CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: **Developer** Lunalilo Court Apartments, Inc.
Address c/o Commercial Realty Corp., 90 N. King Street, Suite 207
Honolulu, Hawaii 96817
Project Name(*): Lunalilo Court
Address: 1114 Lunalilo Street, Honolulu, Hawaii 96822

Registration No. 2995 (Conversion)

Effective date: December 20, 1993
Expiration date: January 20, 1995

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.

X **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 _____

___ **SUPPLEMENTARY:** (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated: _____
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

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

(*) Exactly as named in the Declaration

Disclosure Abstract: **Separate Disclosure Abstract on this condominium project:**

[X] **Required and attached to this report** [ ] **Not Required - disclosures covered in this report.**

Summary of Changes from Earlier Public Reports: N/A

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.

[X] **No prior reports have been issued by the developer.**

[ ] **Changes made are as follows:**

SPECIAL ATTENTION

This Condominium Public Report covers 16 apartments located in the following buildings in the Project only:

Building	Apartments
Building 1	1 through 10
Building 3	20 through 21
Building 4	22 through 23
Building 5	24 through 25

The Developer will file a Supplementary Condominium Public Report covering the following apartments in the Project at a later date (see III.C.9. Compliance with Building Code and Municipal Regulations: Cost to Cure Violations): For further details, see Exhibit "E".

Building	Apartments
Building 2	11 through 19

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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: Lunalilo Court Apartments, Inc.
Name
c/o Commercial Realty Corp.
Business Address
90 N. King Street, Suite 207
Honolulu, Hawaii 96817

Phone: (808) 531-1621 (Business)

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

None.

Real Estate Broker: Savio Realty, Ltd.
Name
931 University Avenue, #202
Business Address
Honolulu, Hawaii 96826

Phone: (808) 942-7701 (Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street, first floor
Business Address
Honolulu, Hawaii 96813

Phone: (808) 521-0211 (Business)

General Contractor: N/A
Name

Business Address

Phone: _____ (Business)

Condominium Managing Agent: Commercial Realty Corp.
Name
90 N. King Street, Suite 207
Business Address
Honolulu, Hawaii 96817

Phone: (808) 531-1621 (Business)

Attorney for Developer: Edward R. Brooks, Esq.
Name
Foley Maehara Judge Nip & Chang
Business Address
737 Bishop Street, Suite 2700

Honolulu, Hawaii 96813

Phone: (808) 526-3011 (Business)

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

[X] Recorded - Bureau of Conveyances: Document No. 93-153664
Book _____ Page _____

[ ] Filed - Land Court: Document No. _____

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

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

[X] Recorded - Bureau of Conveyances Condo Map No. 1929

[ ] Filed - Land Court Condo Map No. _____

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

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

[X] Recorded - Bureau of Conveyances: Document No. 93-153665
Book _____ Page _____

[ ] Filed - Land Court: Document No. _____

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

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:

[X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	—	majority of the Board

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

2. Developer:

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

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

See Exhibit "A" attached hereto and made a part hereof.

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.

[X] 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 "B" 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: December 31, 2033

Rent periods begin on:

Rent Renegotiation Date(s): January 1, 1999, January 1, 2009, January 1, 2019, January 1, 202

Rent renegotiated in 1998, 2008, 2018, and 2028

Lease Rent Payable: [X] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually

Exhibit "C" contains a schedule of the lease rent for each apartment per [X] Month [X] 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.

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually

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

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment fo the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the lanc The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payment 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 lan 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: 1114 Lunalilo Street
Honolulu, Hawaii 96822

Tax Map Key: (1) 2-4-019-041
(TMK)

[ ] Address [ ] TMK is expected to change because N/A

Land Area: 30,000 [X] square feet [ ] acre(s) Zoning: A-2

Lessor (Fee Owner): Rose He Yon Kim, as to an undivided 72% interest
Rose H. Y. Kim, as Trustee under the Last Will and Testament of Henry I. H. Ki dated January 10, 1990, as to an undivided 28% interest.

Name

1633 Onipaa Street

Address

Honolulu, Hawaii 96819

Sublessor: Lunalilo Court Apartments, Inc.

Name

c/o Commercial Realty Corp.

Address

90 N. King Street, Suite 207

Honolulu, Hawaii 96817

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 5 Floors Per Building Building 1 = two (2) floors; Buildings 3,4 and 5 = one (1) floor; Building 2 = one (1) floor and basement

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[X] Concrete [X] Hollow Tile [ ] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[X] Residential	16	[X] Yes [ ] No	[ ] Ohana	___	[ ] Yes [ ] No
[ ] Commercial	___	[ ] Yes [ ] No	[ ] Industrial	___	[ ] Yes [ ] No
[ ] Mix Res/Comm	___	[ ] Yes [ ] No	[ ] Agricultural	___	[ ] Yes [ ] No
[ ] Hotel	___	[ ] Yes [ ] No	[ ] Recreational	___	[ ] Yes [ ] No
[ ] Timeshare	___	[ ] Yes [ ] No	[X] Other: Non-conforming residential 9		[ ] Yes [X] No *

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

* See Exhibit "E" for details

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:

[X] **Pets:** No livestock, poultry, rabbits, pets or other animals without prior written consent of the Board except certified seeing-eye dogs, signal dogs and service dogs

[ ] **Number of Occupants:**

[X] **Other:** Private dwelling use only. No apartment may be used as a tenement or rooming house, for carrying on trade or business, transient or hotel purposes or time sharing purposes

[ ] **There are no special use restrictions.**

6. Interior **(fill in appropriate numbers):**

Elevators: 0 **Stairways:** 3 **Trash Chutes:** 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
None	see Page 11(a) for details			None

Total Apartments: 16 (covered in this registration)

***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:

Each apartment is designated in the space within the perimeter walls, floors and ceilings of each apartment.

Permitted Alterations to Apartments:

See Exhibit "D" attached hereto and made a part hereof.

6. Interior

The apartments in the Project are described as follows:

Apartment 1 in Building 1 consists of four (4) rooms, including two (2) bedrooms, a bathroom, and a living/kitchen and contains a net living area of approximately five hundred seven (507) square feet.

Apartment 2 in Building 1 consists of four (4) rooms, including two (2) bedrooms, a bathroom, and a living/kitchen and contains a net living area of approximately five hundred seven (507) square feet.

Apartment 3 in Building 1 consists of four (4) rooms, including two (2) bedrooms, a bathroom, and a living/kitchen and contains a net living area of approximately five hundred seven (507) square feet.

Apartment 4 in Building 1 consists of three (3) rooms, including a studio/kitchen, a bathroom, and a dressing room and contains a net living area of approximately two hundred ninety (290) square feet.

Apartment 5 in Building 1 consists of three (3) rooms, including a studio/kitchen, a bathroom, and a dressing room and contains a net living area of approximately three hundred seven (307) square feet.

Apartment 6 in Building 1 consists of three (3) rooms, including one (1) bedroom, a bathroom, and a living/kitchen and contains a net living area of approximately three hundred eighty-six (386) square feet.

Apartment 7 in Building 1 consists of four (4) rooms, including two (2) bedrooms, a bathroom, and a living/kitchen and contains a net living area of approximately five hundred seven (507) square feet.

Apartment 8 in Building 1 consists of three (3) rooms, including one (1) bedroom, a bathroom, and a living/kitchen/dining room and contains a net living area of approximately five hundred seven (507) square feet.

Apartment 9 in Building 1 consists of three (3) rooms, including one (1) bedroom, a bathroom, and a living/kitchen/dining room and contains a net living area of approximately five hundred seven (507) square feet.

Apartment 10 in Building 1 consists of seven (7) rooms, including three (3) bedrooms, a bathroom, a powder room, a living room and a kitchen/dining room, and contains a net living area of approximately one thousand ninety-eight (1,098) square feet.

Apartment 20 in Building 3 consists of five (5) rooms, including two (2) bedrooms, a bathroom, a living room and a kitchen and contains a net living area of approximately five hundred four (504) square feet.

Apartment 21 in Building 3 consists of five (5) rooms, including two (2) bedrooms, a bathroom, a living room and a kitchen and contains a net living area of approximately five hundred four (504) square feet.

Apartment 22 in Building 4 consists of five (5) rooms, including two (2) bedrooms, a bathroom, a living room and a kitchen and contains a net living area of approximately five hundred four (504) square feet.

Apartment 23 in Building 4 consists of five (5) rooms, including two (2) bedrooms, a bathroom, a living room and a kitchen and contains a net living area of approximately five hundred four (504) square feet.

Apartment 24 in Building 5 consists of three (3) rooms, including one (1) bedroom, a bathroom, and a living/kitchen and contains a net living area of approximately four hundred thirty-eight (438) square feet.

Apartment 25 in Building 5 consists of three (3) rooms, including one (1) bedroom, a bathroom, a living/kitchen and contains a net living area of approximately five hundred seventeen (517) square feet.

7. Parking Stalls:

Total Parking Stalls: 30

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)				25		2	27
Guest				3			3
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	0		28		2		

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

In addition to the thirty (30) parking stalls, there is one (1) motorcycle parking stall.

[ ] **Commercial parking garage permitted in condominium project.**

[ ] **Exhibit** _____ **contains additional information on parking stalls for this condominium project.**

8. Recreational and Other Common Facilities:

[ ] **There are no recreational or common facilities.**

[ ] **Swimming pool** [ ] **Storage Area** [ ] **Recreation Area**

[X] **Laundry Area** [ ] **Tennis Court** [ ] **Trash Chute**

[ ] **Other:** _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

[X] **There are no violations.** for apartments described in this Condominium Public Report. [ ] **Violations will not be cured.**

[X] **Violations and cost to cure are listed below.** [X] **Violations will be cured by** March 31, 1994

See Exhibit "E" attached hereto and made a part hereof.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations **(For conversions of residential apartments in existence for at least five years):**

No representations are made by the Developer regarding the conditions and expected useful life of structural components or mechanical or electrical installations of the Project. However, see the letters attached as Exhibit "B" to the DISCLOSURE ABSTRACT, a copy of which must be given to each prospective buyer along with this Public Report.

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X	X (Buildings 2 & 5)	
Lot	X		

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

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

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

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

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

[X] 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.

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

[X] described in Exhibit "F".

[ ] as follows:

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

[X] described in Exhibit "G".

[ ] as follows:

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

Exhibit "H" describes the encumbrances against the title contained in the title report dated September 21, 1993 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
1) Mortgage, Security Agreement and Financing Statement dated January 27, 1993 recorded as Doc. 93-014738 2) Assignment of Lessor's Interest in Leases and Rents dated January 27, 1993 recorded as Doc. 93-014740 3) Mortgage, Security Agreement and Financing Statement dated January 28, 1993 recorded as Doc. 93-014742	The Deposit Receipt and Sales Contract shall be cancelled, and funds deposited by buyer with Escrow Agent shall be returned to buyer.

F. Construction Warranties:

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

1. Building and Other Improvements:

See Exhibit "I" attached hereto and made a part hereof.

2. Appliances:

See Exhibit "I" attached hereto and made a part hereof.

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

Building 1 in the Project was built in 1956. Buildings 3,4 and 5 were built prior to 1946. It is not certain when Building 2 (not part of this registration) was built because the Building Department has no record of a building permit to construct Building 2.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

[ ] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[X] other a shareholder of Developer

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.

Exhibit "J" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. Utility Charges for Apartments:

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

[ ] None
[X] Electricity Common Area Only
[ ] Gas
[X] Water
[X] Sewer
[ ] Television Cable
[ ] Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit "K" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October 12, 1993
Exhibit "L" contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the 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_____

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 a part of Registration No. 2995 filed with the Real Estate Commission on November 23, 1993

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

[ ] yellow paper stock [X] white paper stock [ ] pink paper stock

C. Additional Information Not Covered Above

Paragraph 41 and Paragraph 45 of the Lunalilo Court Apartment Lease provide:

41. Waiver. Lessee knows that this Apartment Lease results from a development undertaken only by Lunalilo Court Apartments, Inc., the Seller. Lessee also knows that Lessor did not build the apartments in the Project and has never been and is not now responsible for the repair and maintenance of the apartments or the common elements.

Lessee knows that Lessor has not exercised any control over the construction, repair, maintenance or sale of the Project. By making this Apartment Lease, Lessor does not tell Lessee anything respecting the Project, including the condition of the buildings, the condition of the pipes and fittings for the water system, the sewer system, any drainage system, the electrical system or the telephone system, the soundness of the building structures or the state of maintenance or repair of any and all of the foregoing items. By accepting this Apartment Lease, Lessee agrees that Seller alone is responsible to Lessee if anything Seller has told Lessee is incorrect or if Seller has failed to tell Lessee something that Lessee should have been told respecting the Project.

Lessee knows that lease rents under this Apartment Lease will be reset as of January 1, 1999 and agrees that Lessor has not given Lessee any estimates of how much the lease rent may be when it is reset as provided in this Apartment Lease. Lessee also agrees that Lessor has not authorized or agreed to any estimate of future rents that Seller may have given to Lessee.

Lessee agrees that Lessee has had due opportunity, prior to signing this Apartment Lease, to examine all documentation in connection with the Condominium Property Regime for the Project and to inspect the Apartment described in this Apartment Lease. As part of the consideration for the issuance of this Apartment Lease, Lessee surrenders and releases any and all claims with respect to the Apartment and the Project that Lessee might now have or may hereafter have against Lessor on account of faulty or improper construction of any part of the Project, any defects of any kind, whether or not visible, and whether or not due to improper or unperformed repair or maintenance, any violations of any building code in the construction of any part of the Project, and/or any differences between the Project as built and as described in the Declaration and By-Laws. Lessee acknowledges that it is purchasing the Apartment "as is" with no warranties or representations from Lessor, except that Lessor does warrant its title to the land and its right to make this Apartment Lease.

45. Apartment Being Sold "AS IS" With "ALL FAULTS". Lessee hereby acknowledges and agrees that Seller is selling the Apartment and anything installed or contained therein in "AS IS" condition with "ALL FAULTS". Lessee further acknowledges and agrees that by signing and accepting this Apartment Lease, Seller and its agents and representatives have not made any representations or warranties about the Project, Lessee releases Seller from any obligation or responsibility concerning the Apartment or the Project, and the provisions of the Deposit Receipt and Sales Contract by and between Lessee and Seller are incorporated herein.

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.

Lunalilo Court Apartments, Inc.
Name of Developer

By: Simon Bebb
Duly Authorized Signatory

October 12, 1993
Date

Simon Bebb, President
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS TO CHANGE CONDOMINIUM DOCUMENTS

The following provisions in the Declaration and the By-Laws, reflect those rights which the Declarant has reserved to change the Declaration, Condominium File Plan, By-Laws and Rules and Regulations ("House Rules"):

I. DECLARATION

Paragraph S. AMENDMENT OF DECLARATION

Developer may, at any time prior to the recordation of an apartment lease in the Bureau conveying an apartment to a party not a signatory hereto, on obtaining the written consent of the Fee Owner amend this Declaration, the By-Laws and the Condominium Map in any manner as Developer may deem fit. Notwithstanding the foregoing and notwithstanding the sale and conveyance of any of the apartments, the Developer and Fee Owner may amend this Declaration to file the "as built" verified statement (with plans, if so applicable) required by Section 514A-12 of the Act, provided (1) such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, numbers and dimensions of the apartments as built, or (2) the plans filed therewith involve only immaterial changes to the layout, location, numbers and dimensions of the apartments as built.

Paragraph U. RESERVED RIGHTS OF DEVELOPER.

In addition to any other rights reserved herein, Developer reserves the right for itself and its agents to do the following:

1. To grant to any public utility or governmental authority easements for sewer, drainage, water and other utility facilities over, under, along, across and through said land, all under the usual terms and conditions required by the grantee for such easement rights; to grant to any other person or entity any easements for ingress, egress or roadway purposes over, under, along, across and through said land (provided, however, that such easement rights shall be granted and exercised in such a manner as not to unreasonably damage the buildings of the Project or unreasonably interfere with the use of said land by the apartment owners and their successors and assigns); and to quitclaim any easements in favor of the Project which are not required for the Project. Each apartment owner agrees that such apartment owner, and any person claiming an interest in said land by, through or under such apartment owner, shall, upon request, join in and execute any and all documents designating, granting and quitclaiming any such easements;

2. To amend this Declaration, the Condominium Map and the By-Laws consistent with any grant of rights by Developer under U.1 hereinabove.

II. BY-LAWS

Article II, Section 2. Qualification

Developer shall be entitled to exercise the powers, vote and/or act for the Association and the Board on all matters until such time as the first conveyance of an apartment of the Project to a party not a signatory hereto, except as to those rights reserved to Developer in paragraph U of the Declaration, which rights have been reserved until such time as all of the apartments in the Project have been sold.

Article XIII, Section 12. Amendment.

Developer may, at any time prior to the recordation of an apartment lease in the Bureau conveying an apartment to a party not a signatory hereto, on obtaining the written consent of the Fee Owner amend these By-Laws in any manner as Developer may deem fit.

EXHIBIT "B"

CALCULATION OF RENEGOTIATED LEASE RENT
AND
SURRENDER PROVISION

The following provisions in the Apartment Lease explain the manner in which the renegotiated lease rents will be calculated and give a description of the surrender clause provision(s):

9. Rent. Lessee promises to pay the rent to the Lessor in United States dollars as follows:

(a) Rent Periods. The rent periods are from the Effective Date to and including December 31, 1998; January 1, 1999 to and including December 31, 2008; January 1, 2009 to and including December 31, 2018; January 1, 2019 to and including December 31, 2028; and January 1, 2029 to and including December 31, 2033.

(b) Yearly Rent.

(i) The yearly rent from the Effective Date to and including December 31, 1998 is listed on the first page of this Apartment Lease.

(ii) The yearly rent for the next three (3) successive ten-year periods and one (1) successive five-year period will be agreed on by the Lessor and Lessee in writing. If the Lessor and Lessee do not come to agreement at least ninety (90) days before the start of the rent term in question, then the rent will be decided by an appraisal procedure described under the caption (e) Appraisal. The rent decided by the appraisal procedure shall not be less than the rent for the last lease year before the rent term in question.

(c) Time and Place for Paying Rent. Each year the Lessee will pay the yearly rent, monthly in advance, in twelve (12) equal installments. The first installment will be paid on the Effective Date. If the Effective Date is not the beginning of the month, rent will be pro-rated for that month. The payment will be made through the Managing Agent of the Project, unless the Lessor directs a different payment method in writing. The Lessor does not have to send rent notices; it is the Lessee's responsibility to remember to pay the rent. Notwithstanding anything to the contrary contained herein, Lessee will pay in advance two (2) installments of rent which shall constitute a reserve to be retained by the Managing Agent at all times.

(d) Net Lease. This Apartment Lease is a "net lease" which means that the Lessee pays the rent in addition to

all the other payments Lessee promises to make and Lessee pays all the expenses of the Property.

If the rent is decided by appraisal, this is how it will be worked out. The fair market value of the Land of the Project will be decided. In deciding the fair market value, the Land will be treated as though it is enhanced by street improvements, contributing benefits, betterments and other related economic influences and value factors, has no building or other improvements on it, is unencumbered by lease, and is available for immediate development and utilization to the then highest and best use, which use is defined as the most profitable use for which the Land is adaptable and needed or likely to be needed in the reasonably near future. The process or method of appraisal shall be that receiving general acceptability among competent, experienced and recognized appraisers in the field of real estate valuation in the State of Hawaii. After the fair market value of the Land of the Project is decided, it will be multiplied by no less than six percent (6%). This amount will be multiplied by the Lessee's Share to find the rent for this Apartment Lease. The rent for any rent period will never be less than the rent for the preceding rent period.

(e) Appraisal. If the fair market value of the Land must be decided by appraisal, said market value shall be determined by a single appraiser in the event that the Lessor and the Lessee, through the Association, agree upon the appointment of such an appraiser, otherwise three (3) impartial real estate appraisers will be used. Each appraiser shall be a member of the American Institute of Real Estate Appraisers or any successor to that organization or shall possess comparable qualifications. The Association, will name one (1) appraiser, and give the name to Lessor in writing. The Lessor will name one (1) appraiser and give the name to the Association in writing. If either Association or Lessor does not name an appraiser, the one who has named an appraiser can give the other a ten-day written notice and then ask any state Circuit Court judge on Oahu to name the second appraiser. The first two (2) appraisers will then choose the third. If they do not choose the third appraiser within ten (10) days after the second appraiser is chosen, then either Lessor or the Association can ask any state Circuit Court judge on Oahu to name the third appraiser. The three (3) appraisers will then decide the fair market value of the Land. A decision made by at least two (2) of the appraisers will be final and binding on Lessor and Lessee. Lessor and Lessee will each pay the fee of the appraiser he named and his own lawyers' fees and one-half (1/2) of the other reasonable costs and expenses of the appraisal.

(f) Rent During Appraisal. If the rent is not decided before the rent period starts the Lessee will pay the same rent as he paid for the preceding rent period. Once the new rent is decided the Lessee will promptly pay the difference, if any.

31. Lessee will Return the Property at the End of the Term. At the end of the term (or sooner if this Apartment Lease terminates before the end of the term) Lessee will return the Property to the Lessor, with all improvements. The Property must be returned to the Lessor in good condition except for normal wear and tear.

EXHIBIT "C"

LEASE RENT PAYABLE

Unit No.	Percentage Common Interest	Monthly Lease Rent	Yearly Lease Rent
1	3.7519	$ 69.41	$ 832.92
2	3.7519	$ 69.41	$ 832.92
3	3.7519	$ 69.41	$ 832.92
4	2.1461	$ 39.70	$ 476.40
5	2.2719	$ 42.03	$ 504.36
6	2.8565	$ 52.84	$ 634.08
7	3.7519	$ 69.41	$ 832.92
8	3.7519	$ 69.41	$ 832.92
9	3.7519	$ 69.41	$ 832.92
10	8.1255	$150.32	$1,803.84
11	3.9591	$ 73.24	$ 878.88
12	2.6049	$ 48.22	$ 578.64
13	3.5669	$ 66.00	$ 792.00
14	2.5383	$ 46.96	$ 563.52
15	5.8388	$108.01	$1,296.12
16	5.6390	$104.32	$1,251.84
17	8.8359	$163.46	$1,961.52
18	3.1895	$ 59.00	$ 708.00
19	3.9295	$ 72.70	$ 872.40
20	3.7297	$ 69.00	$ 828.00
21	3.7304	$ 69.00	$ 828.00
22	3.7297	$ 69.00	$ 828.00
23	3.7297	$ 69.00	$ 828.00
24	3.2413	$ 59.96	$ 719.52
25	3.8259	$ 70.78	$ 849.36
	TOTALS	$1,850.00	$22,200.00

EXHIBIT "D"

PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws permit alterations to the apartments as follows:

I. DECLARATION

Q. ALTERATION OF PROJECT. Rebuilding, restoration or replacement of the Project or of any building, or construction of any additional building or structural alteration or addition to any building different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) or more of the apartment owners, accompanied by the written consent of the holders of all liens affecting any of the apartments and Fee Owner, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

Notwithstanding anything contained in this Declaration to the contrary, and subject to the Act, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment which do not alter the characteristics of such apartment or limited common element, shall require the written consent and approval of the apartment owner's plans therefor only by the holders of all liens affecting such apartment (if the lien holders require such consent and approval) and the Board, and such alterations or additions may be undertaken without an amendment to this Declaration or the filing of a complete set of floor plans of the Project so altered.

II. BYLAWS

Section 3. Additions or Alterations by the Board.

(A) Additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board with the written consent of Fee Owner, except as provided for in the Declaration. No owner of an apartment may, except with the written consent of the Board and Fee Owner, make any alteration, addition, repair or improvement to any of the common elements including, without limitation, common or limited common elements within,

encompassing or adjacent to such owner's apartment, except as provided for in the Declaration or if such alteration, addition, repair or improvement shall be required by law.

(B) Whenever in the judgment of the Board the common elements shall require additions or alterations costing less than TEN THOUSAND AND NO/100 DOLLARS ($10,000.00) which are to be paid as a common expense from normal annual operating funds and not from any capital improvements reserve funds, the Board may proceed with such additions or alterations and shall assess all owners (or a part of the owners in the case of such additions or alterations to the limited common elements) for the cost thereof as a common expense. Any additions or alterations costing in excess of said amount shall be made by the Board only after obtaining approval of a majority of the apartment owners and the written consent of the Fee Owner.

Section 4. Additions or Alterations by Apartment Owners. No apartment owner shall do any work which could jeopardize the soundness or safety of the property, reduce the value thereof, or impair any easement or hereditament, nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the apartment owners, together with the written consent of the Fee Owner and all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained. Except as may be otherwise provided herein or in the Declaration, no owner shall install any solar energy devices or make any addition or alteration in or to such owner's apartment which may affect the common elements or change the exterior appearance of the Project, without the prior written consent thereto of the Board and the Fee Owner. The Board shall have the obligation to answer any written request by an apartment owner for approval of a proposed addition or alteration in such owner's apartment within ninety (90) days after such request or such longer period as the Board may specify, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition or alteration.

EXHIBIT "E"

COMPLIANCE WITH BUILDING CODE AND
MUNICIPAL REGULATIONS; COST TO CURE VIOLATIONS

To Developer's knowledge, information and belief, based upon a letter from the Building Department of the City and County of Honolulu dated January 6, 1992, which is attached to the Disclosure Abstract as Exhibit "C", Buildings 1,3,4, and 5 were in compliance with all zoning and building ordinances and codes of the City and County of Honolulu in force at the time of their construction and no variances or special permits were granted to allow deviations from any applicable codes. The Building Department has no record of a building permit to construct Building 2 and notes that there are code deficiencies in the Project. Building 2 and Building 5 are considered to be existing nonconforming structures because they encroach into the right side yard setback area. This means that if Building 2 and/or Building 5 are damaged or destroyed, it is possible that they may not be rebuilt or rebuilt in their present form. Although the letter mentions 31 parking spaces and 9 tandem parking stalls, the Developer has represented, and Condominium Map No. 1929 for the Project shows a total or 30 parking spaces (including 2 tandem parking spaces) and one motorcycle parking space. The Developer cannot determine whether the Project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

The Developer will cure the following violations noted in the Building Department's January 6th letter by March 31, 1994 estimated date); provided, however, that the purchaser acknowledges and agrees that Developer has no further obligations to the purchaser, the Apartment or the Project, expressed or implied, that the purchaser releases Developer from any further or additional obligations to the purchaser, the Apartment or the Project, expressed or implied, that all "AS IS" with "ALL FAULTS" provisions shall remain unaffected, and that no continuing warranty after closing is expressed or implied:

1. Apartment 19: An interior room used as a bedroom lacks natural light and ventilation. Cost to cure is approximately $1,000.00.

2. Apartment 15: The Ewa and Koko Head interior rooms used as bedrooms lack adequate natural light and ventilation. Cost to cure is approximately $2,000.00.

3. Apartment 16: The living room and bedroom lack adequate natural light and ventilation. Cost to cure is approximately $2,000.00.

4. Apartment 17: The interior living/dining rooms lack adequate natural light and ventilation. Cost to cure is approximately $2,000.00.

5. Apartment 13: The ceiling height of 6 feet 8 inches lacks the minimum ceiling height of 7 feet 6 inches for habitable rooms. Cost to cure is approximately $5,000.00.

6. Parking Spaces: At least 3 parking spaces are required to have minimum dimensions of at least 8-1/2 feet by 19 feet. Cost to cure is approximately $500.00.

The Developer will file a Supplementary Condominium Public Report for apartments in Building 2 in the Project after the above deficiencies have been cured. However, if Developer is unable to obtain a building permit from the Building Department to correct the code deficiencies noted above, Developer shall not sell any of the apartments in Building 2 and may use the apartments in Building 2 as apartment rentals.

EXHIBIT "F"

DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph E of the Declaration provides:

One freehold estate is hereby designated in all of the remaining portions of the Project (the "common elements"), which shall include the limited common elements described in paragraph F hereinbelow and all portions of the land and improvements other than the apartments, including the buildings, the land on which the buildings are located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements shall include, but shall not be limited to the following:

1. The land described in Exhibit "A".

2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surfaces within each apartment), roofs, stairways, walkways, hallways, and entrances and exits of said buildings.

3. All yards, grounds, sidewalks, landscaping, refuse and like facilities.

4. All driveways, loading areas, ramps, parking area entryways and exitways as designated on the Condominium Map.

5. All electrical transformer boxes and rooms, maintenance storage rooms, laundry rooms and areas, trash rooms, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the buildings for common use.

6. All corridors and stairways situate within the Project.

7. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment.

8. Parking stalls P-27, P-28, and P-29 and motorcycle parking stall P-26.

II. LIMITED COMMON ELEMENTS

Paragraph F of the Declaration provides:

Certain parts of the common elements (the "limited common elements") are hereby set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. The parking stall(s) designated for such apartment;

2. One (1) mailbox located on the Project grounds, bearing the same number as the number of the apartment; and

3. The yard area designated for such apartment, bearing the same number as the number of the apartment preceded by the letter "Y".

Notwithstanding any provisions herein or in the By-Laws to the contrary, all costs of every kind pertaining to each limited common element, including but not limited to, costs of maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner(s) of the apartment(s) to which it is appurtenant. Expenses which are attributable to more than one parking stall, yard area or mailbox shall be allocated among the affected parking stalls, yard areas or mailboxes on a per parking stall, yard area or mailbox basis. Any expense which cannot be separately identified or attributed to a limited common element shall be charged as a common expense.

EXHIBIT "G"

COMMON INTERESTS

Paragraph G and Exhibit "B" of the Declaration provide:

Each apartment shall have appurtenant thereto an undivided percentage interest (the "common interest") in all common elements of the Project and in all common profits and expenses of the Project and for all other purposes including voting. The common interest appurtenant to each apartment is set forth in Exhibit "B" attached hereto. Each apartment is separately metered for electricity.

EXHIBIT "B"

Unit No.	Net Living Area	Limited Common Element Yard	Parking Space(s)	Percentage Common Interest
1	507		P-1	3.7519
2	507		P-2	3.7519
3	507		P-3	3.7519
4	290		P-4	2.1461
5	307		P-5	2.2719
6	386	Y-6	P-6	2.8565
7	507		P-7	3.7519
8	507		P-8	3.7519
9	507		P-9	3.7519
10	1,098	Y-10	P-10 P-10A	8.1255
11	535	Y-11	P-11	3.9591
12	352	Y-12	P-12	2.6049
13	482	Y-13	P-13	3.5669
14	343	Y-14	P-14	2.5383
15	789	Y-15	P-15	5.8388
16	762	Y-16	P-16	5.6390
17	1,194	Y-17	P-17	8.8359
18	431	Y-18	P-18	3.1895

Unit No.	Net Living Area	Limited Common Element Yard	Parking Space(s)	Percentage Common Interest
19	531	Y-19	P-19	3.9295
20	504	Y-20	P-20	3.7297
21	504	Y-21	P-21 P-21A	3.7304
22	504	Y-22	P-22	3.7297
23	504	Y-23	P-23	3.7297
24	438	Y-24	P-24	3.2413
25	517	Y-25	P-25	3.8259

EXHIBIT "H"

ENCUMBRANCES AGAINST TITLE

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

2. Lease

Lessor:	Bok Say Kim, a widow, and Henry I. H. Kim, unmarried, and Rose H. Y. Kim
Lessee:	Edwin N. Thomas
Dated:	December 5, 1968
Recorded:	Liber 6359 Page 19
Term:	65 years commencing January 1, 1969, to expire on December 31, 2033

3. Any unrecorded leases and matters arising from or affecting the same which have been purposely omitted herefrom.

4. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR	:	LUNALILO COURT APARTMENTS, INC., a Hawaii corporation
MORTGAGEE	:	AMERICAN SAVINGS BANK, F.S.B., a federal savings bank
DATED	:	January 27, 1993
RECORDED	:	Document No. 93-014738
AMOUNT	:	$1,065,000.00

LESSOR'S CONSENT TO MORTGAGE AND ESTOPPEL CERTIFICATE dated January 27, 1993, recorded as Document No. 93-014739, by ROSE HE YON KIM, unmarried, and ROSE H. Y. KIM, as Trustee under the Last Will and Testament of Henry I. H. Kim dated January 10, 1990.

5. ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AND RENTS dated January 27, 1993, recorded as Document No. 93-014740, LUNALILO COURT APARTMENTS, INC., a Hawaii corporation, assigned to AMERICAN SAVINGS BANK, F.S.B., a federal savings bank, all of the right, title and interest in, to and under each and all of the leases, subleases, rental agreements or agreements, including without limitation any agreements preparatory to or in anticipation of any leases, subleases or rental agreements, now or hereafter made.

6. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : LUNALILO COURT APARTMENTS, INC., a Hawaii corporation

MORTGAGEE : COMMERCIAL REALTY CORP., a Hawaii corporation

DATED : January 28, 1993
RECORDED : Document No. 93-014742
AMOUNT : $222,000.00

7. The terms and provisions, including the failure to company with any covenants, conditions and reservations contain in Declaration of Condominium Property Regime for "LUNALILO COURT" Condominium Project dated September 15, 1993, recorded as in the Bureau of Conveyances of the State of Hawaii, as Document No. 93-153664, the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1929.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the By-Laws of the Association of Apartment Owners of said Condominium Project dated September 15, 1993, recorded in the Bureau of the Conveyances of the State of Hawaii, as Document No. 93-153665, as the same may hereafter be amended.

9. For information regarding real property taxes due and owing, reference is is made to the City and County of Honolulu Director of Finance.

EXHIBIT "I"

CONSTRUCTION WARRANTIES

Paragraph 6 of the Sales Contract used in connection with the Project is entitled "Seller's Disclaimer of Warranties" and provides:

6. SELLER'S DISCLAIMER OF WARRANTIES.

(a) No Warranties of Seller. Buyer understands and agrees that Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be transferred "AS IS" with "ALL FAULTS", and Seller will not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer.

_____ _____

_____ _____

Buyer's Initials

(b) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, lead, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

_____ _____

_____ _____

Buyer's Initials

EXHIBIT "J"

ESTIMATE OF INITAL MAINTENANCE FEES AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment Number	Monthly Fee x 12 months =	Yearly Total
1	$144.11	$1,729.32
2	$144.11	$1,729.32
3	$144.11	$1,729.32
4	$ 82.43	$ 989.16
5	$ 87.27	$1,047.24
6	$109.72	$1,316.64
7	$144.11	$1,729.32
8	$144.11	$1,729.32
9	$144.11	$1,729.32
10	$312.11	$3,745.32
11	$152.07	$1,824.84
12	$100.06	$1,200.72
13	$137.01	$1,644.12
14	$ 97.50	$1,170.00
15	$224.27	$2,691.24
16	$216.60	$2,599.20
17	$339.39	$4,072.68
18	$122.51	$1,470.12
19	$150.94	$1,811.28
20	$143.26	$1,719.12
21	$143.29	$1,719.48
22	$143.26	$1,719.12
23	$143.26	$1,719.12
24	$124.50	$1,494.00
25	$146.96	$1,763.52

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

EXHIBIT "J"

COMMERCIAL REALTY CORP.

Estimate of Maintenance Fee Disbursements:

	Yearly Total
Utilities and Services	
Electricity (common areas only)	620.00
Refuse Collection	4,000.00
Water and Sewer	6,200.00
Maintenance, Repairs and Supplies	
Building	5,000.00
Ground	3,100.00
Reserves (*)	3,000.00
Management	
Management Fee	9,000.00
Insurance	2,400.00
Taxes	
Real Property Tax	10,400.00
Gross Receipts Tax	1,773.00
Other/Miscellaneous	600.00
TOTAL	46,093.00

I, Simon Bebb, as agent and employed by Commercial Realty Corp., the condominium managing agent or the developer, for the condominium project LUNALILO COURT, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Simon Bebb

Date: October 12, 1993

(*) Mandatory reserves in effect January 1, 1993.

Lee & Young Building, 90 North King Street, Suite 207, Honolulu, Hawaii 96817
Telephone (808) 531-1621 Facsimile (808) 521-7012

EXHIBIT "K"

SUMMARY OF PERTINENT
PROVISIONS OF SALES CONTRACT

Developer has filed one (1) specimen sales contract with the Hawaii Real Estate Commission. Among other provisions contained therein, the Sales Contract contains the following provisions:

5. APARTMENT BEING TRANSFERRED "AS IS" WITH "ALL FAULTS". The Project is being converted and the Apartment is being transferred in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement. However, Seller will comply with all requirements noted in the City and County of Honolulu Building Department letter dated January 6, 1992 which is attached to the Disclosure Abstract as Exhibit "C" prior to the closing hereof; provided, however, Buyer acknowledges and agrees that Seller has no further obligations to Buyer, the Apartment or the Project, expressed or implied, that Buyer releases Seller from any further or additional obligations to Buyer, the Apartment or the Project, expressed or implied, that all "AS IS" with "ALL FAULTS" provisions shall remain unaffected, and that no continuing warranty after closing is expressed or implied.

8. CONDITION TO BINDING EFFECT OF AGREEMENT.

(a) Anything herein to the contrary notwithstanding, this Agreement shall not be binding upon Buyer and any obligation to purchase the Apartment under this Agreement shall not be enforceable against Buyer until:

(1) The Commission has issued an effective date for a Final Public Report on the Project, and the Seller has delivered, or caused to be delivered, to the Buyer, either personally or by registered or certified mail with return receipt requested, a true copy of the Final Public Report together with a true copy of all prior public reports on the project, if any, which have not been previously delivered to such Buyer; except that such prior public reports need not be delivered to the Buyer if the Final Public Report supersedes such prior public reports. If, prior to the entering into of this contract, the Commission has, subsequent to its issuance of an effective date for the Final Public Report, issued an effective date for a Supplementary Public Report on the Project, then a true copy of such Supplementary Public Report shall also be delivered to such Buyer in the same manner as the Final Public Report, except that if the Supplementary Public Report supersedes all prior public reports on the project, then only the Supplementary Public Report need be

delivered to the Buyer;

(2) Buyer has been given an opportunity to read the reports; and

(3) Two (2) copies of the form of the receipt and notice set forth in Section 514A-62 of the Hawaii Revised Statutes, as amended, have been delivered to Buyer and Buyer (i) executes the receipt and notice; and (ii) waives Buyer's right to cancel; provided, however, that if Buyer does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the Apartment is leased to Buyer prior to the expiration of such thirty-day period, Buyer shall be deemed to have receipted for the reports and to have waived Buyer's right to cancel.

(b) Unless such right has previously been waived pursuant to subparagraph (a) hereinabove, Buyer shall have the right to cancel this Agreement at any time prior to the earlier of (1) the leasing of the Apartment to Buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of said Final Public Report to Buyer, and, upon any such cancellation, shall be entitled to a prompt and full refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of TWO HUNDRED FIFTY AND NO/100 DOLLARS ($250.00).

10. RIGHT OF INSPECTION. Buyer shall inspect the Apartment at such time and on such date as shall be specified by Seller in a written notice to Buyer. Since the Apartment may be occupied by tenants, Buyer might not be able to change the date Seller specifies. Buyer acknowledges that the Apartment is being sold in "AS IS" condition with "ALL FAULTS", and Seller will not correct any defects or deficiencies that Buyer discovers in the Apartment. Buyer agrees to indemnify Seller for damages or losses, including interest and reasonable attorneys' fees, resulting from Buyer's refusal to accept the Apartment from Seller.

13. ACTUAL POSSESSION. Delivery of actual possession of the Apartment to Buyer under this Agreement shall be made on or after the Closing Date, subject to the right of Seller to delay Buyer's moving in for a reasonable time to promote the orderly occupation of the Project. Buyer acknowledges that Buyer has been informed that Buyer may not receive actual possession of the Apartment until Buyer has made all the aforementioned payments and until after Buyer has commenced to pay maintenance fees, real property taxes and monthly payments with respect to Buyer's mortgage, if any. The delivery of actual possession shall, at Seller's option, be made to apartment Buyers in the order of and according to the dates on which they executed their respective sales contracts. If Buyer fails to confirm the date of delivery of actual possession within five (5) days after notification thereof, Seller, at Seller's sole election, may

assign the date for Buyer's taking actual possession to the Buyer next in order of preference. Notwithstanding anything herein to the contrary, Buyer agrees not to move furniture or belongings into Buyer's Apartment except in accordance with a moving-in schedule established by Seller, or the Managing Agent, to promote the orderly occupation of the Project.

Notwithstanding anything contained herein to the contrary, Buyer acknowledges that the Apartment may be occupied by tenants and that Seller cannot ensure that such tenants quit the Apartment on or before the Closing Date. Buyer hereby expressly releases Seller from any responsibility to evict any tenant from the Apartment.

16. MAINTENANCE COSTS AND MANAGING AGENT. Buyer has examined and approved the estimate of monthly maintenance fees set forth in the Developer's Disclosure Abstract, a copy of which has been furnished to Buyer, and Buyer agrees that Seller may employ a responsible and competent managing agent for the management, operation and maintenance of the Project. The Developer's Disclosure Abstract includes an estimate of monthly maintenance fees for the Apartment, which estimated budget was prepared in accordance with generally accepted accounting principles. Buyer acknowledges and agrees that such estimates are only estimates and are not intended to be and do not constitute any representation or warranty by Seller, including but not limited to any representation or warranty as to the accuracy of such estimates.

21. PRE-PAID ITEMS. Buyer acknowledges that Buyer will be required to prepay: (a) maintenance fees for a period of two (2) months which shall constitute a non-refundable, non-transferable, start-up fee, (b) maintenance fees for a period of two (2) months, which amount shall constitute a contribution to the maintenance reserve fund for the Project pursuant to the Declaration, (c) lease rent for a period of two (2) months which shall constitute a reserve as required under the Apartment Lease, and (d) insurance premiums and real property taxes to the extent required by any first mortgage lender. Real property taxes for the remainder of the tax year shall be prorated as of the Closing Date. Buyer further agrees that all maintenance, assessments and other expenses shall also be prorated between Seller and Buyer as of such proration date for real property taxes. Buyer understands and agrees that any amount to be paid by Buyer under this paragraph 21 is in addition to, and is not part of the total purchase price set forth hereinabove.

EXHIBIT "L"

SUMMARY OF PERTINENT
PROVISIONS OF ESCROW AGREEMENT

Among other provisions, the Condominium Escrow Agreement dated October 12, 1993 executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and Lunalilo Court Apartments, Inc., as Owner, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay funds to such purchaser, without interest, if any one of the following has occurred:

(a) Owner and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held hereunder by Escrow; or

(b) Owner shall have notified Escrow of Owner's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Owner; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised the purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund pay said funds to said purchaser (less a cancellation fee of Escrow of not less than $25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of $250.00) and thereupon said sales contract shall be deemed cancelled and any partially executed conveyance document theretofore delivered to Escrow shall be returned to Owner; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Owner of written notice from Escrow of Escrow's intent to make such refund.

(e) Notwithstanding any other provision in this Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow,

if Owner and the purchaser shall so request in writing and any one of the following events has occurred:

(i) No sales contract has been offered to the purchaser who has been placed on Owner's reservation list of owner-occupant applicants; or

(ii) The purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for the purchaser's reserved unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which Owner is limited to selling to owner-occupants; or

(iii) The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes, or

(iv) The purchaser indicates an intent not to become an owner-occupant of such unit.

Except for cancellations under subparagraph (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

THIS EXHIBIT CONTAINS EXCERPTS OF PERTINENT PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. PROSPECTIVE PURCHASERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE DOCUMENT.