

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.

There has been added an additional building to the Project, known as the "Townhouse Building". The project, therefore, now consists of two (2) buildings and they are identified on the Condominium Map as the "Tower" and the "Townhouse Building" (see Exhibit "A" for further description).

The Townhouse Building is a two story structure and has a basement beneath Apartment A. It has a total of four apartments located within it. Each apartment is two stories except that Apartment A also contains a basement.

The Project now has a total of twenty-six (26) parking stalls of which twelve (12) are compact and fourteen (14) are regular-sized. Twelve (12) stalls are covered and fourteen (14) stalls are uncovered.

With the addition of the Townhouse Building, the percentage of undivided interest in the common elements appurtenant to each apartment is as described in Exhibit A-2.

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*                               SPECIAL ATTENTION                               *
*
* The developer has disclosed that it does not give                       *
* any warranties itself but will assign all building                       *
* and construction warranties given by the general                         *
* contractor to the buyer. The buyer will also                          *
* receive the warranties covering the furnishing                          *
* and appliances within the unit (refer to Exhibit G).                    *
*
* The prospective purchaser is cautioned to carefully                       *
* review the documents for further information with                       *
* regard to the foregoing.                                                *
*
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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 they 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 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.

Some condominium projects are leasehold. This means that the land or the land, 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 owner/tenant) 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. The 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.

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. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT
(cite to appropriate pages
in text of report)

Interest to be Conveyed to Buyer:

Fee simple Apartment and an undivided common interest in the land.

Type of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
Standard	<u>12</u>	<u>2/2</u>	<u>905</u>	<u>39</u>
Penthouse	<u>1</u>	<u>3/3-1/2</u>	<u>1936</u>	<u>78</u>
Townhouse	<u>4</u>	<u>3/2-1/2</u>	1388.25 (Unit A)	_____
_____	_____	_____	1183 (Unit B)	_____
_____	_____	_____	1124.75 (Unit C)	_____
_____	_____	_____	1187.50 (Unit D)	_____

Total Apartments: 17

*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.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>26</u>
Guest Stalls	<u>0</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u>-</u>
Total Parking Stalls	<u>26</u>

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Yao Hwa Investment, Inc. Phone: 944-5598
Name (Business)
1833 Kalakaua Ave., Suite 212
Business Address
Honolulu, Hawaii 96815

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

Tsung Hsi Chen, President
Peter Fu-Hsing Lee, Vice President/Treasurer
Tung Jean Lee, Secretary

Real Estate Sales Agent: Herbert K. Horita Realty, Inc. Phone: 946-3955
Name (Business)
1833 Kalakaua Ave., Suite 101
Business Address
Honolulu, Hawaii 96815

Escrow: Island Title Corporation Phone: 526-9171
Name (Business)
1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: Michael's Realty & Management, Inc. Phone: 537-5973
Name (Business)
1019 Smith, #203
Business Address
Honolulu, Hawaii

Attorney for Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

Proposed
 Recorded – Bureau of Conveyances – Book 19693 Page 463
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

First Amendment dated February 20, 1987, Book 20475, Page 1.

Second Amendment dated August 5, 1988, Book 22360, Page 718.

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

The Condominium Map for this condominium project is:

Proposed _____
 Recorded – Bureau of Conveyance Condo Map No. 1020
 Filed – Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Amended on August 5, 1988

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

The Bylaws for this condominium are:

Proposed _____
 Recorded – Bureau of Conveyances – Book 19693 Page 474
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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 apartment owners who 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>75%</u>
House Rules	—	<u> </u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

SEE ATTACHED EXHIBIT "B"

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the underlying land will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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.

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.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The 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; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

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:

For Subleaseholds:

Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled 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 cancelled or foreclosed.

B. Underlying Land:

Address: Lukepene Avenue Tax Map Key: 2-7-35-110 and 73
Honolulu, Hawaii (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 16,266 [x] square feet [] acre(s) Zoning: A-4

Fee Owner: Yao Hwa Investment, Inc.
name
1833 Kalakaua Ave., Suite 212
address
Honolulu, Hawaii 96815

Sublessor: _____
name

address

C. Buildings and Other Improvements:

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

2. Buildings: 2 Floors Per Building: Tower - 8
Townhouse - 2
[] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[x] Concrete [] Hollow Tile [] Wood
[] Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[] Commercial	_____	[] Industrial	_____
[x] Residential	<u>17</u>	[] Agricultural	_____
[] Timeshare/Hotel	_____	[] Recreational	_____
[] Other:	_____		_____

5. Special Use Restrictions:

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

Pets: not more than 2 pets are allowed per apartment

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 17

Elevators 1 Stairways _____ Trash Chutes 1

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
Standard	<u>12</u>	<u>2/2</u>	<u>905</u>	<u>39</u>
Penthouse	<u>1</u>	<u>3/3-1/2</u>	<u>1936</u>	<u>78</u>
Townhouse	<u>4</u>	<u>3/2-1/2</u>	<u>1138.25 (Unit A)</u>	_____
_____	_____	_____	<u>1183 (Unit B)</u>	_____
_____	_____	_____	<u>1124.75 (Unit C)</u>	_____
_____	_____	_____	<u>1187.50 (Unit D)</u>	_____

*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 floor area may have been used.

Boundaries of Each Apartment: The perimeter of each of the apartments into which the Project is so divided shall be established by the center line of all perimeter walls which are also party walls (whether or not load-bearing); the exterior face of the perimeter walls which are not party walls (whether or not load-bearing); the exterior face of any glass windows, doors, panels or railings along the perimeter; and the inner decorated or finished surfaces of the perimeter floors and ceilings. Each of the apartments shall include all walls, partitions, floors, ceilings and other improvements within said perimeter; any deck and entry shown on the proposed Condominium Map; all built-in appliances and fixtures and all furnishings and appliances originally installed; and all air space encompassed within said perimeter; excluding therefrom, however, all elements herein established as common elements; and provided further, however, that each wall or part of a wall within and along ~~Permitted Alterations to Apartments~~ said perimeter, whether load-bearing or non-load-bearing, is not so included but is a common element (except for the inner decorated surface of any perimeter wall, which is included).

PERMITTED ALTERATIONS TO APARTMENTS:

See attached Exhibit "C"

7. Parking Stalls:

Total Parking Stalls: 26 See attached Exhibit "A-1" for more details

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	covered	open	covered	open	covered	open	
Assigned (for individual units)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>26</u>		_____	_____	_____	_____	_____

Twelve (12) stalls are covered and fourteen (14) stalls are uncovered.
 Each apartment will have the exclusive use of at least _____ parking stall(s).
 Buyers are encouraged to find out which stall(s) will be available for their use.

[] Commercial parking garage permitted in condominium project.

[x] Exhibit A-1 contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[x] There are no recreational or common facilities.

[] Swimming pool

[] Storage Area

[] Recreation Area

[] Laundry Area

[] Tennis Court

[] Trash Chute

[] Other: _____

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years): N/A

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

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

If a variance has been granted or if uses, improvements, or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. **Common Elements:** Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit D describes the common elements.

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 may use them are:

described in Exhibit E

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 often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit A-2 describes the common interests for each apartment.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit F describes the encumbrances against the title contained in the title report dated September 30, 1988.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It 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.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
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F. 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 managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial 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 managing agent for this condominium is:

[] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[x] other Michael's Realty & Management, Inc.

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit _____ contains a schedule of maintenance fees and maintenance fee disbursements.
See attached Disclosure Abstract

H. 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:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other | <u>See attached Disclosure Abstract</u> |

I. 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:

See attached Exhibit "G"

2. Appliances:

See attached Exhibit "G"

J. Status of Construction and Estimated Completion Date:

The project has been completed. The notice of substantial completion of the four-unit Townhouse building addition was first published on April 15, 1988, and the lien period has expired with no liens filed.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed with the Real Estate Commission:

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

[x] Notice to Owner Occupants

[x] Specimen Sales Contract

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

[x] Escrow Agreement dated July 10, 1986

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

[] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;
AND
 - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. 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:

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

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

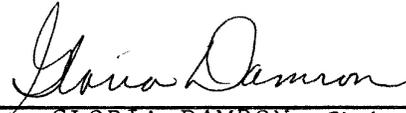
This Public Report is a part of Registration No. 1504 filed with the Real Estate Commission on July 8, 1982.

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

Supplementary Public Reports expire on the expiration date given on the front of the report.



GLORIA DAMRON, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

O/R: 818H

EXHIBIT "A"

SUMMARY OF CHANGES FROM EARLIER PUBLIC REPORTS

There has been added an additional Building, known as the "Townhouse Building". The Project, therefore, now consists of two (2) buildings. The Buildings are identified on the Condominium Map as the "Tower" and the "Townhouse Building". The principal changes from the earlier Final Public Report are as follows:

1. DESCRIPTION OF PROJECT.

1.1 The Project consists of two buildings (hereafter the "Tower" and the "Townhouse Building" respectively. The Tower contains eight stories. It has a total of thirteen (13) apartments located within it. Two apartments are located on each of the Floors 2 through 7. One penthouse apartment is located on Floor 8 of the Tower. The Tower does not have a basement.

1.2 The Townhouse Building is a two story structure and has a basement beneath Apartment A. It has a total of four apartments located within it. Each apartment is two stories except that Apartment A also contains a basement.

1.3 The Project has a total of twenty-six (26) parking stalls of which twelve (12) are compact and fourteen (14) are regular-sized. The stalls are located at ground level. Parking stalls and other common facilities are located on the ground level.

2. DESCRIPTION OF BUILDINGS, APARTMENTS AND ADJACENT AREAS.

2.1 Buildings. (a) The Tower Building is constructed principally of stucco/concrete block. The slab foundations of the Building are reinforced concrete. The exterior walls are constructed of plaster/hollow block and the interior partitions of gypsum board. The interior ceilings are of accoustic spray and the structural floors are constructed of concrete. There is one elevator in the Tower Building.

(b) The Townhouse Building is constructed principally of concrete slab on the first and ground floors with wood framing above. The interior partitions are of gypsum board. The interior ceilings are of accoustic spray and the structural floors are constructed of concrete. There is no elevator in the Townhouse Building. The roof is of Monier tile.

(c) Parking for the apartments in the Tower Building consists of eighteen (18) assigned parking stalls, of which nine (9) are compact-size stalls and nine (9) are regular-sized. They are all located as shown on the Condominium Map.

(d) Parking for the Townhouse Building consists of eight parking stalls, of which three (3) are compact-size stalls and five (5) are regular-sized. They are all located as shown on the Condominium Map.

(e) There are additional facilities for maintenance purposes, such as a trash storage room, a trash chute, an elevator with its associated equipment, and electrical and mechanical facilities.

2.2 Apartment Numbers and Location. Subject to the Declarant's right to further divide an Apartment, there are a total of thirteen (13) apartments in the Tower Building and four (4) apartments located in the Townhouse Building.

(a) All apartments in the Tower are identified by a number and a letter ("A" or "B"). The first digit indicates the floor on which the apartment is located. The second digit is either a "1" or a "2". An "A" indicates that the Apartment is located as viewed from the elevator, to the left, and a "B" indicates that it is located to the right. There are only two apartments per floor (Floors 2 through 7) and one apartment on Floor 8. Where there are two apartments per floor, one is a mirror-image of the other. As an example of the numbering system in the Tower, Apartment 3A is located on the third floor and when leaving the elevator, is located on the left.

The immediate common element to which each of the Apartments above ground level shall have access are the corridors on each floor, which lead to the stairways or into the elevator. Both then have direct access to the ground, and then through the parking areas or grounds to the public street.

(b) All apartments in the Townhouse Building are identified by a letter (A through D). Viewed from Lukepane Avenue, Unit A is the nearest apartment, Unit B is located behind Unit A, Unit C is located behind Unit B, and Unit D is located to the left of Unit C. All apartments other than Unit A have access to a common walkway and stairs to the ground level, then access is through the parking areas or grounds to the public street. Unit A has direct access to the ground level through its basement.

2.3 Description of Tower Building Apartments. There are two types of apartments in the Tower Building: (a) Twelve (12) standard Tower apartments; (b) One (1) Tower penthouse. They are described as follows:

2.3.1 Standard Tower Apartments. Each of the twelve (12) standard Tower Apartments in the Project consist of an entry, combination dining/living area, kitchen, two bedrooms, two baths and a balcony of 39 square feet. The approximate net living area of each apartment is 905 square feet.

2.3.2 Tower Penthouse. The Tower Penthouse covers the entire Floor 8 of the Tower Building. The Tower Penthouse apartment consists of an entry, a kitchen, a dining room, living room, den, three bedrooms, three bathrooms, one-half bath (lavatory) and two balconies (total of 78 square feet). The approximate net living area of the apartment is 1,936 square feet.

2.4 Description of Townhouse Apartment. There are two types of Apartments located in the Townhouse Building. Each of Units B, C and D are virtually identical. Unit A, which also has a basement and stairs running from the basement to the first floor, is otherwise identical. Unit A's basement contains a parking stall, storage area and washer-dryer area. Each of the apartments in the Townhouse Building contains a kitchen-dining room, a living room and guest room with lavatory on the first floor; and a master and one other bedroom and two full baths on the second floor. Each apartment other than Unit A has a washer and dryer on the first floor. Unit A has its washer and dryer in the basement. The net living areas of said four Units are as follows: Unit A - 1,388.25 square feet, Unit B - 1,183 square feet, Unit C - 1,124.75 square feet and Unit D - 1,187.50 square feet.

2.5 In accordance with Chapter 107 of the Rules of the Department of Commerce and Consumer Affairs Relating to Horizontal Property Regimes, the net living area of each apartment type is measured from the interior surfaces of the apartment perimeter walls.

Each apartment is furnished with a range/oven with ventless hood, refrigerator, dishwasher, double-compartment stainless steel sink, garbage disposal, and stacked washer and dryer. Each apartment in the Tower Building only is also furnished with an individual solar water heater system connected to a solar reflector which is located on the roof of the Buildings and is a common element. Floors are carpeted in the bedrooms,

hallways and living room. Vinyl asbestos tile flooring is in the kitchen, dining area, bathrooms and utility closet. The entryway has a marble floor with a wood ceiling.

2.6 Parking. The stalls are located on the Land as shown on the Condominium Map. Of the total twenty-six (26) stalls, fourteen (14) are regular-size and twelve (12) are compact size. Apartments in the Tower, except Apartments 6A, 6B, 7A, 7B and 8A, which have been assigned two parking stalls, are each assigned a single stall either regular-sized or compact-sized stall. Apartments in the Townhouse are each assigned two parking stalls.

Exhibit "A-1" attached hereto is a list of the parking stalls by number and sets forth the Apartment number to which each stall is appurtenant. Regular-sized stalls are 8-1/2 feet wide and 19 feet long. A stall number shown on Exhibit A-1 which contains the letter "C" means a compact-size stall.

3. PERCENTAGE OF UNDIVIDED INTEREST IN THE COMMON ELEMENTS.

The fraction (percentage) of undivided interest in the common elements appurtenant to each apartment is as set forth in Exhibit A-2 attached hereto and made a part hereof. Each apartment shall have said fraction in all common profits and expenses of the Project and for all other purposes, including voting on all matters requiring action by the apartment owners."

EXHIBIT "A-1"

List of Apartments and Appurtenant
Parking Stall(s)

<u>Apartment No.</u>	<u>Parking Stall</u>
8A	6 & 3C
7A (Diamond Head)	7 & 4C
7B (Ewa)	5 & 2C
6A	8C & 9C
6B	10 & 11
5A	12
5B	13
4A	14
4B	15
3A	16C
3B	17C
2A	1C
2B	18C
A	25 & 26
B	23C & 24
C	20C & 22
D	19C & 21

EXHIBIT "A-2"

Schedule of Percentage of Undivided Interest
in the Common Elements

<u>Apartment No.</u>	<u>Percentage</u>
2A	5.1795
2B	5.1795
3A	5.1795
3B	5.1795
4A	5.1795
4B	5.1795
5A	5.1795
5B	5.1795
6A	5.1795
6B	5.1795
7A	5.1795
7B	5.1795
8A	11.0605
A	7.6170
B	6.4909
C	6.1621
D	6.5155

EXHIBIT "B"

AMENDMENT OF DECLARATION, CONDOMINIUM MAP, BYLAWS, OR HOUSE RULES. The Declaration states:

If (1) at any time prior to the first filing in the Bureau of Conveyances of the State of Hawaii of a conveyance of a Dwelling, the Declarant may amend the Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Dwelling purchaser; and (2) at any time thereafter, the Declarant may amend the Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Dwelling as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS:

Notwithstanding paragraph 12.2 of the Declaration, without the consent of any other owners, the owner of any two or more apartments separated by a common element which is a wall or floor (including a common element which constitutes a floor of one of the apartments and a ceiling of another) may alter or remove all or portions of the intervening wall or floor, if the structural integrity of the building is not thereby affected and if the finish of the common element then remaining is restored to a condition substantially comparable to that of the common element prior to such alteration. The owner of such adjacent apartments may install in and attach in such opening or openings in such common elements elevators, lifts, tubes and other service devices and may remove and retain ownership of the installed equipment. Upon the termination of the common ownership of such adjacent apartments, if the intervening wall or floor shall have been altered or removed pursuant to the foregoing provisions, each of the owners of such apartments shall be obligated to restore such intervening wall or floor to substantially the condition in which the same existed prior to such alteration or removal; and

Notwithstanding paragraph 12.2 of the Declaration, without the consent of any other owners, the owner of an Apartment may subdivide an Apartment in accordance with paragraph 13.2 of the Declaration. In connection therewith, the Apartment Owner may alter a common element such as floors, ceilings and walls of the Apartment, if the structural integrity of the Building is not thereby affected and if the finish of the common element then created is put in a condition substantially comparable to that of the common element prior to any such alterations.

EXHIBIT "D"

COMMON ELEMENTS

The common elements will include all portions of the land and improvements (other than the apartments) including the apartment building, the land on which the apartments are located, and all elements mentioned in the Horizontal Property Act which are actually constructed on the Land herein described. The common elements shall include, but are not limited to:

(a) Said Land in fee simple, subject to the Declarant's right to add Phase 2 thereon as set forth in paragraph 15.3 of the Declaration.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments, halls, the roof of the Building, stairs, stairways, fire escapes and entrances and exits of the apartment building, elevator, and appurtenances.

(c) All yards, grounds, landscaping, refuse facilities, trash chutes and switchrooms.

(d) All building walkways, building sidewalks, pathways, parking areas, parking stalls, driveways and roads within the Project.

(e) All ducts, electrical equipment, wiring and other central and appurtenant installations, including power, light, water, sewer, gas and telephone; all pipes, plumbing, wires, conduits or other utility or service lines, which run through an apartment but which are utilized by or serve more than one apartment; and air conditioning and like utilities, if installed.

(f) All other portions of the Land and improvements not specifically heretofore designated as apartments, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Horizontal Property Regime.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements.

The limited common elements so set aside and reserved include (a) a mail box for each apartment; and (b) one (1) or more automobile parking spaces for each apartment, which space shall be appurtenant to and for the exclusive use of that apartment as indicated in paragraph 3.4 of the Declaration.

Each apartment shall always have one (1) parking space appurtenant to it but otherwise apartment owners with the consent of their respective mortgagee, if any, shall have the right to change the designation of parking stalls which are appurtenant to their respective apartment by amendment of the Declaration in accordance with the provisions of Section 514A-14, Hawaii Revised Statutes, as amended.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent Grant No. 2615.

2. Grant dated April 21, 1949, in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 2225, at Page 323.

3. The covenants, agreements, obligations, conditions and other provisions set forth in that certain Declaration Submitting Property to the Horizontal Property Regime of the Lukepane Court dated June 10, 1986, recorded in said Bureau in Liber 19693, at Page 463, as amended by instrument dated February 20, 1987, recorded in said Bureau in Liber 20475, at Page 1, and instrument dated August 5, 1988, recorded in said Bureau in Liber 22360, at Page 718.

4. Condominium File Plan No. 1020, filed in said Bureau on July 23, 1986, as amended.

5. By-Laws of the Association of Apartment Owners of The Lukepane Court, a Horizontal Property Regime dated June 10, 1986, recorded in said Bureau in Liber 19693, Page 494.

EXHIBIT "G"

CONSTRUCTION WARRANTIES

The execution, delivery and recordation of the Purchaser's Apartment Deed shall constitute the assignment by Seller to Purchaser of any and all warranties given the Seller by the General Contractor for the Project, and by any subcontractors or materialmen, including but not limited to said Contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the Apartment, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Purchaser on closing without further instruments or documents. Seller agrees to cooperate with Purchaser during the effective period of any such warranties in asserting any claims based on such warranties.

APPLIANCES:

Purchaser shall also have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartment.

EXHIBIT "H"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the following furnishings and appliances: dishwasher, disposal, range, oven with microwave unit, refrigerator, central water heater pump system, washer-dryer, carpeting (except in kitchen and bathrooms, which will have ceramic tile flooring).

2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

a. \$1,000 as an initial deposit upon execution of the Sales Contract;

b. An additional \$4,000 within five days after Purchaser has been notified that Seller has accepted the Sales Contract;

c. That portion of the purchase price to be paid by way of a mortgage loan is to be paid on the closing date; and

d. The balance of the purchase price is to be paid to escrow by purchaser on or before the closing date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within sixty (60) days after the application, then Seller may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing all escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, conveyance tax and the cost of any required title insurance, lien letter or certificate of title, and appraisal fees and any obligations of purchaser to his mortgage lender. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within two (2) years of the date of

the Final Public Report. Seller is to notify Purchaser at least ten (10) days prior to the Closing Date. If Purchaser fails to close as required, then Purchaser will be charged a late charge of one percent (1%) per month on the amount not paid until such payment or payments are made. Despite there being possible on-going construction activity, Purchaser is obligated to make the required payments and consummate the sale on the closing date. If after twenty (20) days of Seller's notice of Purchaser's default, Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if there is an increase in project costs affecting the financial feasibility of the Project, if there is a delay in completing the Project beyond date two years and three months from issuance of the Final Public Report; or if by December 31, 1986, less than 50% of the Apartments have been sold to financially qualified purchasers. If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to construction loans to \$1,850,000, and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Right of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Purchaser does not act within the thirty (30) day period, or if the Apartment as conveyed to the

Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel.

b. The Purchaser may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use.

EXHIBIT "I"

SUMMARY OF THE PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between Yao Hwa Investment, Inc. and Island Title Corporation.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent. The funds may only be moved from Escrow on the following conditions:

a. The Real Estate Commission has issued a Final Public Report, the Purchaser has received a copy and has given the Seller a receipt for it and Seller notifies Escrow that it has received the receipt; Seller notifies Escrow that all the requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, then applicable to the Project have been satisfied, and Seller has notified Escrow that the Sales Contract for the Purchaser has become a binding Sales Contract and that Purchaser's right to cancellation has lapsed or has become void.

2. If Seller wants to use Purchaser's Funds to pay for construction costs. As the Project is completed, none of Purchaser's funds will be disbursed to pay for construction costs.

3. Refunds to Purchaser. Refunds will be made in accordance with the Sales Contract and all refunds will be made without interest. No refunds will be made at the Purchaser's request unless Escrow receives written approval from the Seller. Escrow may deduct from the amount refunded cancellation fees.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults and that Seller has cancelled the Purchaser's Sales Contract. Escrow then will notify the Purchaser by registered mail that Seller has cancelled the Sales Contract. Aften ten (10) days following Purchaser's receipt of such notice, Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "J"

THE LUKEPANE COURT

DISCLOSURE ABSTRACT

1. (a) PROJECT: THE LUKEPANE COURT
Lukepane Avenue
Honolulu, Hawaii
- (b) DEVELOPER: YAO HWA INVESTMENT, INC.,
a Hawaii corporation
1833 Kalakaua Avenue, #212
Honolulu, Hawaii 96815
Tel: (808) 944-5598
- (c) MANAGING AGENT: Michael's Realty &
Management, Inc.
2. Breakdown of annual maintenance fees and monthly estimated costs for each apartment (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

See attached Exhibit "A"
3. DESCRIPTION OF ALL WARRANTIES COVERING THE APARTMENTS AND COMMON ELEMENTS: Developer will assign to the purchaser all warranties given the Seller by the General Contractor for the Project, which include contractor's guarantee of materials and workmanship against faulty or deficient materials and installations for a period of one year from date of Completion.
4. USE OF APARTMENTS: The Lukepane Court Condominium Project will consist of 17 apartments and will be used for residential purposes. There will be no commercial or non-residential use within the project.

The developer, YAO HWA INVESTMENT, INC., a Hawaii corporation, certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

YAO HWA INVESTMENT, INC.

By: Peter J. Hanks, Jr.
Its Vice President

