space	2.6613%	1	\$ 239.16	*

* Sales price to be determined upon obtaining the final report

This is an owner occupant notice for PEARLRIDGE SUNSET which is located at 98-080 Uao Place, Aiea, HI 96701, TMK: 1-9-8-39-8. These fee simple units shall initially be offered for a 30 day period after the first publication of this announcement to only prospective owner occupants on the reservation list, who will use the residential units as their principal residences for a period of not less than 365 consecutive days. There will be a total of 18 fee simple units for residential use. Pursuant to Hawaii Revised Statutes Section 514A-102, the units shall be offered for sale upon the issuance of an effective date of the first public report, which is DATE OF FINAL PUBLIC REPORT. None of the units in the project are "accessible and adaptable" as those terms are defined and interpreted in 24 C.F.R. section 100 et. seq. for persons with disabilities. The units will be offered first to tenants occupying the units immediately prior to the conversion who submit the owner-occupant affidavit and earnest money deposit pursuant to Section 514A-105(a), Hawaii Revised Statutes. Any interested person may contact the Project Realtor named below from 9:00 am. to 3:00 p.m. daily for an owner occupant affidavit and be placed on a reservation list to obtain further project information. Reservations are being taken now at the Realtor's office. The reservation list shall be compiled for a period of 30 days in chronological order beginning with the date of the first announcement dated (DATE OF FIRST AD). A refundable \$1,000 deposit is required with a reservation.

Adam Lee (Realtor – Associate)
 Abe Lee Realty, LLC
 1585 Kapiolani Blvd. Ste. 1533, Honolulu, HI 96814
 PHONE: 630-6103 FAX: 739-2742

EXHIBIT "L"

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

450 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 525-4132 • FAX: (808) 527-6742
DEPT. INTERNET: www.honolulu.gov • INTERNET: permits@hawaii.gov



June 1, 2006

HENRY ENA, FA'OH
DIRECTOR

DAVID K. TANOUK
DEPUTY DIRECTOR

2006/ELOG-1090(DT)

Mr. Adam Lee
4014 Palua Place
Honolulu, Hawaii 96816

Dear Mr. Lee:

**Re: Zoning Verification Request
98-080 Uao Place - Kaonohi
Tax Map Key 9-8-39: 8**

This is regarding your "Zoning Verification" request received by our department on May 10, 2006, requesting confirmation that the existing structures can be rebuilt on the above site.

The site is zoned A-2 Low Density Apartment District, with a maximum height of 150 feet, where multi-family dwellings (an apartment building) are a permitted use.

The original building permit (No. 88191) for a 3-story apartment building was approved on July 10, 1970. Since multi-family dwellings are permitted uses in the A-2 District, should the building be destroyed by any means, it may be rebuilt provided all current development standards for the A-2 District are met. These include requirements regarding height, maximum density, yards, parking, and maximum lot coverage.

We did not check the actual site, site plans, or the entire building permit history for this site, which may reveal unique circumstances and conditions associated with the property. Thus, we are unable to determine if there are any nonconforming situations, such as density or parking/loading, as a result of the adoption or amendment of any ordinance or code. You will need to review the records yourself to determine if nonconforming situations exist.

Our computerized records indicate that the units in the building are subject to a Condominium Property Regime (CPR). Under Section 21-4.110(b) of the Land Use Ordinance (LUO), if a nonconforming structure devoted to a conforming use which contains multi-family dwelling units owned under the authority of HRS Chapter 514A (CPR) is destroyed by accidental means, including destruction by fire, hurricane, other calamity, or act of God, it may be restored to its former condition, provided that such restoration is permitted by the building code and flood hazard regulations and is started within two years. Furthermore, the burden of proof to establish that the destruction of a structure was due to accidental means and that the structure was legally nonconforming shall be on the owner.

EXHIBIT "M"

Mr. Adam Lee
June 1, 2006
Page 2

This letter is not a disclosure statement nor is it intended to substitute for mandatory disclosures in real estate transactions regarding the subject parcel. The City is under no obligation to investigate, research or participate in the preparation of disclosure statements, other than providing available public records. This letter does not create liability on the part of the City, or any officer or employee thereof, if used in or as a disclosure statement. The buyer, seller or their agents, not the City, is solely responsible for the use of any public record information in the preparation of a disclosure statement.

Please call Dana Teramoto of our staff at 523-4648 if you have any questions regarding this letter.

Very truly yours,



fr Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:pl
Encl.: Receipt No. 61637