

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Maile Sky Court Co., Ltd.

Address 8-22 Tomihisa-cho, Shinjuku-ku, Tokyo, 162 Japan

Project Name(*): Maile Sky Court

Address: 2058 Kuhio Avenue, Honolulu, Hawaii 96815

Registration No. 1606 Effective date: May 3, 1996

Expiration date: June 3, 1997

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission. [] No prior reports have been issued. [] This report supersedes all prior public reports. [] This report must be read together with

SECOND SUPPLEMENTARY: (pink) This report updates information contained in the: [] Preliminary Public Report dated: [XX] Final Public Report dated: July 31, 1984 [XX] Supplementary Public Report dated: April 10, 1990

And [XX] Supersedes all prior public reports [] Must be read together with [] This report reactivates the public report(s) which expires on

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

THERE HAVE BEEN NO MATERIAL CHANGES TO THE PROJECT SINCE THE LAST PUBLIC REPORT WAS ISSUED, AND NO CHANGES WHICH RENDER THE LAST PUBLIC REPORT MISLEADING AS TO PURCHASERS IN ANY MATERIAL RESPECT. THE DEVELOPER IS ISSUING THIS PUBLIC REPORT PRIMARILY TO CLARIFY THAT THE INTERESTS PREVIOUSLY CONVEYED TO APARTMENT OWNERS AND CURRENTLY BEING OFFERED TO PROSPECTIVE PURCHASERS INCLUDE:

- (1) A DEFEASIBLE FEE SIMPLE INTEREST IN AN APARTMENT, AND
- (2) A DEFEASIBLE FEE SIMPLE INTEREST IN ALL COMMON ELEMENTS OF THE PROJECT, EXCEPT THE LAND, AND
- (3) A SUBLEASEHOLD INTEREST IN THE LAND UNDERLYING THE PROJECT.

APARTMENTS HAVE BEEN AND WILL CONTINUE TO BE CONVEYED TO PURCHASERS BY WAY OF A CONDOMINIUM CONVEYANCE DOCUMENT. EACH CONDOMINIUM CONVEYANCE DOCUMENT CONVEYS THE DEFEASIBLE FEE SIMPLE AND SUBLEASEHOLD INTERESTS DESCRIBED ABOVE. THE FEE SIMPLE INTERESTS TERMINATE ON OCTOBER 31, 2050, CONCURRENTLY WITH THE EXPIRATION OF THE SUBLEASEHOLD INTEREST IN THE LAND, ALL AS SET FORTH IN EACH CONDOMINIUM CONVEYANCE DOCUMENT AND IN EXHIBIT "C" ATTACHED TO THIS PUBLIC REPORT.

THIS PUBLIC REPORT ALSO DISCLOSES THE FOLLOWING ADDITIONAL INFORMATION ABOUT THE PROJECT:

1. THE TAX MAP KEY FOR THE PROJECT HAS CHANGED. ALL FOUR LOTS COMPRISING THE PROJECT'S LAND ARE NOW DESIGNATED BY TAK MAP KEY NO. (1) 2-6-16:46.
2. BY FINAL ORDER OF CONDEMNATION, CIV. NO. 76878, 180 SQUARE FEET OF THE PROJECT'S LAND WERE TAKEN BY THE CITY AND COUNTY OF HONOLULU FOR ROAD WIDENING PURPOSES AND ARE NO LONGER A PART OF THE PROJECT.
3. TWO ZONING VARIANCES AFFECTING THE PROJECT HAVE BEEN GRANTED.
4. THE PROJECT CONTAINS 6 ELEVATORS, 4 STAIRWAYS AND 1 TRASH CHUTE.
5. EXHIBIT "H" TO THIS PUBLIC REPORT HAS BEEN REVISED TO REFLECT INFORMATION CONTAINED IN THE UPDATED STATUS TITLE REPORT DATED MARCH 27, 1996, ON FILE WITH THE REAL ESTATE COMMISSION.

THE DEVELOPER WILL PROVIDE A COPY OF THIS SUPPLEMENTARY PUBLIC REPORT TO CURRENT OWNERS UPON REQUEST, AND TO ALL PROSPECTIVE PURCHASERS OF APARTMENTS IN THE PROJECT. HOWEVER, RECEIPT OF THIS PUBLIC REPORT BY ANY CURRENT OWNER WILL NOT GIVE RISE TO RESCISSION RIGHTS UNDER HAWAII LAW.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Maile Sky Court Co., Ltd. Phone: 03-5269-3760 (Tokyo)
Name (Business)
8-22 Tomihisa-cho, Shinjuku-ku
Business Address
Tokyo, 162 Japan

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

President: Tetsuo Nishida
Directors: Takao Sato, Teruo Katsube
Statutory Auditor: Fumio Ukai

Real Estate Broker: N/A: Seller to sell directly to buyers in Japan Phone: 03-5269-3760 (Tokyo)
Name (Business)
Business Address

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

General Contractor: N/A: Construction has been completed Phone: _____
Name (Business)
Business Address

Condominium Managing Agent: Self-managed. Hotel operation managed by Outrigger Hotels Hawaii Phone: (808) 947-2828
Name (Business)
2058 Kuhio Avenue
Business Address
Honolulu, Hawaii 96815

Attorney for Developer: Please see Exhibit "B" Phone: _____
Name (Business)
Business Address

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1247640

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment of Declaration of Horizontal Property Regime and Condominium Map, dated March 12, 1990, filed in the Land Court as Document Nos. 1716293 and 1716294

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 521

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment of Declaration of Horizontal Property Regime and Condominium Map, dated March 12, 1990, filed in the Land Court as Document Nos. 1716293 and 1716294.

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1247641

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

First Amendment of Bylaws of the Association of Apartment Owners of Maile Court, dated March 12, 1990, filed in the Land Court as Document Nos. 1716291 and 1716292.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

The Developer may amend the Declaration, Condominium Map and Bylaws:

- (a) In any manner prior to the first conveyance of an apartment in the Project.
- (b) To file the "as built" certificate required by Section 514A-12 of the Condominium Statute.
- (c) To effect any change or amendment required by an administrative agency of any state, territory, possession or foreign country or other foreign jurisdiction or a mortgagee of the fee or leasehold interests in the land as a condition precedent to marketing the Project.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price. In this project, however, there is no right to remove or dispose of the buildings and other improvements.

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

Lease Term Expires: October 31, 2050

Rent Renegotiation Date(s): October 31, 2015; October 31, 2025; October 31, 2035; October 31, 2045

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit "C" contains a schedule of the lease rent for each apartment per Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 2058 Kuhio Avenue Tax Map Key: (1) 2-6-16: 46
Honolulu, Hawaii 96815 (TMK)

Address TMK is expected to change because _____

Land Area: 28,339 [XX] square feet acre(s) Zoning: Apartment Precinct under Waikiki Special Design District

Lessor (Fee Owner): James Choy, Dorothy Chin, Rudolph Choy and James Choy and Rudy Choy, Trustees of the Katherine Kim Choy Revocable Trust dated July 23, 1976, as amended
 Name
c/o Melvin Y. Kaneshige, Esq., 745 Fort Street, Suite 1408
 Address
Honolulu, Hawaii 96813

Sublessor: Maile Sky Court Co., Ltd.
 Name
8-22 Tomihisa-cho, Shinjuku-ku
 Address
Tokyo, 162 Japan

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building 43

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Steel, glass and allied building materials

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>4</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	<u>580</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Dylaws?
 Yes No

5. Special Use Restrictions:

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

Pets: No pets allowed without the consent of the Board of Directors

Number of Occupants: _____

Other: See attached Exhibit "J"

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 6 Stairways: 4 Trash Chutes: 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u> See attached Exhibit "A"	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 584

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

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

Boundaries of Each Apartment:

See attached Exhibit "D"

Permitted Alterations to Apartments:

See attached Exhibit "E"

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

88/ZDA-188 re: expansion of nonconforming hotel.
94/VAR-49 re: utility installations and antenna.

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	_____	_____X_____	_____
Structures	_____	_____X_____	_____
Lot	_____	_____X_____	_____

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

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

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

*Independent study about the non-conforming nature of the project is available to purchasers on request. Purchasers are advised to read it as it may affect present and future values.

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

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "F".

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration are:

described in Exhibit "G".

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit "A".

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "H" describes the encumbrances against the title contained in the title report dated March 27, 1996 and issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Blanket mortgage in favor of The Long Term Credit Bank of Japan, Limited, and The Mitsubishi Trust and Banking Corporation	Buyer's Sales Contract may be cancelled and Buyer may lose all right to purchase the apartment

F. Construction Warranties:

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

1. **Building and Other Improvements:**

The Project was substantially completed in March of 1984. There are no warranties available for the Project and no warranties, express or implied, are being made by the developer/seller. Each Apartment is being sold in "as is" condition.

2. **Appliances:**

No warranties are available and no warranties, express or implied, are being made by the developer/seller. The appliances are being conveyed in "as is" condition.

G. Status of Construction and Estimated Completion Date:

Construction of the Project was substantially completed in March, 1984.

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- | | |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> not affiliated with the Developer | <input type="checkbox"/> the Developer or the Developer's affiliate |
| <input checked="" type="checkbox"/> self-managed by the Association of Apartment Owners | <input checked="" type="checkbox"/> other <u>operated as a hotel by Outrigger Hotels, Hawaii</u> |

B. Estimate of Initial Maintenance Fees:

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

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

Exhibits "I" & "1(a)" contain a description of estimated initial maintenance fees and maintenance fee disbursements (subject to change), and commercial tenants in the project.

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- | | | | |
|------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> None | <input type="checkbox"/> Electricity | <input type="checkbox"/> Gas | <input type="checkbox"/> Water |
| <input type="checkbox"/> Sewer | <input type="checkbox"/> Television Cable | <input type="checkbox"/> Other _____ | |

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[] Notice to Owner Occupants

[XX] Specimen Sales Contract

Exhibit "J" contains a summary of the pertinent provisions of the sales contract.

[XX] Escrow Agreement dated March 27, 1990

Exhibit "K" contains a summary of the pertinent provisions of the escrow agreement.

[XX] Other Condominium Conveyance Document and Condominium Lease Agreement and Power of Attorney and Revised Condominium Map Sheets

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

- 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

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

C) One of the following has occurred:

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Condominium Conveyance Document, Condominium Lease Agreement and Power of Attorney and revised Condominium Map Sheets

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is part of Registration No. 1606 filed with the Real Estate Commission on May 21, 1984.

Reproduction of Report. When reproduced, this report must be on:

[] yellow paper stock [] white paper stock [XX] pink paper stock

C. **Additional Information Not Covered Above:**

The Developer intends to market the apartments to purchasers in Japan.

The Public Report is prepared to meet the requirements of the Condominium Laws of the State of Hawaii, not the laws of Japan.

Purchasers in Japan are advised to consult the proper authorities in Japan as to its effects on purchases of properties outside of Japan.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Maile Sky Court Co., Ltd.

Name of Developer

By: T. Sato 4/19/1996
Duly Authorized Signatory Date

TAKAO SATO, DIRECTOR

print name & title of person signing above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration

EXHIBIT "A"

DESCRIPTION OF APARTMENTS AND PROJECT

The Project consists of one 43-story building containing 584 apartments: 580 residential apartments and 4 commercial apartments.

Although the building is a 43-story building, the floors are numbered ground (first) through 44, since there is no 13th floor. The 4 commercial apartments and the parking stalls in the Project are located on the first through 5th floors.

Each residential apartment has been given a three or four digit apartment number. The first number in a three-digit apartment number and the first two numbers in a four-digit apartment number indicate the floor on which the apartment is located. For example, Apartment No. 701 is located on the seventh floor, and Apartment No. 2809 is located on the 28th floor.

Floor numbers 6 through 24 and floor number 27 each contains 16 apartments. These floors are each similar in layout. Each apartment on these floors consists of one living area and one bathroom. There are no kitchen facilities in any of these apartments.

Floor numbers 25 and 26 contain a total of 4 two-story apartments designated as Apartment Nos. 2601, 2602, 2603 and 2604. Apartment Nos. 2601 and 2602 each contains one living room, one family room, one kitchenette, one study/den, six bathrooms, four bedrooms and one dining room. Apartment Nos. 2603 and 2604 each contains one living room, one family room, one kitchenette, five bedrooms, six bathrooms and one dining room. Access to the apartments on the 25th and 26th floors can be obtained only by taking the elevator to the 26th floor. There is no elevator stop on the 25th floor. Access between the 26th floor and the 25th floor is provided by an interior apartment stairwell connecting these floors.

Floor numbers 28 through 44 each contains 16 apartments. These floors are similar in layout. Each apartment on these floors consists of one living area and one bathroom, except that the apartments with apartment numbers ending in the numbers "08" and "09" on each of these floors also contain a kitchenette.

As used herein, the term "kitchenette" refers to a two-burner cooktop, an under-the-counter refrigerator and a sink.

The approximate size of the net living area of, and undivided percentage interest in the common elements appurtenant to, each Apartment in the Project are as follows:

1. Floors numbered 6 through 24 and floor numbered 27:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Apartment Numbers Ending with the Following Last Two Digits:	Approximate Area (Sq. Ft.)	Square Feet Used for Percentage Interests	Percentage Interest (%)	Total Percentage Interest (%)	
"01"	228	230	0.1639	3.1141	
"02"	206	195	0.1390	2.6410	
"03"	237	230	0.1639	3.1141	
"04"	185	195	0.1390	2.6410	
"05"	185	195	0.1390	2.6410	
"06"	237	230	0.1639	3.1141	
"07"	206	195	0.1390	2.6410	
"08"	228	230	0.1639	3.1141	
"09"	225	230	0.1639	3.1141	
"10"	206	195	0.1390	2.6410	
"11"	237	230	0.1639	3.1141	
"12"	195	195	0.1390	2.6410	
"13"	195	195	0.1390	2.6410	
"14"	237	230	0.1639	3.1141	
"15"	206	195	0.1390	2.6410	
"16"	225	230	0.1639	3.1141	

2. Floors numbered 25 and 26:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Apartment Numbers	Approximate Area (Sq. Ft.)	Square Feet Used for Percentage Interests	Percentage Interest (%)	Total Percentage Interest (%)	
2601	1,766	1,760	1.2532	1.2532	
2602	1,766	1,760	1.2532	1.2532	
2603	1,758	1,760	1.2532	1.2532	
2604	1,758	1,760	1.2532	1.2532	

3. Floors numbered 28 through 44:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Apartment Numbers Ending with the Following Last Two Digits:	Approximate Area (Sq. Ft.)	Square Feet Used for Percentage Interests	Percentage Interest (%)	Total Percentage Interest (%)	
"01"	228	230	0.1639	2.7863	
"02"	206	195	0.1390	2.3630	
"03"	237	230	0.1639	2.7863	
"04"	185	195	0.1390	2.3630	
"05"	185	195	0.1390	2.3630	
"06"	237	230	0.1639	2.7863	
"07"	206	195	0.1390	2.3630	
"08"	292	290	0.2067	3.5139	
"09"	289	290	0.2067	3.5139	
"10"	206	195	0.1390	2.3630	
"11"	237	230	0.1639	2.7863	
"12"	185	195	0.1390	2.3630	
"13"	185	195	0.1390	2.3630	
"14"	237	230	0.1639	2.7863	
"15"	206	195	0.1390	2.3630	
"16"	225	230	0.1639	2.7863	

4. Commercial Apartments:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Apartment Numbers	Approximate Area (Sq. Ft.)	Square Feet Used for Percentage Interests	Percentage Interest (%)	Total Percentage Interest (%)	
C-1	6,205	3,100	2.2042	2.2042	
C-2	9,511	4,755	3.3864	3.3864	
C-3	355	180	0.1262	0.1262	
C-4	1,632	815	0.5800	0.5800	
				100.0000	

Note: 1. The Total Percentage Interests set forth above represent the total percentage interests for apartments of this type. For example, there are 304 apartments on floors numbered 6 through 24 and 19 which end in the digits "01". There is therefore a total percentage interest of 3.1141% for these 19 apartments (.1639% x 19).

2. The percentage interests in the common elements have been calculated on the basis of the square footages of the apartments which are identified in column 3 above. (For example, for purposes of computing the percentage interest for Apartment 601, the square footage of 230 square feet was used even though the approximate square footage of that apartment is 228 square feet.) The percentage interests set forth above shall be valid and effective, whether or not the Developer's calculations of such interests are accurate or mathematically correct.

EXHIBIT "B"

ATTORNEYS FOR DEVELOPER

1. Matsubara, Lee & Kotake
Attn: Mr. Mervyn Kotake
888 Mililani Street, 8th Floor
Honolulu, Hawaii 96813
2. Cades Schutte Fleming & Wright
Attn: Ms. Grace Nihei Kido
1000 Bishop Street
Honolulu, Hawaii 96813
3. Okinobu & Ishihara
Attn: Mr. Haruhiko Okinobu
7F, Samon Eleven Building
3-1 Samon-cho, Shinjuku-ku
Tokyo 160, Japan

EXHIBIT "C"

DESCRIPTION OF LEASEHOLD AND FEE SIMPLE NATURE OF PROJECT

The Apartments will be conveyed in fee simple defeasible, and undivided percentage interests in the land will be conveyed on a subleasehold basis. The fee owners of the land (the "Land") on which the Project is located have, through mesne assignments, leased the Land to the developer. That lease (the "Master Lease") is dated November 27, 1973, filed as Land Court Document No. 668494. The term of the Master Lease expires on October 31, 2050. The lease rent is fixed under the Master Lease as follows:

November 1, 1973 - October 31, 1975:	\$20,000/year
November 1, 1975 - October 31, 1990:	\$50,000/year
November 1, 1990 - October 31, 2015:	\$82,500/year

Thereafter, the lease rent will be renegotiated for three 10-year periods and one 5-year period. The rent is payable monthly.

The developer will convey apartments to purchasers pursuant to an instrument entitled "Condominium Conveyance Document". The Condominium Conveyance Documents have a term which expires on October 31, 2050. The lease rent payable by the purchasers under the Condominium Conveyance Documents will be fixed through October 31, 2015. Until October 31, 2015, the rent for each apartment will be equal to \$82,500 per year, multiplied by the apartment's appurtenant undivided percentage interest in the Land. The rent is payable monthly. Thereafter, the lease rent payable under each Condominium Conveyance Document will be equal to the lease rent payable under the Master Lease, multiplied by each apartment's appurtenant undivided percentage interest in the Land. The Condominium Conveyance Documents give the apartment owners, acting through the Project's Board of Directors, the right to negotiate with the fee owners on the rent payable under the Master Lease for the renegotiated rent periods.

It is the developer's expectation that so long as the Project is operated as a hotel, the hotel operator will deduct from the revenue derived from the Project, and pay directly to the fee owners, the rent payable under the Condominium Conveyance Documents and the rent payable under the Master Lease.

Upon the termination of the Condominium Conveyance Documents and the Master Lease, the Land and the improvements on the Land will be surrendered to, and owned by, the fee owners.

EXHIBIT "D"

DESCRIPTION OF BOUNDARIES OF EACH APARTMENT

Each Apartment shall be deemed to include all walls, columns and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, door frames, windows, window frames or panels along the perimeter and the air-space within the perimeters. The Apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter (party and non-party) walls, the interior load-bearing columns, girders, beams and walls, the floors and ceilings surrounding each Apartment or any pipes, shafts, wires, conduits or other utility or service lines running through such Apartment which are utilized for or serve more than one Apartment.

EXHIBIT "E"

PERMITTED ALTERATIONS TO EACH APARTMENT

The Project's Declaration of Horizontal Property Regime provides in part as follows:

"The owner of a residential apartment shall not, without the prior written consent of the Board, make any structural alterations in or additions to the apartment or make any alterations in or additions to the exterior of the apartment (including awnings, jalousies or screens) or to any other portion or portions of the common elements unless otherwise provided for herein or in the Bylaws."

"Notwithstanding anything to the contrary contained in this Declaration, the Bylaws or the House Rules, the owner of a commercial apartment may, without the consent of the Association, the Board, the Fee Owner, the Developer or any apartment owner: (a) alter the layout of spaces within the commercial apartment and may install, maintain and rearrange partitions and other improvements within the commercial apartment, so long as such changes to the commercial apartment (i) do not affect the structural integrity of the Project and (ii) conform to all applicable laws, and (b) display any sign (electrical or otherwise) on the interior or exterior of the commercial apartment, provided such sign (i) promotes the business being conducted at the apartment and (ii) conforms to all applicable laws."

EXHIBIT "F"

DESCRIPTION OF COMMON ELEMENTS

The Project's common elements include the limited common elements described in Exhibit "G" and all other portions of the Project other than the apartments and all other common elements mentioned in the Condominium Statute (Chapter 514A, HRS) which are actually included in the Project, including specifically but not limited to:

(a) The land on which the Project is situated.

(b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, chases, corridors, foyers and walls and walkways around the Project.

(c) All yards, grounds, landscaping, retaining walls, planters, the recreational deck, swimming pool, jacuzzi, sun deck and bath facilities located on the ground floor and fifth floor, lobbies, foyers, waiting areas and all refuse facilities.

(d) All ducts, sewer lines, electrical equipment, central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer and radio (but specifically excluding any and all transmission facilities, installations, cables, telephones and telephone equipment and appurtenances, for telephone and/or television service, which facilities, installations, cables, telephones, equipment and appurtenances will be privately owned by the companies providing such equipment and services).

(e) Any and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an apartment.

EXHIBIT "G"

DESCRIPTION OF LIMITED COMMON ELEMENTS

The limited common elements of the Project are as follows:

(a) The area on the ground floor and which is outlined in green on sheet A-2 of the Condominium Map shall be appurtenant to commercial apartment C-1.

(b) The deck area located at the makai/ewa corner of the fifth floor and which is outlined in black on sheet A6 of the Condominium Map shall be appurtenant to commercial apartment C-1.

(c) The recreation deck and lounge area located on the fifth floor and which are outlined in yellow/green on sheet A-6 of the Condominium Map shall be appurtenant to commercial apartment C-1.

(d) All of the parking stalls in the Project shall be appurtenant to commercial apartment C-1.

(e) The areas on the second, third and fourth floors and which are outlined in pink on sheets A-3, A-4 and A-5, respectively, of the Condominium Map, shall be appurtenant to commercial apartment C-1.

(f) All of the rooftop of the Project's building, and all of the rooms on the rooftop which are located on the Diamond Head side of the stairs leading to the roof, as outlined in yellow on sheet A-14 of the Condominium Map, and all of the airspace above such rooftop and rooms, shall be appurtenant to commercial apartment C-1 and may be used for, among other purposes, the purpose of installing and commercially operating transmission and receiving facilities, installations, equipment and appurtenances, including antennas, cables, receivers, etc., for radio, television, microwave, cablevision and any other type of transmission and receiving signals and facilities. Notwithstanding the foregoing, the Association shall be responsible, as a common expense of the Association, for the maintenance and repair of the roof of the Project's building; provided, however, that the maintenance and repair of any facilities, installations, equipment and appurtenances installed upon the roof shall be the obligation of the installer and/or owner of commercial apartment C-1.

The limited common elements may be used in any manner and for any purpose permitted by law, and the owner of the apartment(s) to which such limited common elements may from time to time be appurtenant may enter into leases with, or grant licenses, easements or concessions to, or enter into any other agreement with, third-parties covering all or any portion of such limited common elements, upon such terms and conditions as may be desired by such owner.

EXHIBIT "H"

DESCRIPTION OF ENCUMBRANCES

1. -AS TO SECOND (LOT 191-A):-
 - (A) Easement "15" for sanitary sewer purposes, situate over and across Lot 191, as shown on Map 62, as set forth by Land Court Order No. 30500, filed August 22, 1969.
 - (B) Grant in favor of the City and County of Honolulu, dated May 28, 1969, filed as Land Court Document No. 481583; granting an easement for sewer purposes over Easement "15".
 - (C) Agreement dated April 8, 1974, filed as Land Court Document No. 682343, by and among Katherine Kim Choy, unmarried, James Choy, husband of Alice Kam Choy, Rudolph Choy, husband of Ivanelle Mountcastle Choy, Dorothy Chin, wife of King Chin, The City and County of Honolulu, The Board of Water Supply, City and County of Honolulu, and The Hawaii Corporation; re: the relocation of the sewer line from its present location on that certain portion of Lot 191 to Easement "15".
 - (D) Grant in favor of Hawaiian Electric Company, Inc., dated June 14, 1984, filed as Land Court Document No. 1250224; granting an easement for utility purposes over Lot 191. Consent thereto given by ESAR Ventures, a Hawaii general partnership, First Federal Savings and Loan Association of Rogers, a Federal savings and loan association, by instrument dated June 14, 1984, filed as Land Court Document No. 1250225.
2. Agreement dated April 23, 1976, filed as Land Court Document No. 762314; re: The Hawaii Corporation agrees to and with Katherine Kim Choy, et al., that neither the aforesaid assignment by Mandarin Capital Investment nor the within consent by said Katherine Kim Choy, et al., shall relieve or release The Hawaii Corporation from any of the terms, covenants or obligations in said lease contained.
3. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions

set forth in Declaration of Horizontal Property Regime dated July 16, 1984, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1247640, as the same may now or hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 521.) Consent thereto given by James Choy, Dorothy Chin, aka Dorothy Choy Chin, Rudolph Choy, aka Rudy Choy, Katherine Kim Choy Revocable Trust dated July 23, 1976, as amended, James Choy, Trustee aforesaid, and Rudy Choy, Trustee aforesaid, Fee Owners, and ESAR Ventures, Lessee, by instrument dated July 16, 1984, filed as Land Court Document No. 1247642.

4. By-Laws of the Association of Apartment Owners of the Condominium Project known as "MAILE COURT" dated July 16, 1984, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1247641, as the same may now or hereafter be amended. Consent thereto given by James Choy, Dorothy Chin, aka Dorothy Choy Chin, Rudolph Choy, aka Rudy Choy, Katherine Kim Choy Revocable Trust dated July 23, 1976, as amended, James Choy, Trustee aforesaid, and Rudy Choy, Trustee aforesaid, Fee Owners, and ESAR Ventures, Lessee, by instrument dated July 16, 1984, filed as Land Court Document No. 1247642.
5. Grant in favor of Gasco, Inc., a Hawaii corporation, dated September 26, 1984, filed as Land Court Document No. 1262887; granting an easement for underground gas pipeline purposes across, through and under Lots 83, 191, 82 and 81 for the term of the Blue Star Piping Allowance Gas Supply Contract dated May 4, 1984 (term: 5 years or a total gas usage of 261,000 therms, whichever event occurs later).
6. Terms, agreements, reservations, covenants, conditions and provisions contained in that certain Lease dated November 27, 1973, executed by Katherine Kim Choy, unmarried, James Choy, husband of Alice Kam Choy, Rudy Choy, also known as Rudolph Choy, husband of Ivanelle Mountcastle Choy, and Dorothy Choy Chin, also known as Dorothy Chin, wife of King Chin, as Lessor, and The Hawaii Corporation, a Hawaii corporation, as Lessee, filed as Land Court Document No. 668494.
7. Unrecorded contracts, leases and agreements entered into by the Association of Apartment Owners of Maile Court.

8. Encroachment of gate post from Lot 80 into Lot 81 at north corner, (building does not conform to City and County setback lines), as shown on Survey Map prepared by James R. Thompson, Registered Professional Land Surveyor, dated September 29, 1986, revised October 10, 1986, August 31, 1988 and October 2, 1989.

9. Various building setback lines, as shown on survey map prepared by James R. Thompson, Registered Professional Land Surveyor, dated September 29, 1986, revised October 10, 1986, August 31, 1988 and October 2, 1989.

10. FIRST LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT AND ASSIGNMENT OF RENTALS

MORTGAGOR : MAILE SKY COURT CO., LTD., a Japan corporation, by and through its Hawaii Branch

MORTGAGEE : THE LONG TERM CREDIT BANK OF JAPAN, LIMITED, a Japan corporation, and THE MITSUBISHI TRUST AND BANKING CORPORATION, a Japan corporation

DATED : October 30, 1989

FILED : Land Court Document No. 1679582

AMOUNT : \$42,000,000.00

Said mortgage was amended by instrument dated September 30, 1993, filed as Land Court Document No. 2079585.

11. OUTRIGGER MAILE COURT HOTEL COLLATERAL ASSIGNMENT OF TENANT LEASES dated October 31, 1989, recorded in Liber 23827 at Page 349, by MAILE SKY COURT CO., LTD., a Japan corporation, by and through its Hawaii branch, in favor of HOTEL OPERATING CO. OF HAWAII, LTD., a Hawaii corporation, assigning the entire Lessor's interest in and to those certain tenant leases more particularly set forth in Exhibit "1" attached hereto, as security for the repayment of that certain promissory note dated October 31, 1989, secured by that certain Mortgage filed as Land Court Document No. 1679583. (Not noted on Transfer Certificate(s) of Title referred to herein).

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial

status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons:

INSTRUMENT : DECLARATION
DATED : August 28, 1991
FILED : Land Court Document No. 1847255

13. MORTGAGE

MORTGAGOR : JAMES CHOY and RUDY CHOY, Trustees of the Katherine Kim Choy Revocable Trust dated July 23, 1976, filed as Land Court Document No. 845818 and amended by instrument dated May 31, 1977, filed as Land Court Document No. 845819, JAMES CHOY, husband of Bonnie McDonald Choy, and DOROTHY CHOY CHIN, wife of King Chin

MORTGAGEE: : HAWAII NATIONAL BANK, a national banking association

DATED : March 7, 1995
FILED : Land Court Document No. 2228091
AMOUNT : \$315,000.00

14. RENTAL AND LEASE ASSIGNMENT dated March 7, 1995, recorded as Document No 95-044145, by JAMES CHOY and RUDY CHOY, Trustees of the Katherine Kim Choy Revocable Trust dated July 23, 1976, filed as Land Court Document No. 845818 and amended by instrument dated May 31, 1977, filed as Land Court Document No. 845819, JAMES CHOY, husband of Bonnie McDonald Choy, "Assignor", assigns to HAWAII NATIONAL BANK, a national banking association, "Assignee", all leases and rental contracts, oral or written, covering all or any part of the Real Property, as security interest for the repayment of that certain promissory note in the principal sum of \$315,000.00. (Not noted on Transfer Certificate of Title referred to herein)

EXHIBIT "1(a)"

(Commercial tenants in project)

1. Standard Concession Lease Agreement
 - a. Landlord: Outrigger Hotels Hawaii
 - b. Tenant: Hair Shoppe At Maile Court
 - c. Date: June 1, 1988
 - d. Term: April 30, 1998
 - e. Security deposit: N/A

2. Standard Concession Lease Agreement
 - a. Landlord: Outrigger Hotels Hawaii
 - b. Tenant: Honolulu Cellular Telephone Company
 - c. Date: May 1, 1987
 - d. Term: April 30, 1997
 - e. Security deposit: \$2,000 (Plus tax)

3. Parking Agreement
 - a. Landlord: Outrigger Hotels Hawaii
 - b. Tenant: Restaurant Corporation of the Pacific, Inc., and Schoch Restaurants, Inc., dba Nick's Fishmarket
 - c. Date: December 27, 1987
 - d. Term: month to month
 - e. Security deposit: N/A

4. Parking Agreement
 - a. Landlord: Outrigger Hotels Hawaii
 - b. Tenant: Propark, Inc.
 - c. Date: November 29, 1986
 - d. Term: December 31, 1988
 - e. Security deposit: N/A

5. Standard Concession Lease Agreement, as amended
 - a. Landlord: Outrigger Hotels Hawaii
 - b. Tenant: Outrigger Tours & Travel
 - c. Date: June 9, 1988
 - d. Term: Co-terminous with Management Agreement
 - e. Security deposit: N/A

6. Lease Agreement
 - a. Landlord: Outrigger Hotels Hawaii
 - b. Tenant: Web Service Co., Inc.
 - c. Date: December 4, 1986
 - d. Term: month to month
 - e. Security deposit: N/A

7. Agreement

- a. Proprietor: Outrigger Hotels Hawaii
- b. Operator: Outrigger Auto Services
- c. Date: July 22, 1988
- d. Term: month to month
- e. Security deposit: N/A

8. Standard Form Service Agreement

- a. Owner: Outrigger Hotels Hawaii
- b. Contractor: Nyna J. Weiser dba "The Therapist"
Professionals of Massage
- c. Date: September 1, 1988
- d. Term: August 31, 1989
- e. Security deposit: N/A

EXHIBIT "I"

MAINTENANCE FEE SCHEDULE

The Project has been operated, and will continue to be operated, as a hotel, and the initial hotel operator is Outrigger Hotels Hawaii. All normal costs of maintaining and operating the hotel will be paid by Outrigger Hotels Hawaii out of revenues derived from the operation of the hotel, and therefore no maintenance fee schedule will be established for the Project at this time.

Pursuant to the terms of the Condominium Lease Agreement, under which each purchaser will lease back his or her apartment to the developer, the developer shall deduct, from the rent payable to the purchaser under the Condominium Lease Agreement, a monthly sum to be deposited into a maintenance expense fund. This sum will increase by increases in the Consumer Price Index or because of other economic factors or reasons so as to ensure that the Project is properly maintained.

A pro-forma Statement of Maintenance Reserve Fund with a pro-rata schedule for each unit will be provided to each purchaser at time of signing of Sales Contract.

EXHIBIT "J"

SUMMARY OF SALES CONTRACT AND OTHER DOCUMENTS

A. Sales Contract

Each purchaser should carefully review the Sales Contract to be entered into by the developer and the purchaser. Some of the pertinent provisions of the Sales Contract are summarized as follows:

1. Each apartment will be conveyed to the purchaser by way of a Condominium Conveyance Document (summarized below).

2. At closing, each purchaser will lease back the apartment to the seller by way of a Condominium Lease Agreement (summarized below).

3. The purchaser may not resell the apartment to a person who is a resident, citizen or domiciliary of the United States of America until one (1) year from the date the last of the apartments in the Project is sold. If the purchaser wishes to resell the apartment, the purchaser must give the seller a first right of refusal to purchase the apartment.

4. The apartment will be used as part of a hotel operation, and therefore the purchaser cannot use or occupy the apartment. The hotel will be operated by Outrigger Hotels Hawaii pursuant to a long-term hotel operating agreement, and the seller shall have the right to appoint new hotel operators in the future.

5. Furnishings, fixtures and personal property are not included in the sale, and will not be conveyed to the purchaser.

6. The apartment and the Project are being sold in "as is" condition, without any representations or warranties whatsoever.

7. The purchaser may not assign the Sales Contract without the seller's consent.

8. The Sales Contract and the sale of the apartments are deemed to have been made and to be consummated in Japan. As such, the Sales Contract and the performance thereof shall be governed, interpreted, construed and regulated by the laws of Japan.

9. At closing, the purchaser will be giving the seller a power of attorney to act on the purchaser's behalf on all matters arising under the Project's Declaration of Horizontal Property Regime, the Project's Bylaws of Association of Apartment Owners or Chapter 514A, HRS. This power of attorney shall terminate upon the termination of the Condominium Lease Agreement

and may be revoked by the purchaser upon written notice to the seller.

10. The Sales Contract contains other terms governing the payment of deposits, the use of seller-arranged financing, late charges, seller's right to take back-up offers, purchaser's acknowledgment of various documents and information concerning the Project, default, risk of loss, payment of closing costs and prorations, and other matters.

THE FOREGOING IS A SUMMARY OF ONLY SOME OF THE TERMS OF THE SALES CONTRACT, AND IS NOT A COMPLETE DESCRIPTION OF ALL OF THE TERMS OF THE SALES CONTRACT. THE SALES CONTRACT CONTAINS MANY IMPORTANT TERMS WHICH ESTABLISH THE RIGHTS AND OBLIGATIONS OF THE PARTIES. EACH PURCHASER SHOULD CAREFULLY REVIEW THE SALES CONTRACT IN ITS ENTIRETY.

B. Condominium Conveyance Document

Title to each apartment will be conveyed to the purchaser by way of a Condominium conveyance Document (the "Conveyance Document"). Each purchaser should carefully review the Conveyance Document to be entered into by the developer and the purchaser. Some of the pertinent provisions of the Conveyance Document are summarized as follows:

1. The apartments will be conveyed to the purchaser in fee simple defeasible, and an appurtenant undivided percentage interest in the land will be conveyed on a sub-leasehold basis. The term of the Conveyance Document ends on October 31, 2050. At that time, the purchaser must surrender the land, his apartment and the rest of the Project to the fee owner (the purchaser will no longer have any right, title or interest in the land, his apartment or the rest of the Project), and will be paid only a nominal sum of money for this surrender.

2. The purchaser will pay a fixed monthly lease rent to the developer through October 31, 2015. Thereafter, upon renegotiation of the rent due under the master lease of the land, the purchaser will be pay his proportionate share of the rent payable to the fee owner under the master lease. "Proportionate share" means the rent payable to the fee owner under the master lease, multiplied by the percentage in the land assigned to the purchaser's apartment. The terms for setting the rent upon renegotiation are set forth in the master lease the developer has with the fee owner. The purchaser should therefore review the master lease for determining how the lease rent is to be renegotiated under the master lease. The purchaser, acting through the Project's board of directors, will have the right to negotiate with the fee owner the master lease rent payable to the fee owner, pursuant and subject to the terms of the master lease.

3. The Conveyance Document is subject to the master lease. If the master lease should be terminated before the

Conveyance Document is terminated, then the purchaser shall have the right to continue the Conveyance Document with the fee owner, provided that the purchaser is not in default under the Conveyance Document and provided certain other conditions are met. The master lease outlines the default provision which protects unit owners in good standing.

4. In addition to the basic rent described above, the purchaser also will be required to pay under the Conveyance Document other sums of money, including general excise taxes, real property taxes and assessments, other charges applicable to his apartment, and other sums described in the Conveyance Document.

5. If the purchaser defaults under the Conveyance Document, the developer may sell the apartment at foreclosure sale, and exercise other rights and remedies available at law or in equity.

6. The Conveyance Document requires the purchaser and the Project's Association to maintain the Project in good condition and to make all improvements required by law, to indemnify the developer and fee owner against various things, and to comply with all applicable laws.

7. The Conveyance Document contains other provisions governing such matters as the developer's right of inspection, bonding requirements imposed on the purchaser, the purchaser's obligation to pay costs of collection, insurance which the purchaser must obtain, prohibitions against liens upon the apartment, management of the Project, the purchaser's obligation to surrender the apartment, restrictions on the purchaser's right to sell or sublease the apartment or assign the Conveyance Document, the purchaser's obligation to pay interest on past-due amounts, what happens upon condemnation of the apartment or Project, restrictions on the purchaser's right to mortgage the apartment, and what happens upon the purchaser's default under the Conveyance Document.

THE FOREGOING IS A SUMMARY OF ONLY SOME OF THE TERMS OF THE CONVEYANCE DOCUMENT, AND IS NOT A COMPLETE DESCRIPTION OF ALL OF THE TERMS OF THE CONVEYANCE DOCUMENT. THE CONVEYANCE DOCUMENT CONTAINS MANY IMPORTANT TERMS WHICH ESTABLISH THE RIGHTS AND OBLIGATIONS OF THE PARTIES. EACH PURCHASER SHOULD CAREFULLY REVIEW THE CONVEYANCE DOCUMENT IN ITS ENTIRETY.

C. Condominium Lease Agreement

At closing, each purchaser will be required to lease his apartment back to the developer by way of a Condominium Lease Agreement (the "Lease Agreement"). Each purchaser should carefully review the Lease Agreement to be entered into by the developer and the purchaser. Some of the pertinent provisions of the Lease Agreement are summarized as follows:

1. The term of the Lease Agreement commences from the closing date and continues until June 30, 2002 and is automatically continued for an additional 14-year period and a subsequent 10-year period (thus expiring on June 30, 2026). The rent payable to the purchaser until June 30, 2002, is fixed, and is to be redetermined by the developer for the following 14-year period and the subsequent 10-year period; however, the rent may be readjusted by the developer if there occur any force majeure or other material changes in the economic environment or other circumstances, as described in the Lease Agreement.

2. So long as the management services for the Project are provided by the developer or its affiliates or agents, the monthly rent payable to the purchaser shall be reduced by 10%. In addition, the purchaser will pay at closing, and will have deducted from its rent thereafter, a monthly sum which will be deposited into a maintenance fund to be used for the proper maintenance and operation of the Project.

3. Under the Lease Agreement, the developer will have sole control and use of the apartment and will operate the Project as a hotel, and the purchaser will not have any right to use or occupy the apartment.

4. If during the term of the Lease Agreement the purchaser should desire to sell his apartment, the purchaser shall be required to give the developer a right of first refusal to purchase the apartment.

5. The Lease Agreement automatically applies to whoever owns the apartment, and the apartment may not be sold by the purchaser without the Lease Agreement.

6. The Lease Agreement covers other matters, such as the payment of certain costs and expenses related to the ownership of the apartment and the right to cure defaults.

THE FOREGOING IS A SUMMARY OF ONLY SOME OF THE TERMS OF THE LEASE AGREEMENT, AND IS NOT A COMPLETE DESCRIPTION OF ALL OF THE TERMS OF THE LEASE AGREEMENT. THE LEASE AGREEMENT CONTAINS MANY IMPORTANT TERMS WHICH ESTABLISH THE RIGHTS AND OBLIGATIONS OF THE PARTIES. EACH PURCHASER SHOULD CAREFULLY REVIEW THE LEASE AGREEMENT IN ITS ENTIRETY.

EXHIBIT "K"

SUMMARY OF ESCROW AGREEMENT

An Escrow Agreement, dated March 27, 1990, has been entered into between the Seller and Title Guaranty Escrow Services, Inc. ("Escrow"). The Escrow Agreement describes the manner in which various closing documents will be ordered by Escrow, delivered to the Seller in Japan for signature by the parties, and returned to and recorded by Escrow in Hawaii. Among other things, the Escrow Agreement provides that (a) upon the recordation of the closing documents, the purchaser will be provided with an Owner's title insurance policy, in the amount of the purchase price, insuring that title to the apartment is vested in the purchaser, and (b) if any dispute should arise between Seller and the apartment purchaser, Escrow shall not be required to take any action, but instead may file an interpleader action and have the dispute resolved by the courts.

THE FOREGOING IS A SUMMARY OF ONLY SOME OF THE TERMS OF THE ESCROW AGREEMENT, AND IS NOT A COMPLETE DESCRIPTION OF ALL OF THE TERMS OF THE ESCROW AGREEMENT. THE ESCROW AGREEMENT CONTAINS MANY OTHER TERMS DESCRIBING THE MANNER IN WHICH THE CLOSING OF APARTMENTS WILL OCCUR. EACH PURCHASER SHOULD CAREFULLY REVIEW THE ESCROW AGREEMENT IN ITS ENTIRETY.