

**OFFER TO PURCHASE/ACCEPTANCE
SALES CONTRACT**

The Purchaser(s) whose name(s) is/are set forth on page 4 below (hereinafter referred to as the “Purchaser”) hereby offers to purchase from **DeLUZ & ASSOCIATES REI, LLC**, a Hawaii limited liability company (hereinafter referred to as “Seller”), all of the Seller’s right, title and interest in and to the following real property (hereinafter referred to as the “Property”):

FEE SIMPLE title to that or those certain parcel(s) of land situate in the District of _____, Island, County and State of Hawaii, which property(ies) is/are presently identified on the tax maps of the County of Hawaii by Tax Map Key: (3) _____, (the “Property”, together with all improvements thereon, if any).

SUBJECT TO the provisions set forth below, the Purchaser will purchase the Property described above on the following terms and conditions:

1. Purchase Price. The total purchase price shall be \$_____.

2. Good Faith Deposit: Upon making this Offer, the Purchaser has delivered to Seller a check in the sum of \$ _____ made payable to _____, who Seller and Buyer agree will be the escrow agent for this transaction (“Escrow Agent”), as a good faith deposit. **The Buyer’s good faith deposit shall be held by the Escrow Agent in a non-interest bearing account and shall be applied against the Purchase Price on the close of Escrow.** If, however, the Purchaser fails to close on this Agreement on the Closing Date, through no fault on the part of the Seller, the Purchaser’s good faith deposit shall be applied by the Escrow Agent to pay for any escrow fees and costs that have been incurred with any remaining portion being distributed by the Escrow Agent to the Seller to compensate Seller having entered into this Agreement.

3. Balance of Purchase Price. After payment of the good faith deposit, the remaining balance of the purchase price shall be paid by way of an **unrecorded Agreement of Sale** that will be in the form of the Agreement of Sale **attached hereto as Exhibit “A”** and made a part hereof by this reference (with an accurate legal description of the Property to be attached as Exhibit “A” thereto and with the names of the parties hereto and the payment terms set forth in this Agreement being inserted into that form where appropriate).

The payment terms under the unrecorded Agreement of sale will provide that principal will be paid together with interest calculated at the rate of ____% per annum and will be payable in monthly installments in the amount of \$_____ per month with the entire balance of principal and interest being due and payable in full within _____ months from the Closing Date. In addition to the monthly payment of principal and interest that Buyer is required to make Buyer agrees to pay the sum of \$_____ per month (“Additional Payment”) to be applied towards the following “Property Costs”:

- Real Property Taxes (\$ _____);
- Association and/or Road Maintenance Fees (\$ _____);
- Collection Account Fees (\$_____);

The foregoing Property Costs are equal to one-twelfth (1/12th) of the current annual amounts due for said Property Costs. If any of the Property Costs increase or decrease then this monthly Additional Payment shall increase or decrease accordingly. Any provision or term in this Agreement to the contrary notwithstanding, upon notification by the collection agent of a change in said amount, the Purchaser shall adjust Purchaser’s monthly Additional Payment accordingly beginning with the next monthly payment

that becomes due. When the principal balance due under this Agreement of Sale is paid in full, any surplus that has accumulated from these additional payments shall be distributed by the collection agent to the Purchaser.

4. Seller's Covenants, Warranties and Representations. Seller, by execution of this Contract, makes the following covenants, representations and warranties to Purchaser, which covenants, representations and warranties are of the essence hereof, and shall, unless waived by the Purchaser, survive the closing hereof:

Title to Property: The undersigned Seller represents and warrants to the Purchaser that the undersigned Seller is the sole owner of the Property described herein and that the undersigned Seller will, at closing, have good, marketable and insurable fee simple title to the Property free and clear of all rights and claims by any other persons and will, at closing convey the Property to the Purchaser by way of a standard Warranty Deed free and clear of any monetary encumbrance as will be evidenced by way of the Escrow Agent providing Purchaser with a recorded copy of the Deed by which Seller acquired title to the Property.

5. Condition of Property. The Property is being sold in its "AS IS" condition. Purchaser accepts the Property "AS IS" and hereby acknowledges that Purchaser has had the opportunity to inspect the Property prior executing this Contract and either has done so or has elected to purchase the Property sight unseen and in such event Purchaser hereby acknowledges that Purchaser has voluntarily accepted the full risk of having decided to purchase the Property sight unseen. Purchaser acknowledges that Purchaser has read the **Property Disclosure For Island of Hawaii** attached hereto as Exhibit "B" and made a part hereof by this reference, and accepts the Property subject to the conditions set forth therein.

6. Closing. Delivery of the unrecorded Agreement of Sale to Purchaser, shall occur on or before the lapse of _____ days of the date of the Seller's Acceptance of this Offer (the "Closing" or "Closing Date").

7. Closing Costs. All closing costs shall be paid by the Seller. Real Property taxes, assessments, association fees and road maintenance fees and other charges affecting the Property shall be current as of the Closing Date with any prepayments of those amounts that has been made by Seller to be reimbursed to Seller out of the Additional Payments to be made under the Agreement of Sale as those Additional Payments are made.

8. Default; Remedies. It is expressly understood and agreed:

a. Purchaser's Default; Liquidated Damages: In the event Purchaser shall fail to pay the Purchase Price as herein provided, Seller's sole remedy shall be to retain the Purchaser's good faith deposit as and for liquidated damages and in lieu of any other claim, right, remedy or damage against Purchaser after all escrow fees and costs have first been deducted and paid from the Purchaser's good faith deposit.

b. Seller's Default: In the event that Seller shall fail to consummate the sale, Purchaser may: (1) Bring an action for damages for breach of contract; or (2) file and maintain a suit against Seller for specific performance of this Contract; or (3) pursue any other legal remedy against Seller as shall be allowed at law or in equity.

9. Miscellaneous.

(a) **Document Preparation:** Seller's attorney, Wallace H. Gallup, Jr., shall prepare the final Agreement of Sale document, the charge for which will be paid by the Seller as part of the closing costs to be paid by the Seller.

(b) **Binding Contract:** This Offer to Purchase, upon acceptance by Seller hereof, shall become a BINDING CONTRACT between Purchaser and Seller. The Seller and Purchaser hereby acknowledge and agree that there are no agreements, understanding, warranties or representations between Purchaser and Seller except as set forth in this Contract. The warranties as herein contained or given pursuant to the terms of this Contract shall survive the Closing of the sale and purchase and the transfer of the Property.

(c) **Expiration Date of Offer:** If Seller's acceptance of this offer is not delivered to Purchaser within ____ days of the date it is presented to the Seller by the Purchaser, then this offer shall be deemed to have automatically expired to have been rescinded. Seller may deliver the Seller's Acceptance of this Offer to the Purchaser by placing a fully signed copy of this Offer in the mail to the Purchaser at the Purchaser's address as set forth at the end of this Contract, postage prepaid, or by faxing it to the Purchaser at the Purchaser's fax number set forth at the end of this Contract, if any, and the Seller's Acceptance of this Offer shall be considered to have been delivered to the Purchaser at the time that the Seller's Acceptance is placed in the mail to the Purchaser or faxed to the Purchaser. Seller shall open escrow as soon as is reasonably possible upon having delivered the Seller's Acceptance of this Offer to the Purchaser by way of delivering to the Escrow Agent a fully signed copy of this Agreement together with the Purchaser's good faith deposit.

(d) **No Assignment:** Purchaser may not assign the Purchaser's rights under this Contract to any other person or legal entity under any circumstance.

(e) **Time is of the Essence:** Time is specifically declared to be of the essence in regard to the parties' obligations to perform under this Contract.

(f) **Withholding:** Seller and Purchaser agree that they will comply with any applicable Internal Revenue Code and State of Hawaii tax code withholding laws ("FIRPTA" and "HARPTA") as a part of the closing of this transaction and that the Escrow Agent shall withhold from the Seller's net proceeds of sale any moneys that are required under those laws to be deposited with the Internal Revenue Service and the State of Hawaii Department of Taxation, unless appropriate and valid exemption forms are delivered by the Seller to the Escrow Agent and the Purchaser prior to the Closing Date.

(g) **Governing Law:** This Contract shall be governed by and construed in accordance with, the laws of the State of Hawaii.

(h) **Faxed Signatures:** Faxed executed copies of this Contract and any related documents shall be fully binding and effective for all purposes whether or not originally executed documents are transmitted to escrow. Faxed signatures on documents will be treated the same as original signatures, however, each party agrees to promptly forward original executed documents to escrow. The parties understand that conveyance documents, mortgages, and other recordable documents must be delivered in original form and will not be acceptable if signed only in facsimile.

(i) **Counterparts:** This Contract and any amendments hereto and any other related documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so signed, shall be deemed to be an original, and all of which when taken together shall constitute one and the same document, binding upon all of the parties, notwithstanding that all of the parties do not sign the original of the same counterpart.

(j) **Binding Effect:** The Contract shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns upon the Seller transmitting the Seller's Acceptance of the Purchaser's Offer made hereunder to the Purchaser in the manner provided for above.

(k) **Special Terms:** _____

IN WITNESS WHEREOF, the Purchaser has executed this Offer on _____, 20__.

Please fill in Purchaser Information:

Tenancy: _____
Address: _____

Phone: _____
Fax: _____
E-mail: _____

Signature: _____
Print Name: _____
Marital Status: _____

Signature: _____
Print Name: _____
Marital Status: _____

Purchaser

THE FOREGOING OFFER IS HEREBY ACCEPTED by the undersigned Seller on _____, 20__.

DeLUZ & ASSOCIATES REI, LLC, a Hawaii
limited liability company

By: _____

JACINTH DeLUZ III
Its _____
68-1805 Pau Nani Street,
Waikoloa, HI 96738
(808) 883-2747 (Phone) ~~(808) 883-0850~~
jacinthde@aol.com

Seller

EXHIBIT "A"

AGREEMENT OF SALE

PARTIES:

SELLER: DeLUZ & ASSOCIATES REI, LLC, a Hawaii limited liability company, whose mailing address is 68-1805 Pau Nani Street, Waikoloa, HI 96738.

BUYER: _____,
whose mailing address is _____.

PROPERTY DESCRIPTION:

The property covered by this Agreement is identified by TMK (3) _____ and is described in Exhibit "A" attached to this Agreement. (Throughout the rest of this Agreement the property which is covered by this Agreement will be referred to as simply the "property".)

AGREEMENT TO SELL:

In return for the Buyer's promise to pay the purchase price in the manner set forth below and to perform the other promises contained in this Agreement, the Seller promises (1) to sell the property to the Buyer and (2) to keep and perform all of the Seller's promises and agreements contained in this Agreement. The Seller's tenancy in the property and in this Agreement shall be as a Tenant in Severalty.

AGREEMENT TO BUY:

By signing this Agreement, the Buyer agrees (1) to buy the property, (2) to pay the Seller the purchase price in the manner described below, and (3) to keep and perform all of the other promises and agreements contained in this Agreement. The Buyer's tenancy in the property and in this Agreement shall be as _____.

PURCHASE PRICE:

The Buyer will pay to the Seller the amount of \$ _____ to purchase the Property.

Terms of Payment:

The purchase price will be paid to the Seller in the following manner:

Down Payment:

Buyer will make a down payment of \$_____.

Balance of the Purchase Price and Interest:

The balance of the purchase price will be \$ _____ (this amount will be called "principal"). This amount (the principal) will be paid to the Seller together with interest at the rate of _____% per year. Interest will be charged on that part of the principal which has not been paid, will start adding up beginning on the date of this Agreement and will continue until the full amount of the principal has been paid. The principal and interest will be paid as follows:

Monthly Payments:

Starting on the ____ day of _____, 20____, the Buyer will make monthly payments of principal and interest which payments shall be in the amount of \$ _____, and will continue to be made on the ____ day of each month until such time as the entire balance of principal and interest has been paid in full.

Additional Payment:

In addition to the monthly payment of principal and interest that Buyer is required to make Buyer agrees to pay the sum of \$ _____ per month ("Additional Payment") to be applied towards the following "Property Costs":

- Real Property Taxes (\$ _____);
- Association and/or Road Maintenance Fees (\$ _____);
- Collection Account Fees (\$ _____);

The foregoing Property Costs being equal to one-twelfth (1/12th) of the current annual amounts due for said Property Costs. If any of the Property Costs increase or decrease then this monthly payment shall increase or decrease accordingly. Any provision or term in this Agreement to the contrary notwithstanding, upon notification by the collection agent of a change in said amount, the Buyer shall adjust Buyer's monthly payment accordingly beginning with the next monthly payment that becomes due. When the principal balance due under this Agreement of Sale is paid in full, any surplus that has accumulated from these additional payments shall be distributed by the collection agent to the Buyer.

Full Payment:

The unpaid principal balance of the purchase price and any unpaid interest will be completely paid by the Buyer on or before _____, 20 ____.

Prepayment:

In addition to the monthly payments which the Buyer is required to make, the Buyer may also make other payments against the principal of the purchase price at the

same time he makes any monthly payment. If the Buyer should make any prepayments of principal, the Seller will not charge the Buyer any penalty or money for doing so. If the Buyer makes any principal prepayments, the monthly payments required from the Buyer will not be reduced.

Application of Payments:

Any payments that the Buyer makes under this Agreement will be used first to pay any late fees then due, then the Additional Payments as provided for above as may then be due, then any other charges required by this Agreement that may have become due, then the interest due at the time of the payment and any excess will then be applied to reduce the unpaid principal of the purchase price.

Collection Account:

The Buyer and Seller will establish and maintain during the term of this Agreement a collection account with **Weststar Loan Servicing Corporation** whose mailing address is **P. O. Box 20909, Portland, OR 97294-0909, Phone: (503) 274-0401**, or such other established collection agency (the Collection Agent) acceptable to the parties, the costs of which shall be paid by the Buyer. All payments required to be made by the Buyer to the Seller under this Agreement shall be made to the Collection Agent for the account of the Seller. The Collection Agent shall distribute moneys from the account over to the Seller or the Seller's order, unless otherwise provided in the collection account agreement. The Collection Agent shall, however, hold in the collection account any portion of the "Additional Payments" that have not yet come due and then upon those Additional Payments becoming due shall disburse those funds in payment the applicable Property Cost before it becomes delinquent. The agreement with the Collection Agent shall provided that the Collection Agent gives a year-end statement of disbursements to the parties and an allocation of payments received as to principal, interest and Property Costs paid.

Conversion to Purchase Money Mortgage:

When the Buyer has paid **50% or more** of the principal due on account of the Purchase Price due hereunder the Buyer may elect to have this Agreement of Sale converted to a Mortgage Loan Note and Purchase Money Mortgage on the Property and in such event the Seller shall convey the Property to the Buyer by way of Warranty Deed and concurrently the Buyer will sign and deliver to Seller a Mortgage Loan Note signed by Buyer which contains the same payment terms as provided for herein for the balance of principal that that still has not been paid hereunder, together with a Purchase Money Mortgage on the Property signed by Buyer and notarized such that it can be recorded concurrent with the recordation of the Warranty Deed as a first mortgage on the Property. In such event the Buyer shall pay for all costs relating to preparation of the Mortgage Loan Note and Mortgage, and recordation of the Warranty Deed and the Mortgage, and Seller shall pay for all costs relating to preparation of the Warranty Deed and the conveyance tax, if any. A new escrow shall used by the Seller and Buyer to accomplish

the conversion of this Agreement of Sale in the manner provided for above with the Escrow Agent to either be the same as the Escrow Agent that handled the preparation and execution of this Agreement of Sale or as may be selected by the Seller. The Escrow Agents fees and costs, except as provided otherwise above, will be shared equally by the Seller and the Buyer. When requested by the Buyer, the Seller will also provide, at Buyer=s expense, a certificate from a reputable title company insuring or certifying that the Buyer will have clear title to the property. The Buyer may, at the Buyer's expense, obtain a certificate of title or title insurance policy protecting Buyer's title.

Special Provision re Cancellation of Agreement of Sale:

The Buyer shall also deposit with the Collection Agent an executed Cancellation of Agreement of Sale and the Buyer HEREBY INSTRUCTS the Collection Agent to deliver the executed Cancellation of Agreement of Sale document to Seller upon demand made by Seller upon said Collection Agent if Buyer become more than 60 days delinquent in making the required payments under this Agreement of Sale according to the records of the Collection Agent.

TITLE AND POSSESSION:

The Seller will keep legal title to the Property until the Buyer has elected to convert this Agreement of Sale to a Purchase Money Mortgage (the form and content of which shall be consistent with the terms and provisions contained in this Agreement of Sale and are otherwise acceptable to the Seller) as provided for above or until the Buyer has paid the full purchase price and kept all of the promises and agreements contained in this Agreement. Unless the Buyer is in default under this Agreement, as default is defined below, or unless the Seller and Buyer agree otherwise, from the date of recording of this Agreement and afterward the Buyer shall be entitled to possession of the Property and to have all of the other rights and benefits which the laws of the State of Hawaii give to a property owner, except as may be expressly limited under this Agreement of Sale. When the Buyer has elected to convert this Agreement of Sale to a Purchase Money Mortgage as provided for above or when the Buyer has paid the full purchase price and kept and performed all of the promises and agreements contained in this Agreement, the Seller will give the legal title to the Buyer. The Seller will do this by delivering to the Escrow Agent selected by the Seller a proper document of conveyance containing the usual warranties of title. The Seller will also provide, if they are necessary, any consents which must be recorded with the document of conveyance. Unless stated otherwise in this Agreement, the title to the property will be free of all claims by other persons except for any claims which will have been put on the Property by the Buyer after the date of this Agreement or as shown on Exhibit "A". When requested by the Buyer, the Seller will also provide, at Buyer=s expense, a certificate from a reputable title company insuring or certifying that the Buyer will have clear title to the Property. The Buyer may, at the Buyer's expense, obtain a certificate of title or title insurance policy protecting his title. A new escrow shall used by the Seller and Buyer to accomplish the satisfaction of this Agreement of Sale in the manner provided for above with the Escrow Agent to either be the same as the Escrow Agent that handled the preparation and execution of this

Agreement of Sale or as may be selected by the Seller. The Escrow Agent's fees and costs, except as provided otherwise above, will be shared equally by the Seller and the Buyer. Buyer shall pay any costs for a title update and the recording of the document of conveyance. Seller shall pay for the cost of drafting the conveyance document.

SELLER'S PROMISES:

Seller promises and agrees with the Buyer as follows:

Quiet Possession:

As long as the Buyer makes the payments on the purchase price as required by this Agreement and keeps and performs all of the promises and agreements contained in this Agreement, the Buyer shall have quiet possession of the Property and no other person, unless they are described in Exhibit "A" or as otherwise agreed to herein, or make a claim based on some act by the Buyer or claim some right in the Property given to them by the Buyer, will make any claim against the property. If any other person does make a claim against the property, the Seller will defend against that claim and do whatever else is necessary to protect the Buyer's rights in this Agreement and in the Property.

BUYER'S PROMISES:

Buyer promises and agrees with the Seller as follows:

Payment of Taxes, Assessments and Other Charges:

Buyer promises to pay directly to the person, company or agency that is to receive the money, all charges and assessments which are payable regarding the Property, including the payment of real property taxes, unless otherwise provided above under the section entitled "Additional Payment". Examples of other charges and assessments which the Buyer will pay directly to the provider are sewer, water and other utility charges, refuse charges, and other similar charges and assessments which are payable by either Buyer or Seller because of the Property. Buyer, however, does not have to make any payments to the Seller because of State and Federal income taxes which must be paid by the Seller because of the Seller's receipt of any money from the Buyer. If the Seller makes any payment of any of the charges or assessments which the Buyer is supposed to pay according to this Agreement, the Buyer promises to reimburse the Seller for those payments within fifteen (15) days after the Seller has made the payment. If, while this Agreement is in effect, the charges and assessments which the Buyer has promised to pay should increase, the Buyer promises to pay those increases to the person, company or agency who receives those monies, or to reimburse the Seller if the Seller makes those payments.

Insurance:

Seller may, but shall not be required to keep in force comprehensive liability insurance policy covering the Property in such amounts as Seller deems to be prudent during the term of this Agreement of Sale and Seller may add Buyer as an additional insured if Seller chooses to do so. The cost of any such comprehensive liability insurance will be the responsibility of the Seller. Buyer shall obtain separate insurance to cover Buyer's personal property.

Alterations and Improvements:

Buyer promises not to grade the Property, or place any rocks or other fill on the Property, or make, build or construct any major improvements or alterations to or on the Property without first obtaining the Seller's prior written consent. Buyer will not have to pay any money to obtain the Seller's consent other than for the cost of preparing the consent or for a review of the plans for the improvements or alterations by the Seller. If requested by the Seller, the Buyer will provide the Seller with the plans and specifications for the proposed grading, filling, improvement or alteration of the Property, and/or provide proof of a performance bond or adequate financing to pay for the construction of the improvements or alterations before asking the Seller to give its consent.

Assignments, Sub-Agreements of Sale, etc.:

While this Agreement is in effect the Buyer promises not to sell, assign, transfer, or encumber the Property or the Agreement of Sale or enter into a sub-agreement of sale without Seller's consent, which consent shall not be unreasonably withheld, provided that Seller may condition Seller's consent on the credit worthiness, character and reputation in the community, and payment capacity of the proposed Buyer. Seller may not change any term of the agreement of Sale nor charge a fee for the consent, except an amount to cover reasonable costs of preparation and processing not to exceed \$500.00. In no event shall Seller be required to release the Buyer from a continuing liability hereunder as a part of giving any such consent.

Repair and Maintenance:

Buyer promises to keep all improvements on the Property, if any, in good repair and maintenance. Buyer will also exercise reasonable efforts to prevent the Property from deteriorating beyond normal wear and tear.

Restrictions on Use:

While this Agreement of Sale is in effect the Buyer agrees not to violate the terms and provisions set forth in Exhibit "B" attached hereto, which shall be deemed to be restrictions on Buyer's use and possession of the Property and any violation of those

provisions shall be deemed to be a default on the part of the Buyer hereunder entitling the Seller to pursue the remedies given to the Seller hereunder upon the occurrence of default hereunder by the Buyer.

Compliance with Laws:

Buyer promises to obey all laws, ordinances, rules, and regulations of the state, county and federal governments which apply to the Property, and promises not to use the premises or allow any other person to use the premises for any illegal purpose.

Inspection by Seller:

Buyer promises that if the Seller gives the Buyer at least forty-eight (48) hours notice, then the Seller will be allowed to enter and inspect the Property, improvements and personal property on the Property to insure that the Buyer is keeping his promises under this Agreement.

Reimbursement to Seller:

If the Seller must pay any money because (1) of the Buyer's failure to keep his promises under this Agreement; (2) of the Buyer's failure to make any payments to the Seller or another person under this Agreement; (3) mechanic's liens are filed against the Property because of improvements or repairs put on the property by the Buyer; and/or (4) another person or another person's property suffers any loss or damage on the Property because of any condition or use of the Property, the Buyer promises to reimburse the Seller, on the Seller's demand, for any monies paid by the Seller, including a reasonable attorney's fee which the Seller has to pay. Buyer also promises to reimburse the Seller for any other expenses which the Seller must pay to protect the Seller's interest in the Property because the Buyer has failed to keep his promises contained in this Agreement. Examples of such expenses would be the Seller's payment of insurance for the Property or the Seller's making repairs to the Property because the Buyer failed to do so.

DEFAULT AND REMEDIES:

Buyer's Default:

Buyer agrees that he shall be considered in default under this Agreement if any of the following events occur:

Fails to make Payments:

(1) The collection agent fails to receive any payment on the purchase price or any other payment for insurance, repairs, etc. required by this Agreement within ten (10) days after the payment becomes due;

Bankruptcy, Loss of Property:

(2) The Buyer (or any one of them if there is more than one Buyer) seeks protection under the provisions of the Bankruptcy Act, makes any assignment for the benefit of his creditors or loses the Property covered by this Agreement because of any judicial action by another person;

Abandonment:

(3) The Buyer abandons the Property covered by this Agreement; or

Fails to Keep Promises:

(4) The Buyer fails to keep or perform any promise or agreement contained in this Agreement and does not keep his promise or perform the agreement within thirty (30) days after receiving notice from the Seller. The thirty (30) day grace period and requirement to give notice do not apply to the Buyer's promises to pay money because those have to be kept within five (5) days as agreed above and the Buyer will be considered to be in default if the collection agent fails to receive money due hereunder within the five (5) days of the date the payment was due. If the promise or agreement that the Buyer is to keep or perform, other than a promise to pay money, cannot be kept or performed within thirty (30) days after receiving the notice, then the Buyer will be considered in default if he does not begin making efforts to keep or perform the promise or agreement within the thirty (30) day period after receiving the notice from the Seller.

Seller's Remedies:

Buyer agrees that if he should be in default under this Agreement, as default is defined above, then the Seller may, because of the Buyer's default, do any one or more of the following things:

Late Charge:

(1) If the collection agent does not receive any payment on the purchase price or any other payment required by this Agreement within TEN (10) calendar days after it becomes due, then the Buyer promises to pay the Seller, in addition to the payment, for each such late payment, a late charge of \$50.00 for each such late payment.

Lawsuit for Damages:

(2) If the Buyer fails to make any payment required by this Agreement or fails to keep or perform any other promise or agreement contained in this Agreement, then after the lapse of sixty (60) days from the date the payment was due or the date on which the Buyer failed to perform any other promise or agreement contained in this Agreement, the Seller, without any other notice or demand, may bring a court action against the Buyer

for any money damages allowed by law for the Buyer's failure to make the payment or keep or perform the promise or agreements, including court costs and reasonable attorney's fees;

Demand and Lawsuit for Immediate Payments:

(3) If the Buyer fails to make any payment required by this Agreement or fails to keep or perform any other promise or agreement contained in this Agreement, then the Seller may, after the lapse of sixty (60) days from the date the payment was due or the date on which the Buyer failed to perform any other promise or agreement contained in this Agreement, demand the immediate payment of the full purchase price plus any unpaid interest and may file a lawsuit against the Buyer for the full amount of the purchase price plus interest, court costs and reasonable attorney's fees;

Cancellation:

(4) If the Buyer fails to make any payment required by this Agreement within sixty (60) days of the date the payment became due then the Seller may cancel this Agreement by recording the Cancellation of Agreement of Sale document that will have been delivered to the Collection Agent on or before close of escrow or by filing a lawsuit in the courts of the State of Hawaii to cancel this Agreement.

In the event the Seller cancels this Agreement, the Seller may keep all of the payments made by the Buyer on the purchase price for depreciation in the value of the Property, the Seller's loss of use of the Property, the Seller's loss of ability to sell the Property while this Agreement was in effect, and as a fair rent for the Property while the Buyer was in possession or control of the Property and also as the amount of damages suffered by the Seller because of the Buyer's failure to pay the purchase price and/or keep or perform any promise or agreement contained in this Agreement.

The foregoing cancellation provisions have been specifically negotiated and agreed to by the Seller and Buyer as an inducement to Seller to enter into this Agreement and shall be enforceable in any and all events should Buyer become more than sixty (60) days delinquent in making any payment required by this Agreement.

Regain Possession:

(5) If the Buyer fails to make any payment required by this Agreement or fails to keep or perform any promise or agreement contained in this Agreement, after the lapse of sixty (60) days from the date the payment was due or the date on which the Buyer failed to perform any other promise or agreement contained in this Agreement, the Buyer's right to possession and control of the Property will immediately end and the Seller will have the right to immediately take back the Property and to remove the Buyer from control or possession of the Property. In the event the Buyer remains in possession or control of the Property after this Agreement is canceled, then the Buyer will only be considered a tenant

of the Seller on the Property and shall be obligated to pay the Seller a sum which is equal to **twice** the amount of the monthly principal and interest payment and the monthly Additional Payment required to be made by Buyer hereunder as of the date of any such default and as rent for the Buyer's possession or control of the Property and the Seller will have all of the rights of a landlord under the laws of the State of Hawaii to remove the Buyer from possession or control of the Property.

Foreclosure and Sale:

(6) If the Buyer fails to make any payment required by this Agreement or fails to keep or perform any promise or agreement contained in this Agreement, after the lapse of sixty (60) days from the date the payment was due or the date on which the Buyer failed to perform any other promise or agreement contained in this Agreement, then the Seller will have the choice of treating this Agreement as a mortgage and to file a lawsuit for a foreclosure of this Agreement and a sale of the Property as provided by the laws of the State of Hawaii for the foreclosure of mortgages. The Seller may be a buyer of the Property at any foreclosure sale. The monies received from the foreclosure sale will be applied, first to pay the costs and expenses of the sale and the court costs and attorney's fees paid by the Seller because of the Buyer's default; second, to the reimbursement of the Seller for all payments made by the Seller because of the Property or because of the Buyer's failure to keep any promise or agreement contained in this Agreement; and lastly, to the payment of the balance of the purchase price and interest required to be paid by the Buyer under this Agreement. Any monies left over after these payments will be paid to the Buyer. **If the money received from the foreclosure sale is not enough to make all of these payments, then the Seller will be entitled to recover the deficiency directly from the Buyer out of the Buyer's own money.**

Assignment of Rents:

(7) As long as the Buyer keeps and performs all of the promises and agreements contained in this Agreement, the Buyer shall have the right to collect and keep any rental payments that are being made by a tenant on the Property. However, in the event the Buyer should fail to keep or perform any promise or agreement contained in this Agreement that requires the Buyer to make payments of money to the Seller, including payments on the purchase price, then after the lapse of sixty (60) days from the date of any such failure, the Seller, any person authorized by the Seller, or a receiver appointed by a Court at the Seller's request, may: (a) collect any rental payments, including overdue rental payments, directly from the tenant of the Property; (b) manage the Property; (c) sign, cancel and/or change any leases affecting the Property; and/or (d) exercise any rights of a landlord under the laws of the State of Hawaii with regard to the Property. The Seller may collect the rentals from the property by notifying the tenant of the Seller's right to collect the rental payments under this Agreement and the Buyer will give the tenant credit for all rental payments made to the Seller after notification of the tenant by the Seller. Before making payments to the Seller, the tenant will not be required to confirm with the Buyer that the Buyer has failed to keep or perform any promise or agreement under this Agreement. Any rental payments collected by or for the

Seller under this Paragraph will be first used to pay the cost of collecting the rental payments and of managing the property, including any receivers fees, court costs and a reasonable attorney's fees. Any rental payments remaining after the payment of those costs will be used by the Seller to reduce the amount the Buyer owes the Seller under this Agreement.

No Waiver:

(8) Seller's choice of any one or more of the remedies above, or the Seller's acceptance of any payment due under this Agreement, shall not be considered an election or a waiver of the Seller's rights to pursue any other remedies for any other or the same default by the Buyer in failing to keep or perform his promises or agreements contained in this Agreement.

Buyer's Remedies:

If the Seller fails to keep or perform any promise or agreement contained in this Agreement, the Buyer may file a lawsuit against the Seller for specific performance of this Agreement and/or pursue any other remedy available to the Buyer under the laws of the State of Hawaii, including a lawsuit for money damages plus court costs and attorney's fees.

MUTUAL PROMISES:

Seller and Buyer mutually promise and agree as follows:

Title and Risk of Loss:

Unless Seller and Buyer agree otherwise, legal title to the Property shall remain with the Seller until the date of the execution and delivery of this Agreement of Sale. The risk of loss because of complete or partial destruction of the Property or the improvements on the Property or the personal property covered by this Agreement shall rest on the Seller until the time the Buyer takes possession of the property, improvements and/or personal property or the date of the execution and delivery of this Agreement, whichever occurs first. In addition, the "Uniform Vendor and Purchaser Risk Act" (HRS Chapter 508) shall be considered a part of this Agreement just as if the entire Act had been written into this Agreement.

Condition of Property:

Seller is selling the Property (land and improvements thereon) and any personal property that is being purchased by the Buyer with the property and transfers such real and/or personal property to the Buyer in an "AS IS" condition without any warranty or promise, express or implied, as to the condition or fitness for any purpose whatsoever of the Property. By signing this Agreement, the Buyer acknowledges that he accepts the Property and any personal property he is buying from the Seller with the property in an

"AS IS" condition and that he has had the opportunity to and has in fact inspected the Property and any personal property he is buying from Seller.

Condemnation:

Except to the extent the property covered by this Agreement is subject to a lease, mortgage or other agreement of sale, if the Property covered by this Agreement is condemned by any governmental authority in a condemnation or eminent domain proceeding, either the Seller, Buyer, or both of them may appear and be parties in the proceedings. Any monies paid because of the proceedings will be first used to pay the court costs and reasonable attorney's fees of the Seller in the proceedings and secondly, for the payment of the unpaid balance of the purchase price, together with interest, owed by the Buyer to the Seller. Any money remaining after the payment of the costs, fees and purchase price will be the property of the Buyer. If the Property covered by this Agreement is subject to a lease, mortgage or other agreement of sale, then the terms of that lease, mortgage and/or agreement of sale will have priority over the rights of the Seller and Buyer under this Agreement. Any condemnation or eminent domain proceeding by any governmental authority against the property covered by this Agreement will not give the Buyer grounds to rescind or cancel this Agreement.

Consents:

Except as expressly provided otherwise in this Agreement, any time this Agreement requires either the Seller or Buyer to give their consent to the other party, that consent will not be unreasonably withheld or delayed, and the party requesting the consent will not be required to pay any money or fee for the consent except for a reasonable cost for the review and preparing of the consent by the party who is giving his consent.

Binding Effect:

The obligations and benefits of the promises and agreements by the Seller and Buyer contained in this Agreement will be binding on and for the benefit of the Seller's and Buyer's heirs, estates, personal representatives, permitted assigns and successors in interest.

Joint Liability:

If the Seller or Buyer in this Agreement is more than one person, then any one of those persons can be held individually responsible for the keeping or performing of any promise or agreement contained in this Agreement. This includes the Buyer's promise to pay the purchase price and the Seller's and Buyer's promises to pay damages.

Gender and Number:

According to the way in which the pronoun is used, any pronoun may be singular, plural, masculine, feminine or neuter.

Notices:

Where this Agreement requires that either the Seller or Buyer give notice to the other party, then the notice must be in writing and personally delivered or sent by registered mail, return receipt requested. If the notice is mailed, it must be mailed to the last known address of the other party and any notice of a change of address must also be given in writing to the other party.

Tenancy:

The tenancy of the Seller and Buyer set forth above shall be considered the tenancy of the Seller and Buyer in both this Agreement and in the property covered by this Agreement.

Time and Choice of Law:

Time is of the essence of this Agreement and the Seller has entered into this Agreement because of the Buyer's promise to pay the purchase price and keep and perform the other promises and agreements contained in this Agreement at the date or in the time required by this Agreement. Interpretation and enforcement of this Agreement shall be according to the laws of the State of Hawaii, as amended.

COUNTERPARTS:

The parties agree that this Agreement may be signed and acknowledged in counterparts, each of which shall be considered an original, and the counterparts shall together constitute one and the same agreement, binding all of the parties to the agreement, notwithstanding that all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this Agreement, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

DEFINITIONS:

The word "person" includes natural persons, business organizations and any other entity the law allows to own property or conduct business. The words "Buyer" and "Seller" include the persons named in this Agreement of Sale and those who take over or succeed to that person's rights or interests, whether by purchase, inheritance, operation of law or otherwise.

DATE:

This Agreement of Sale is dated the _____ day of _____, 20____.

DeLUZ & ASSOCIATES REI, LLC, a
Hawaii limited liability company

By: _____
JACINTH DeLUZ III
Its _____

Seller

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

Buyer

EXHIBIT “A”

INSERT CORRECT AND COMPLETE LEGAL DESCRIPTION TO PROPERTY

END EXHIBIT “A”

EXHIBIT "B"

RESTRICTIONS ON USE

The following restrictions on use shall apply to the Property described in this Agreement of Sale while it is in effect and if this Agreement of Sale is converted to a Note and Mortgage these restrictions shall remain in effect until any such Mortgage has been paid in full and will be included in the terms of any such Mortgage. The "Owner" as used herein refers to the Buyer under this Agreement of Sale and "Lot" as used herein means the Property described in this Agreement of Sale. The restrictions are as follows:

1.01 Flooding and Erosion Control. No Owner shall permit to be constructed on the Owner's Lot any improvements which will create a problem regarding flooding, erosion or interference with natural water flow or runoff from the Owner's Lot onto adjacent Lots, roadways or adjoining lands, nor shall any Owner fail to reasonably act so as to minimize runoff damage or interference with the natural flow of storm waters.

1.02 No Hazardous Activities. No activity shall be conducted on any Lot and no improvements shall be constructed on any Lot which are, or might be, unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or hunting bows shall be discharged on any Lot.

1.03 Vehicle parking on Lots. No heavy equipment, dump truck or other commercial vehicle, motor home, camper, or any boat and trailer may be parked or kept on any Lot overnight and no passenger motor vehicles shall be parked overnight on a Lot except in a garage or under a port cochere or on a paved area which is immediately adjacent to a garage or a port cochere.

1.04 Fires. No trash, rubbish, plant material, vegetation or other materials may be burned on any Lot, however, fireplaces in dwellings are permitted for the burning of materials specifically manufactured for use in a dwelling fireplace and dry wood suitable to be burned in a fireplace which is in a dwelling.

1.05 No Temporary Structures. No temporary buildings, structures or tents of any kind shall be erected, placed or permitted to remain on any Lot, except that temporary structures necessary in connection with any permitted construction on any Lot, such as tool houses, shall be permitted during the period of actual construction. No such permitted temporary structure shall at any time be used for living quarters, a dwelling or for any residential purposes. All governmental regulations and rules must be complied with.

1.06 No Unsightliness. No unsightliness shall be permitted on any Lot. Without limiting the generality of the foregoing: (a) motor vehicles which are not in working condition and/or are not licensed to be driven on public highways shall not be kept on a Lot or on the adjoining streets; (b) no refuse, cut foliage, scrap, garbage, rubbish or trash (collectively referred to as "refuse") shall be kept, stored or allowed to accumulate on any Lot except during the time that the Lot is being grubbed under a duly issued grubbing permit.

1.07 No Open Storage. No storage of lumber, materials, tools or any other items shall be permitted out of doors on the Lot, except during an approved construction period. No fuel storage tanks

may be placed, constructed or permitted to remain on any Lot where such items may be observed from the adjoining streets or any other adjoining Lot.

1.08 Animals. All animals must be kept within the boundaries of the Owner's Lot. No swine, no peacocks, no macaw, no parrot and no roosters will be permitted to be kept on a Lot. Animal pens shall be maintained so as not to allow any odors to be detectable from another Lot or the adjoining streets and so as not to present any health hazard or violation of any applicable health code, rule or regulation.

END EXHIBIT "B"

END EXHIBIT "A"

EXHIBIT “B”
PROPERTY DISCLOSURE FOR ISLAND OF HAWAII
Please Read Carefully

The following information is intended to assist the buyer with identifying some of the general conditions that may affect the purchase, value and/or of some real properties on the island of Hawaii. This form is not a warranty of any kind by the undersigned, nor is it a substitute for expert inspection or professional advice or any warranties that buyer may wish to obtain. Buyer is advised to obtain public records, professional advice and to have experts inspect the property. This form is not intended to be an exhaustive list of all the conditions relating to ownership of real property on the island of Hawaii. Nothing herein is meant to address specific seller disclosures as required in Chapter 508D of Hawaii Revised Statutes. **IT IS NOT MANDATORY TO ATTACH THIS DISCLOSURE TO ANY CONTRACT.**

1. **Aircraft Noise and Fly-Overs:** Buyer is advised that some areas in Hawaii are subject to fly-overs by various aircraft, including, among others, commercial, military and D.E.A. (Drug Enforcement Agency) aircraft. Buyer is advised to contact appropriate federal state, or county government agencies for further information on this issue.
2. **Availability of Utilities:** Buyer is advised to check with local providers of electric, water, gas, telephone and cable services and other utility services to determine the cost (including installation charges, when applicable) and availability of desired services to the property. Utility services, and the necessary easements, may be limited or unavailable in some areas.
3. **Insurance:** The availability, limits, and cost of property and/or liability insurance may be affected as set forth in paragraph 7 below, or by property near the ocean or designated flood hazard areas (Federal Flood Insurance), and/or the possibility of hurricane or wind damage (wind insurance), all of which may be required by a lender in order to finance the property. An insurance professional should be consulted to determine the cost and availability of insurance on the property you wish to purchase.
4. **Limitations of Land Use:** Many restrictions exist to limit the use of real property in the State of Hawaii including but not limited to: federal laws, state and county laws and regulations (for example county zoning ordinances), private restrictions (for example, restrictions in a deed, a condominium declaration or subdivision declaration). Buyer should contact the appropriate federal, state or county authorities and review any applicable private restrictions to determine if the use buyer intends for the property is permitted.
5. **Permits and Non-Conformity:** The County of Hawaii governs the issuance and administration of permits for all property improvements. Buyer is to check with the appropriate county department(s) to ascertain that all improvements on a property are “legal” (permitted and approved). If not, the subject improvements may be subject to fine and/or removal. Buyer is advised that some existing buildings may be non-conforming to current governmental codes or requirements, or that the use of such

buildings is non-conforming. This means that the structure or its use, although legal when constructed, or when its use began, is not permitted by current zoning or governmental requirements. This may cause problems with respect to rebuilding, enlargement, repair or use of the structures, and may also affect financing and resale of the property. Buyer should check with the County of Hawaii and professionals regarding these issues.

6. **Real Property Taxes:** Methods of assessing real property in the County of Hawaii are complex. Tax rates and assessments differ according to the zoning and use of property, exemptions that pertain to specific homeowners (age, for example), dedications (agriculture use, for example), and other criteria. The fact that taxes are currently set at a certain rate or amount for a specific piece of property does not guarantee that the taxes will remain the same when the new owner purchases the property. The County of Hawaii also has a mechanism known as "roll-back" taxes that may make a purchaser liable for additional taxes if the use/dedications/zoning are changed after purchase. Buyer is advised to contact the County of Hawaii, Real Property Tax Office, for information in this regard as well as tax professionals (for example, accountants, lawyers). Buyer should be certain to ascertain if there are any exemptions or deductions that affect the property. If this property is to be your primary home, file your home exemptions form with the property tax office as soon as you close escrow in order to reduce your property tax.
7. **Volcanoes:** The Island of Hawaii has several active and presently inactive volcanoes. Accordingly, there are times when air quality is affected by volcanic emissions known as "vog." Vog may affect persons with respiratory problems and may also affect water catchment systems if precautions are not taken. Buyer should contact the State of Hawaii, Department of Health, for information about recommended precautions as well as other professionals. In addition, the U.S. Department of the Interior, Geological Survey, has classified various "hazard zones" for lava flows. The locations of such hazard zones may affect the availability, limits and cost of property and/or liability insurance. Other effects of volcanic activity that may occur include lava tubes and periodic earthquakes.
8. **Wastewater Disposal:** Many properties in Hawaii have individual cesspools and/or septic systems as the method of wastewater disposal. The State of Hawaii, Department of Health and the County of Hawaii may require upgrades from cesspools to septic tanks or connection of new systems in certain situations. New regulations require septic or sewage treatment systems in most new homes. Buyer should contact the State of Hawaii, Department of Health, for information about requirements related to waste disposal for any property.
9. **SSSP Service:** Buyers are aware that the property is, or may be, serviced by the Hawaii Electric Light Company Special Subdivision Project Provision (SSSP) Program. Buyers should contact the electric company to determine when service will be available, and what the costs will be. Hawaii Electric Light Company: 935-1171.
10. **Coqui Frogs:** Coqui Frogs, or Caribbean Tree Frogs, have been expanding into various areas of the Big Island. Because Tree frogs are nocturnal, Buyer will not hear chirping sounds that are associated with frogs during the daytime hours. Prior to making an offer

to purchase the subject property, Buyer is advised to visit the subject property in the evening to determine the level of frog infestation, and frog chirping, and whether it is acceptable to Buyer. Buyer should be aware that the level of noise may vary, depending upon such factors as weather, temperature, time of night, increase or decrease in level of infestation, and other variables. In addition, the success or failure of any government eradication program may also affect the level of the chirping as well.

- 11. **Catchment Water Systems:** Some properties may be located in water catchment areas. County water is not available in some areas. Catchment water systems are dependant on rainfall, and trucked-in water is commonly used in these areas. Buyers are cautioned to use building materials that are free of heavy metals. If this purchase is for an existing residence with water catchment, Buyer has been advised to test for contaminants. **BUYER AND SELLER HAVE BEEN ADVISED THAT MOST HOME INSPECTIONS DO NOT INCLUDE INSPECTION OF CATCHMENT SYSTEMS.** You are strongly advised to seek the opinion of a water catchment company to obtain a professional opinion of the water catchment systems located on the subject property.

- 12. **Agricultural Disclosure:** The Land Use Commission of the State of Hawaii has determined that any buildings located on certain lands designated by the State Land Use Commission with a Land Use Classification of “Agricultural” must be related to some kind of agricultural activity or use. The County of Hawaii as the enforcement and permitting agency for improvements built within the Agricultural Land Use Classification requires that a Farm Dwelling Agreement be obtained from the Planning Department. Seller takes no position on the uses available for the subject property. Buyer is instructed and advised to seek legal assistance and advice to verify uses allowed on the subject “Agricultural” lot.

All persons should refer to qualified experts in various professional fields, including but not limited to attorneys, certified public accountants, architects, engineers, contractors and other appropriate professionals for detailed evaluation where various or additional clarifications or information is desired. This form is not intended to apply to any specific property and is only an overview of general issues, The undersigned acknowledge having read and received a copy of the foregoing.

Buyer’s Signature Date

Buyer’s Signature Date

END EXHIBIT “B”