



**REAL ESTATE COMMISSION
STATE OF HAWAII**
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

THE LIHOLIHO TOWNHOUSES
1520 Liholiho Street
Honolulu, Hawaii 96822

Registration No. 1794

Issued: September 17, 1986
Expires: October 17, 1987

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 4, 19 86 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

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 when complete information is filed.
 - FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission. This report must be read together with _____.
 - SUPPLEMENTARY:**
(pink) Changes information contained in the
 - Prelim. Public Report dated _____
 - Final Public Report dated _____
 - Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____

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.

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Appendix I: People Connected with the Project

Attached only if there are additions or changes to information contained in the body of the report.

GENERAL INFORMATION ON CONDOM. JMS

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 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 condominiums, 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 or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. 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.

Operation of the Condominium

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. 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 control of the administration and operation of the condominium will in most cases be limited to your right to vote as an 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.

PEOPLE CONNECTED WITH THE PROJECT

Developer: Business Investment, Ltd. Phone: 536-1082
Name (Business)
2700, Pacific Tower
Business Address
1001 Bishop St., Honolulu, HI 96813

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

Real Estate Sales Agent: Business Investment, Ltd. Phone: 536-1082
Real Estate Division (Business)
Name
2700, Pacific Tower
Business Address
1001 Bishop St., Honolulu, HI 96813
Ms. Andrea Lehman, Corporate Broker

Escrow: Security Title Corporation Phone: 521-9511
Name (Business)
1200, Pacific Tower
Business Address
1001 Bishop St., Honolulu, HI 96813

Managing Agent: General Management Corporation Phone: 536-1082
Name (Business)
2700, Pacific Tower
Business Address
1001 Bishop St., Honolulu, HI 96813

Attorney for Developer: Hong, Iwai and Hulbert (Attention: Donald K. Iwai)
Name
2200, Pauahi Tower
Business Address
1001 Bishop St., Honolulu, HI 96813

Appendix F may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

**CREATION OF THE CONDOMINIUM
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances 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.

The Declaration for this condominium is:

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

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

- Proposed
- Recorded – Bureau of Conveyances – Map No. _____
- Filed – Land Court – File Plan No. _____

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium. 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 will be governed.

The Bylaws for this condominium are:

- Proposed
- Recorded – Bureau of Conveyances – Book _____ Page _____
- 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. 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 recorded 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>67%</u>
House Rules	—	<u>The Board of Directors shall have the power to adopt, amend or repeal the House Rules.</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: The developer reserves the right to modify the Declaration, Bylaws, Apartment Deed and Escrow Agreement; provided that no such modification shall (a) increase buyer's share of common expenses, (b) require a substantial change of the building, (c) reduce substantially the size of an apartment, or (d) substantially impair or modify any of the obligations in respect of the building given or undertaken by the developer. The developer further reserves the right to make minor changes to any apartment and to the common elements; provided that no changes shall be made which shall affect the physical location or reduce the number of apartments in the Project or substantially change the design.

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.

B. Underlying Land:

Land Area: approximately 16,000 square feet Zoning: A-2 (Punchbowl District)
Tax Map Key: First Division 2-4-20:42 & 43

Fee Owner: Business Investment, Ltd.
name
2700, Pacific Tower
address
1001 Bishop St., Honolulu, HI 96813

Sublessor:
name
address

C. Buildings and Other Improvements:

1. New Construction Conversion of Existing Building
 Both New Construction and Conversion

2. Buildings: 1 Floors Per Building: 5

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Gypsum boards and studs, wooden doors, and wooden and aluminum frames for glass windows

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Industrial	<u> </u>
<input checked="" type="checkbox"/> Residential	<u>20</u>	<input type="checkbox"/> Agricultural	<u> </u>
<input type="checkbox"/> Timeshare/Hotel	<u> </u>	<input type="checkbox"/> Recreational	<u> </u>
<input type="checkbox"/> Other:	<u> </u>		<u> </u>

5. Special Use Restrictions:

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

Pets: No more than 2 pets in any apartment and the approval of the Board of Directors is required before any dog may be kept in an apartment.

Number of Occupants:

Other: See item 1 of Attachment at page 21

6. Interior (fill in appropriate numbers):

Total Apartments 20

Elevators 1

Stairways 2

Trash Chutes 1

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
See Exhibit A				

*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: Each apartment shall be deemed to include (a) all walls and partitions which are not load-bearing within its perimeter or party walls, (b) the interior decorated or finished surfaces of all perimeter or party walls and load-bearing walls, floors and ceilings, the entry doors and door frames, including the exterior unfinished surfaces thereof and all floor coverings, (c) all windows, window glass and frames, (d) the lanai, and (e) all fixtures contained or installed in the apartment. An apartment will not be deemed to include the perimeter or party walls or the interior load-bearing walls or the floors and ceilings surrounding the apartment, or any pipes, wires, conduits or other utility or service lines running through the apartment which are utilized for or serve more than one apartment.

Permitted Alterations to Apartments:

See item 2 of Attachment commencing from page 21.

7. Parking Stalls: See Exhibit B

	<u>Number of Stalls</u>
Assigned Stalls (For Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Other: _____	_____
Total Parking Stalls	<u>30</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	<u>18</u>	<u>15</u>	_____
Number of open stalls	<u>6</u>	_____	_____
Number of partially covered stalls	<u>6</u>		

Commercial parking garage permitted on condominium.

Exhibit D contains additional information on parking stalls for this condominium.
See also item 3 of Attachment

8. Recreational and Other Common Facilities:

- | | |
|--|---|
| <input type="checkbox"/> Swimming pool | <input type="checkbox"/> Storage Area |
| <input type="checkbox"/> Recreation Area | <input type="checkbox"/> Laundry Area |
| <input type="checkbox"/> Tennis Court | <input checked="" type="checkbox"/> Trash Chute |
| <input type="checkbox"/> Other: _____ | |

9. Present Condition of Improvements

(For conversions of ~~ap~~ rental apartments in existence for five years): Not applicable

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 (for conversions only) Not applicable

	<u>Conforming</u>	Non-Conforming	
		<u>Legal</u>	<u>Illegal</u>
Uses	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

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

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

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

Exhibit C 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. The limited common elements and the apartment which may use them are:

described in Exhibit D

as follows:

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

The percent common interest for each apartment in the Project is five percent (5%).

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

Exhibit E describes the encumbrances against the title contained in the title report dated August 1, 1986.

Blanket Liens:

- [] There are no blanket liens affecting title to the individual apartments.
[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. 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>
Mortgage	If the developer defaults under the present mortgage and the mortgagee forecloses, the mortgagee or any purchaser at foreclosure sale will have the right to cancel all Sales Contracts. The developer, however, intends to obtain an interim construction loan and to use the proceeds thereof to pay in full and cause the release of the present mortgage on the land and to pay for the construction of the Project. As to such interim construction loan, buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer. See Exhibit G, item 9 for further explanation.

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. 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.

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.
[X] the Developer or the Developer's affiliate.
[] other _____

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. If you are late 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 F contains a schedule of maintenance fees and maintenance fee disbursements.

H. Separate Utility Charges for Apartments:

Except for the utilities indicated below, each apartment will be billed separately for utilities:

- | | |
|--|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input checked="" type="checkbox"/> Gas (none) | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

I. Construction Warranties

1. **Building and Other Improvements:** The developer anticipates but does not warrant that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If within one year after the date of substantial completion of the work, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the developer to do so unless the developer has previously given the contractor a written acceptance of such condition. The developer shall give such notice promptly after discovery of the condition.

The developer makes no warranties itself, but, if buyer shall give the developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of the contractor's warranty, the developer will forward such notice together with the written notice to the contractor to correct such condition.

2. **Appliances:** A description of warranties on the appliances to be installed in each apartment is presently unavailable inasmuch as the purchase contracts therefor have not been executed by the developer. The developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the apartment. By such assignment the developer will be merely passing through to buyers any such manufacturer's or dealer's warranties, and the developer will not be adopting any such warranties or acting as co-warrantor.

J. Status of Construction and Estimated Completion Date

Construction of the Project has not commenced. No estimate for start nor completion is possible at this time, as both dates are contingent on developer achieving, among other things, a certain level of pre-sales.

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:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit G contains a summary of the provisions of the sales contract.

[X] Escrow Agreement dated August 14, 1986

Exhibit H contains a summary of the provisions of the escrow agreement.

[X] Other Affidavit of Intent to Purchase a Unit Designated for Owner-Occupant; Receipt for Public Report(s) and Notice of Right to Cancel; Apartment Deed

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

- A. Location of Project: The Project will be located on approximately 16,000 square feet of land at 1520 Liholiho Street, Honolulu, Hawaii 96822.
- B. Apartment Numbering and Location: The apartment building will be facing in the Diamond Head or easterly direction. The apartments will be numbered serially 01 to 10, inclusive, preceded by a number indicating the floor in which the apartment is located. The apartments numbered 01 to 05, inclusive, will be located on the mauka side of the building and the apartment numbered 06 to 10, inclusive, will be located on the makai side of the building. Each of the apartments will consist of two (2) floors, the apartments numbered 201 to 210, inclusive, will each have a living room, dining room, kitchen, one-half bathroom and a lanai on the second floor and two (2) bedrooms and a bathroom on the third floor. The apartments numbered 501 to 510, inclusive, will each have two (2) bedrooms and a bathroom on the fourth floor and a living room, dining room, kitchen, one-half bathroom and a lanai on the fifth floor. The entrance to each of the apartments numbered 201 to 210, inclusive, is on the second floor. The entrance to each of the apartments numbered 501 to 510, inclusive, is on the fifth floor. There are no corridors on the third and fourth floors and there are no entrances to or exists from the apartments on the third and fourth floors.
- C. Financing of Project: The developer intends to finance the development and construction of the Project by means of an interim construction loan and, to the extent necessary, by use of its own funds. The developer has discussed financing of the Project with a few lenders and has received positive response from GECC Financing Corporation, although no firm written commitment has been obtained. It is anticipated that any construction loan commitment, including any such commitment from GECC Financing Corporation, will provide for a loan amount of about \$2,000,000.00 with interest at a floating rate of 2% over prime, partial releases, and a pre-sale requirement before funding of the loan. To the extent permitted by law and only after all statutory requirements have been met, the developer intends to use buyer's funds to pay for a portion of the construction cost of the Project.

The developer is also conducting discussions with lending institutions for a commitment for long term mortgage loans to qualified buyers to finance the purchase of apartments. No written commitment for such long term mortgage loans have been obtained, but Honolulu Federal Savings and Loan Association and Mason-Mc Duffie Mortgage Corporation have expressed interest in providing such long term mortgage loans.

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 a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the reports 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 (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
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. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
6. Other Apartment Deed

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 are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

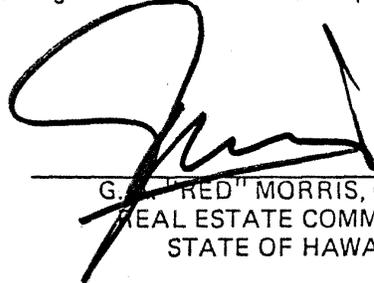
This Public Report is a part of Registration No. 1794 filed with the Real Estate Commission on September 4, 1986.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock white paper stock pink paper stock

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.



G. "RED" MORRIS, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Separate Disclosure Abstract on this condominium:

Required Not Required — disclosures covered in this report

Distribution:

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

V. ATTACHMENT

1. Other Special Use Restrictions: The apartments shall be occupied and used only as dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or for hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of such apartments are provided customary hotel services on a daily basis, such as room service for food and beverages, maid service, laundry and linen or bellboy service. The apartments shall not be used, leased, rented or any undivided interest therein conveyed for time-sharing purposes or under any time-sharing arrangement. Except for such transient, hotel or time-sharing purposes, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration.

2. Permitted Alterations to Apartments: Any alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall be undertaken by an apartment owner or owners only pursuant to the written approval thereof, including the plans therefor, by the holders of mortgages affecting such apartment, the Board, and all other apartment owners thereby directly affected (as determined by the

Board in its sole discretion). Upon completion of such tions or additions the apartment owners directly affected shall duly record and file of record an amendment to the Declaration together with the approved plans showing only such alterations or additions within an apartment space or within a limited common element as aforesaid. Such amendment to the Declaration need only be executed by the apartment owners directly affected and their mortgagees.

3. Reassignment of Parking Stalls. The parking stall assignment is shown in Exhibit B and for the present all parking stalls are assigned to one apartment, to-wit, Apartment No. 508. It is intended, however, that as and when sales of apartment spaces are effected parking stalls will be assigned to the apartments sold, and for that purpose the developer reserves the right to designate some of said parking stalls as guest parking and part of the common elements and to reassign some or all of the parking stalls to other apartments in the Project as and when sales of apartments are effected to the intent and purpose that when such reassignment of parking stalls is completed, each apartment will have one or more parking stalls for the exclusive use of such apartment. Subject to the limitation that each apartment shall at all times have at least one parking stall appurtenant to it, apartment owners will have the right to change the assignment (but not the numbering) of parking stalls by amendment of the Declaration and the respective apartment

deeds involved, such amendment to the Declaration and apartment deeds to be in writing and executed only by the owners of the apartments seeking such change (and their respective mortgagees, if any) and to be effective only upon recording the same in the Bureau of Conveyances in the State of Hawaii. The Developer may assign all of the parking stalls to the apartments, in which event there will be no parking stalls for guests.

APARTMENT DESCRIPTION

The apartments are not designated into types. The floor area, number of rooms and other description of each of the apartment are as follows:

<u>Apt. Nos.</u>	<u>BR/Bath, etc.</u>	<u>Net Living Area (s.f.)</u>	<u>Lanai (s.f.)</u>
201, 205, 206, 210, 501, 505, 506, 510	2 BR, LR, DR, K, 1-1/2 Bath & lanai	872	37
202, 204, 207, 209, 502, 504, 507, 509	2 BR, LR, DR, K, 1-1/2 Bath, storage & lanai	925	37
203, 503	2 BR, LR, DR, K, 1-1/2 Bath, storage & lanai	963	37
208, 508	2 BR, LR, DR, K, 1-1/2 Bath, storage & lanai	971	37

The floor areas of the apartment spaces set forth hereinabove are in square feet and in terms of "net living area," and "lanai area." Net living area represents the approximate area of the space within the interior finished surfaces of the perimeter non-party walls and party walls of the apartment space, including all partitions and walls (load-bearing and nonload-bearing), all air shafts, and all plumbing, mechanical and electrical chases within such perimeter and party walls. The net living area is the area of the apartment (exclusive of the lanai area) measured in accordance with the regulations of

the Real Estate Commission of the State of Hawaii. Although the areas of the net living area and the lanai, respectively, are set forth separately, by definition the lanai is included as part of an apartment.

The dimensions of the apartment spaces shown on the Condominium Map are not in accordance with the above-mentioned regulations of the Real Estate Commission but in accordance with local architectural practice and show the apartment spaces measured from the interior half of the party walls and the exterior of perimeter non-party walls, and includes all partitions and walls (load-bearing and nonload-bearing), all air shafts, and all plumbing, mechanical and electrical chases within such perimeter walls and party walls.

ALL FLOOR AREAS OF APARTMENT SPACES HEREINABOVE SET FORTH ARE APPROXIMATE ONLY. THE AREAS OF THE APARTMENT SPACES UPON COMPLETION ARE LIKELY TO VARY SOMEWHAT.

THE LIHOLIHO TOWNHOUSES
PARKING STALL ASSIGNMENT

Apartment No.

508

Parking Stall No.

1 to 30, inclusive*

NOTE: Parking stalls numbered 1, 4, 5, 8, 9, 15, 18, 19, 20, 21, 22, 23, 24, 27 and 28 are designed for compact cars. These compact stalls are indicated on the Condominium Map with the letter "C."

* However, see item 3 on page 22 of this report

EXHIBIT B

EXHIBIT C

Common Elements

The common elements shall include, but are not limited to, the following:

1. The Land in fee simple;
2. All foundations, beams, floors, slabs, supports, perimeter walls, party walls, load-bearing walls, floors and ceilings (except for the decorated or finished interior surfaces of such perimeter walls, party walls, load-bearing walls, floors and ceilings within each apartment and except as expressly provided otherwise), roofs and stairways of the building;
3. All areas, structures or facilities of the Project, within or outside of the building, which are for common use or which serve more than one apartment, such as the electrical room, machine, mechanical and equipment rooms and the equipment and facilities therein, the hallways, the elevator shaft and elevator, the walkway and common ways, landscaping, yards, storage areas, mail area, social and recreational areas and facilities, fences, retaining walls, refuse collection areas and parking area;
4. All central and appurtenant installations serving more than one apartment for power, light, gas, water, ventilation, refuse, telephone, radio and television signal distributions and all pipes, wires, conduits, ducts, vents and other service utility lines which serve more than one apartment;

5. All tanks, pumps, motors, fans and in general, all apparatus and installations for common use, and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use;

6. All other parts of the Project, which are not included in the definition of an apartment.

LIMITED COMMON ELEMENTS

Certain of the common elements are designated as "limited common elements" and are set aside and reserved for the use of certain apartments, which apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements so set aside and so reserved are as follows:

(a) Parking Stalls. The parking stalls and the apartment to which the same appertain are set forth in Exhibit B. The developer reserves the right to designate some of said parking stalls as guest parking and part of the common elements and/or to reassign some or all of said parking stalls to other apartments in the Project as and when sales of apartments are effected to the intent and purpose that when such reassignment of parking stalls is completed, each apartment will have one or more parking stalls for the exclusive use of such apartment. Each apartment will have, at all times, one or more parking stalls for the exclusive use of such apartment. Subject to the limitation that each apartment shall at all times have at least one parking stall appurtenant to it, apartment owners will have the right to change the assignment (but not the numbering) of parking stalls by amendment of this Declaration and the respective apartment deeds involved, such amendment to the Declaration and apartment deeds to be in writing and executed only by the

EXHIBIT D

owners of the apartments seeking such change (and their respective mortgagees, if any) and to be effective only upon recording the same in the Bureau of Conveyances of the State of Hawaii.

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

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

ENCUMBRANCES AGAINST TITLE

A policy of title insurance issued by First American Title Insurance Co., dated August 1, 1986, shows the following encumbrances on the land:

1. For real property taxes as may be due and owing, inquiry should be made with the Department of Finance, Real Property Assessment Division, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Restrictive covenants contained in those certain Deeds: (a) dated June 23, 1915, recorded on November 4, 1915 in the Bureau of Conveyances of the State of Hawaii in Liber 432, Page 168, and (b) dated August 26, 1916, recorded as August 31, 1916 in said Bureau of Conveyances in Liber 442, Page 468, to-wit.

"That no malt, vinous, spirituous or intoxicating liquors of any kind shall ever be sold or exposed for sale or manufactured on the granted premises or any part thereof."

4. Mortgage dated July 30, 1986, recorded on August 1, 1986 in the Bureau of Conveyances of the State of Hawaii in Liber 19729, Page 474, made by Business Investment, Ltd., a Hawaii corporation, as Mortgagor(s), to GECC Financial Corporation, a Hawaii corporation, as Mortgagee(s), to secure the repayment of the sum of \$425,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.

ESTIMATE OF INITIAL MAINTENANCE FEES

 AND
 ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment Nos.</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
201, 202,)		
203, 204,)		
205, 206,)		
207, 208,)		
209, 210,)	\$80.00	\$1,600.00
501, 502,)		
503, 504,)		
505, 506,)		
507, 508,)		
509, 510)		

[] Revised on _____

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning	N/A		
Electricity		\$ 300.00	\$3,600.00
<input checked="" type="checkbox"/> common elements only			
<input type="checkbox"/> common elements and apartments			
Gas	N/A		
Refuse Collection		70.00	840.00
Telephone	N/A		
Water and Sewer		250.00	3,000.00

Maintenance, Repairs and Supplies

Building		200.00	2,400.00
Grounds		250.00	3,000.00

Management

Management Fee		200.00	2,400.00
Payroll and Payroll Taxes	N/A		
Office Expenses		50.00	600.00

Insurance		110.00	1,320.00
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Reserves		100.00	1,200.00
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Taxes and Government Assessments		30.00	360.00
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Other		<u>40.00</u>	<u>480.00</u>
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TOTAL		<u>\$1,600.00</u>	<u>\$19,200.00</u>
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TOTAL

I/We, General Management Corporation, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

GENERAL MANAGEMENT CORPORATION

By Colin de Sève
Its Chairman
Date: September 2, 1986

EXHIBIT G

Summary of Provisions of the Sales Contract

The Sales Contract establishes the developer's willingness to sell and a buyer's willingness to purchase an apartment.

Among other provisions, the Sales Contract includes the following:

1. Each Sales Contract executed prior to the issuance of a Final Public Report for the Project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment.

2. The developer may cancel the Sales Contract if the buyer's application for eligibility for a mortgage loan is rejected or not preliminarily approved within thirty (30) days after application.

3. The buyer will pay for the following closing costs: acknowledgments of buyer's signatures on all documents, cost of credit reports, drafting of buyer's mortgage, mortgage insurance premiums, financing and other fees in connection with buyer's mortgage, title insurance, recording fees not paid by the developer, and one-half of the escrow fees.

4. The developer makes no warranties, express or implied, with respect to the apartments, the Project, or consumer products or other things installed therein, including warranties

of merchantability, habitability, workmanlike construction fitness for a particular purpose.

5. The developer and its agent have no program at this time nor is any program planned or contemplated to offer a rental service of any kind to the owners of apartments in the Project, either individually or in any form of pooling arrangement, or by a third-party designated or arranged for by the developer, nor have any representations been made by the developer or its agent as to the feasibility of renting the apartment, or otherwise generating income or deriving any other economic benefit from ownership of the apartment. The developer and its agent have made no representations (nor is anyone authorized to do so) contrary to this paragraph with respect to either benefits to be derived from the rentals or other tax treatment of any buyer of an apartment.

6. The buyer agrees that the developer shall have the right to conduct construction activities for the completion of the improvements and correction of defects in the Project, and such rights shall terminate 18 months after the later of (a) the date of recording in the Bureau of Conveyances of the State of Hawaii of the first Apartment Deed to an apartment in the Project, or (b) "substantial completion" (as the term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvements to be completed or corrected.

7. The buyer further agrees that the developer shall have the right to conduct sales activities on the Project, including the use of model apartment units, sales offices, signs and extensive sales displays and activities, and the use of two (2) parking spaces in the Project for parking for prospective purchasers, until the earlier to occur of (a) 18 months from the filing as aforesaid of the first Apartment Deed to an apartment in the Project, or (b) the sale of the last unsold apartment in the Project. In the latter case, such sales activities must be conducted in an unobtrusive manner and which will not interfere with the use, possession and aesthetic enjoyment of the Project by the buyer.

8. The buyer is advised that the developer intends to pre-close Sales Contracts by having all documents and funds necessary for final closing signed and deposited with Escrow prior to the date set for final closing and the buyer agrees to sign all necessary documents, including buyers' mortgage and escrow instructions, and deposit all monies required for final closing. If buyer does not sign all documents and deposit the necessary monies in escrow as aforesaid within 5 days after the developer has requested the buyer to do so, the developer will have the option to assess the buyer the costs and damages arising out of such delay.

9. The buyer agrees that his rights under the Sales Contract is subordinated to a mortgagee who makes a construction

loan for the Project. This does not mean that the buyer is or will be in any way responsible for the payment of such loan. It merely means that if the developer defaults under the construction loan mortgage before the apartment is conveyed to the buyer (i.e. before final closing of the Sales Contract) and the mortgagee forecloses the mortgage, the Sales Contract which the buyer has signed for the purchase of an apartment may or may not be honored by the mortgagee. What will determine the action of the mortgagee in such a case will depend upon all of the circumstances then existing and cannot be predicted at this time. If the developer defaults after the apartment is conveyed to the buyer (i.e. after final closing of the Sales Contract), buyer's interest in the apartment will not be affected at all.

The foregoing are only excerpts from certain paragraphs in the Sales Contract. It is incumbent upon the prospective buyer that he reads with care the entire Sales Contract.

EXHIBIT H

Summary of Provisions of the Escrow Agreement

The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust as well as the retention and disbursements of said funds.

Among other provisions, the Escrow Agreement includes the following:

1. Escrow shall deposit any or all funds received and held in escrow in interest bearing accounts in federally-insured savings and loan institutions or federally-insured banking institutions designated by the developer or may use such funds for the purchase of time certificates. Any and all interest earned on such funds during the holding thereof shall accrue to the credit of the developer in accordance with the agreements and instructions contained in the Sales Contracts.

2. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such buyer, if one of the following has occurred:

(a) The developer notifies Escrow to return to the buyer the funds of the buyer then being held thereunder by Escrow; or

(b) The developer notifies Escrow of the developer's exercise of the option to rescind the Sales Contract pursuant to

any right of rescission stated therein or otherwise available to the developer; or

(c) The conditions provided for a refund under Sections 514A-62, 514A-63 or 514A-105 of the Horizontal Property Act (as amended on the date upon which the Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided to the developer, and the developer and the buyer shall advise Escrow to refund buyer's funds. Upon the return of said funds to the buyer as aforesaid, Escrow shall return to the developer such buyer's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract; and thereupon the buyer shall no longer be obligated under the Sales Contract.

3. Escrow shall make no disbursements of any buyer's funds, except by way of refunds thereof as provided above, until such buyer's Sales Contract has "become effective" and the requirements of Section 514A-39, 514-62 and 514A-63 of the Horizontal Property Act have been met. No disbursements of any buyer's funds shall be made by Escrow for payments of construction costs unless bills are submitted with the request for such disbursements which have been approved or certified for payment by the developer's mortgagee or a financially disinterested person.

4. Subject to the provisions of paragraphs 2 and 3 above, and upon written request of the developer, disbursements

of buyer's funds shall be made by Escrow from time to time to pay for construction costs in proportion to the valuation of the work completed by the contractor as certified by a registered architect or professional engineer, and approved by the developer's mortgagee, and to pay for architectural, engineering, finance and legal fees and other incidental expenses of the Project as approved by the developer's mortgagee. No disbursements of any buyer's funds shall be made from the balance of the escrow funds after payment of the foregoing costs until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute.

The foregoing are only a summary of certain provisions in the Escrow Agreement. It is incumbent upon the prospective buyer that he reads the entire Escrow Agreement with care.

OFFICERS OF DEVELOPER

<u>Name</u>	<u>Title</u>	<u>Address</u>
Colin de Silva	President	2700 Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Kaye Hall	1st Vice President and Secretary	2700 Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Camille Kuwabara	2nd Vice President and Treasurer	2700 Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Andrea Lehman	Vice President	2700 Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Cheryl Brendle	Vice President	2700 Pacific Tower 1001 Bishop Street Honolulu, HI 96813