



Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL NOTICE**

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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## General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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: Hale Ilima Joint Venture Phone: (808) 677-4213  
Name  
94-378 Pupupani Street  
Business Address  
Waipahu, Hawaii 96797  
(Business)

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

The Supreme Corporation, U.S.A.

Ron Nakatsu Realty, Inc.

Real Estate Broker: The Supreme Corporation, U.S.A. Phone: (808) 677-4213  
Name  
94-378 Pupupani Street  
Business Address  
Waipahu, Hawaii 96797  
(Business)

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 532-6150  
Name  
700 Bishop Street, Suite 1111  
Business Address  
Honolulu, Hawaii 96813  
(Business)

General Contractor: N/A Phone: N/A  
Name  
(Business)  
Business Address

Condominium Managing Agent: Century 21 Realty Specialists Corp. Phone: (808) 949-7611  
dba Management Specialist Company  
Name  
1585 Kapiolani Blvd., Suite 1530  
Business Address  
Honolulu, Hawaii 96814  
(Business)

Attorney for Developer: William C. Byrns/Jason T. Higa Phone: (808) 523-9000  
Name BAYS DEEVER HIATT KAWACHIKA  
1099 Alakea Street, Suite 1600  
Business Address  
Honolulu, Hawaii 96813  
(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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 94-172375  
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): First Amendment to Declaration of Condominium Property Regime of Hale Ilima Condominium Project dated January 12, 1995, recorded as Document No. 95-010409

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

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 2128  
 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):

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

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 94-172376  
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):

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

\* 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.

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
    Semi-Annually                     Annually

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

For Subleaseholds:

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

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

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit I 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: January 31, 2041

Rent Renegotiation Date(s): February 1, 2011; February 1, 2021; February 1, 2031

Lease Rent Payable:             Monthly                             Quarterly  
    Semi-Annually                     Annually

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

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: 1459 Pele Street, Honolulu, HI 96813 Tax Map Key: (1) 2-1-22-38  
(TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_  
\_\_\_\_\_

Land Area: 11,299 [X] square feet [ ] acre(s) Zoning: A-2

Lessor

(Fee Owner): Robert Chong Hee Yee, Trustee  
Name c/o Damon Key Bocken Leong Kupchak  
1001 Bishop Street., 1600 Pauahi Tower  
Address  
Honolulu, Hawaii 96813

Sublessor:

Name  
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building 4

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>33</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Ohana		
		<input type="checkbox"/> Industrial		
		<input type="checkbox"/> Agricultural		
		<input type="checkbox"/> Recreational		
		<input type="checkbox"/> Other: _____		

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

5. Special Use Restrictions:

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

Pets: No animals, except certified guide dogs and signal dogs (See House Rules, Section A(18))

Number of Occupants: \_\_\_\_\_

Other: See House Rules; no time-sharing or apartment used as tenement or rooming house

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1      Stairways: 2      Trash Chutes: 3

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	33	1/1	358	40
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 33

\*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:**

All walls, columns and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, door frames, windows and window frames along perimeters, the airspace within the perimeters and all the fixtures installed therein.

**Permitted Alterations to Apartments:**

See p. 20



11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

See Exhibit F

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

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

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

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

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

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

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

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

described in Exhibit C.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit C.

as follows:

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

described in Exhibit A.

as follows:

Each of the thirty-three (33) apartments will have an equal undivided fractional interest in all of the common elements of three and one-thirty-third percent (3 1/33%).

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 D describes the encumbrances against the title contained in the title report dated October 11, 19 and issued by Long & Melone, Ltd.

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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	The buyer's interest will be terminated and buyer's deposit returned, less escrow cancellation fees.
Ground Lease	To be partially released as apartments are sold to buyers. The Ground Lease will be fully released upon the sale of all 33 apartments.

F. Construction Warranties:

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

1. **Building and Other Improvements:** The project is a conversion of fully constructed and existing buildings to condominium status. Based upon the Verified Statement of the Building Department (See Exhibit F), the buildings were in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of their construction. In addition, no variance or special permits had been granted from any ordinance, code, rule, regulation or other requirements in force at the time of the construction or from any other ordinance, code, rule, regulation or other requirement. NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO THE INDIVIDUAL CONDOMINIUM APARTMENTS OR THE COMMON ELEMENTS OF THE APARTMENT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE APARTMENT THEY DESIRE TO PURCHASE. THE APARTMENTS ARE SOLD "AS IS."
2. **Appliances:**

None

G. Status of Construction and Estimated Completion Date:

Construction of the units was completed in 1973.

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):

N/A

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  the Developer or the Developer's affiliate.
- self-managed by the Association of Apartment Owners  other \_\_\_\_\_

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 E 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  Electricity  Gas  Water
- Sewer (common elements only)  Television Cable  Other elevator, refuse collection, telephone

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit H contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated December 7, 1994  
Exhibit G 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 a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime.
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules.
  - E) Condominium Map.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, - (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other Condominium Conveyance Document (CCD)

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. 3205 filed with the Real Estate Commission on Oct. 21, 19

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

C. Additional Information Not Covered.

Disclaimer by Lessor. Lessor has joined in the execution of the Declaration and the Bylaws for the limited purpose of submitting its fee simple ownership of the land to the Condominium Property Regime. The Lessor did not develop or construct the improvements and did not prepare the condominium documents for the Project, or any part thereof, and has not monitored the use and occupancy of the Project. The improvements are not owned by the Lessor. The improvements are owned by Lessee. The Lessor is not making, and does hereby disclaim, any and all warranties, express or implied, relating to any of the improvements situate on the land, including, without limitation, any warranty of merchantability, habitability, and any warranty for fitness of any particular use or purpose. Lessee and each apartment owner and their successors and assigns agree to waive any and all claims, rights, or causes of action they may have against Lessor arising out of or relating to any real or personal property interest in any portion of the Project.

Alteration of Project. Restoration or replacement of the Project or of any building, or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map, shall be undertaken by the Association or any Apartment owners only pursuant to an amendment of the Declaration of Condominium Property Regime, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the Apartment owners and accompanied by the written consent of the holders of first mortgages covering seventy-five percent (75%) of the Apartments in the Project or such higher percentage as may be required by the Act, and in accordance with complete plans and specifications therefor first approved in writing by the Board and by the Lessor, and promptly upon completion of such restoration, replacement, construction, alteration or addition, the Association shall duly record or file of record 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; provided, however, that notwithstanding any provision in the Declaration to the contrary, nonmaterial structural additions to the common elements, or any alterations or additions within an Apartment or within a limited common element appurtenant to and for the exclusive use of such Apartment which do not alter any of the characteristics of such Apartment or limited common element shall require the written consent thereto and the written approval of the Apartment owner's plans therefor by only the holders of all liens affecting such Apartment (if the lien holders require such consent and

approval), the Board and all other Apartment owners thereby directly affected (as determined by the Board), and may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. "Nonmaterial structural additions," as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting owner.

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules, prospective purchasers are hereby advised that **Ronald I. Nakatsu (RB-14116)**, is a current and active Hawaii-licensed real estate broker, principal broker and vice president of **The Supreme Corporation, U.S.A. (RB-14819)**, a current and active Hawaii-licensed real estate broker, sales agent for the project and joint venturer of the developer, Hale Ilima Joint Venture, and president of **Ron Nakatsu Realty, Inc. (RB-14820 dba Century 21 Ron Nakatsu Realty)**, a current and active Hawaii-licensed real estate broker and joint venturer of the developer.



EXHIBIT A

SCHEDULE OF APARTMENTS AND COMMON ELEMENTS  
FOR HALE ILIMA CONDOMINIUM PROJECT

Apt. No.	Interior Living Area (sq.ft.)	Common Interest
201	358	1/33
202	358	1/33
203	358	1/33
204	358	1/33
205	358	1/33
206	358	1/33
207	358	1/33
208	358	1/33
209	358	1/33
210	358	1/33
211	358	1/33
301	358	1/33
302	358	1/33
303	358	1/33
304	358	1/33
305	358	1/33
306	358	1/33
307	358	1/33
308	358	1/33
309	358	1/33
310	358	1/33
311	358	1/33
401	358	1/33
402	358	1/33
403	358	1/33
404	358	1/33
405	358	1/33
406	358	1/33
407	358	1/33
408	358	1/33
409	358	1/33
410	358	1/33
411	358	1/33

The common interest appurtenant to each apartment unit shall be permanent.

END OF EXHIBIT A

EXHIBIT B

INDIVIDUAL APARTMENT DESCRIPTIONS

The Hale Ilima Condominium Project consists of thirty-three (33) condominium apartments. Each apartment is located within a reinforced concrete building, containing one bedroom, one bath, refrigerator, range/oven, air conditioning unit and/or ceiling fan, disposal, drapes, and wall-to-wall carpeting -- all containing a net interior living area of approximately 358 sq. ft. Each apartment also includes a lanai consisting of an additional 40 sq.ft.

END OF EXHIBIT B

## EXHIBIT C

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS OF PROJECT

The common elements of the project are shown on the Condominium Map recorded in the Bureau of Conveyances of the State of Hawaii as Condominium Map No. 2128. The common elements of the project include, without limitation, the land; all foundations, floor slabs, sewers, columns, girders, beams, supports, unfinished perimeter walls, load-bearing walls and roofs; all grounds, trees, gardens, landscaping, planters, and entries; all laundry rooms, electrical rooms and maintenance and storage areas; all fences, yards and gates; all refuse containers on the grounds of the project; all roads, parking areas, driveways, walkways, stairways, storage areas under stairways, building entries and corridors; all ducts, electrical equipment, wiring, pipes and other central appurtenant transmission facilities over, under and across the project which serve more than one Apartment for services such as power, light, water, gas, sewers, telephone and television signal distribution; and any and all other appurtenant installations of common use and all other parts of the project necessary and convenient to its existence, maintenance and safety or normally in common use.

Certain parts of the common elements, herein called the "limited common elements," are designated and set aside for the exclusive use of certain apartments as shown on Condominium Map 2128. The limited common elements consist of 1) the automobile parking stall, if any, designated as being appurtenant to an apartment; and 2) one mailbox bearing the mailbox number corresponding to the number of an apartment. The automobile parking stall, if any, and the mailbox shall be appurtenant to and for the exclusive use of the owner of the apartment to which such limited common element is appurtenant.

END OF EXHIBIT C

EXHIBIT D

Encumbrances Against Title

1. Ground Lease dated January 30, 1981, by and between Robert Chong Hee Yee and Helen Tom Yee, as Lessor, and Iris Riber and JYC and Associates, as Lessee, recorded in the Bureau of Conveyances of the State of Hawaii in Book 15322, Page 656. (This will be partially released prior to any sale to a purchaser.)
2. Revocable Living Trust Agreement dated August 9, 1984, between Robert Chong Hee Yee, as Settlor, and Robert C.H. Yee, as Trustee (unrecorded).
3. Correction to Ground Lease and Consent to Assignment of Ground Lease dated July 28, 1988, by and between Robert Chong Hee Yee and Helen Tom Yee, as Lessor, and Iris Riber and JYC and Associates, as Lessee, recorded in the Bureau of Conveyances of the State of Hawaii in Book 22202, Page 47. (This will be partially released prior to any sale to a purchaser.)
4. Assignment of Lease dated July 28, 1988, by and between Iris Riber and JYC and Associates, as Assignors, and Washin International Corporation, as Assignee, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22202 at Page 51. (This will be partially released prior to any sale to a purchaser.)
5. Mortgage, Security Agreement and Financing Statement dated June 27, 1989, by and between Washin International Corporation, as Mortgagor, and Central Pacific Bank, as Mortgagee, recorded in the Bureau of Conveyances of the State of Hawaii in Book 23349, Page 66. (This Mortgage will be partially released as apartments are sold.)
6. Declaration of Condominium Property Regime of Hale Ilima Condominium Project dated October 19, 1994 recorded in said Bureau as Document No. 94-172375.
7. First Amendment to Declaration of Condominium Property Regime of Hale Ilima Condominium Project dated January 12, 1995 recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-010409.
8. By-Laws of the Association of Apartment Owners for the Hale Ilima Condominium Project dated October 19, 1994 recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-172376.

9. The Condominium Map recorded in the Bureau of Conveyances of the State of Hawaii as Condominium Map No. 2128.
10. For Real Property Taxes that may be due and owing, refer to the Director of Finance, City and County of Honolulu.

END OF EXHIBIT D

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months</u>		=	<u>Yearly Total</u>
201	191	x 12		\$2,292.00
202	191	x 12		2,292.00
203	191	x 12		2,292.00
204	191	x 12		2,292.00
205	191	x 12		2,292.00
206	191	x 12		2,292.00
207	191	x 12		2,292.00
208	191	x 12		2,292.00
209	191	x 12		2,292.00
210	191	x 12		2,292.00
211	191	x 12		2,292.00
301	191	x 12		2,292.00
302	191	x 12		2,292.00
303	191	x 12		2,292.00
304	191	x 12		2,292.00
305	191	x 12		2,292.00
306	191	x 12		2,292.00
307	191	x 12		2,292.00
308	191	x 12		2,292.00
309	191	x 12		2,292.00
310	191	x 12		2,292.00
311	191	x 12		2,292.00
401	191	x 12		2,292.00
402	191	x 12		2,292.00
403	191	x 12		2,292.00
404	191	x 12		2,292.00
405	191	x 12		2,292.00
406	191	x 12		2,292.00
407	191	x 12		2,292.00
408	191	x 12		2,292.00
409	191	x 12		2,292.00
410	191	x 12		2,292.00
411	191	x 12		<u>2,292.00</u>
	TOTAL:			\$75,636.00

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

Electricity

[ X ] common elements only

\$ 275 x 12 = \$ 3,300

[ ] common elements and apartments

Elevator

350 x 12 = 4,200

Gas

675 x 12 = 8,100

Refuse Collection

275 x 12 = 3,300

Telephone

45 x 12 = 540

Water and Sewer

1,175 x 12 = 14,100

Television

225 x 12 = 2,700

Maintenance, Repairs and Supplies

Building

395 x 12 = 4,740

Grounds

160 x 12 = 1,920

Management

Management Fees

584 x 12 = 7,008

Legal Fees

100 x 12 = 1,200

Office Expenses

87 x 12 = 1,044

Other Services

210 x 12 = 2,520

Insurance

745 x 12 = 8,940

Reserves (\*)

992 x 12 = 11,904

Taxes and Government Assessments

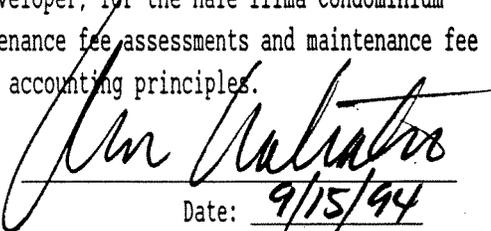
10 x 12 = 120

TOTAL

\$6,303 x 12 = \$75,636

I, Ron Nakatsu, as agent for the Hale Ilima Joint Venture, the developer, for the Hale Ilima Condominium Project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

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

  
Date: 9/15/94

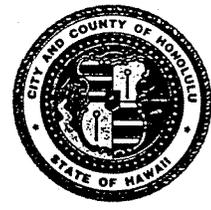
FEB 03 1994

BUILDING DEPARTMENT  
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813

EXHIBIT F

FRANK F. FASI  
MAYOR



HERBERT K. MURAOKA  
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR  
DEPUTY  
Ex94-12

January 31, 1994

Mr. Jason T. Higa  
Bays Deaver Hiatt Kawachika Lezak  
Attorneys at Law  
16th Floor, Alii Place  
1099 Alakea Street  
Honolulu, Hawaii 96813

Dear Mr. Higa:

Subject: Condominium Conversion Project  
1459 Pele Street  
Tax Map Key: 2-1-22: 38

This is in response to your letter dated January 12, 1994 requesting verification that the 33-unit apartment building located at 1459 Pele Street met all code requirements at the time of construction.

Investigation revealed that the four-story 33-unit apartment building with 30 off-street parking spaces met all applicable code requirements when it was constructed in 1973.

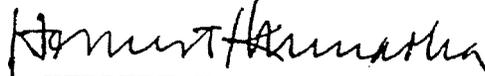
No variances or special permits were granted to allow deviations from any applicable codes.

For your information, the Building Department cannot determine whether this project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Mr. Jason T. Higa  
January 31, 1994  
Page

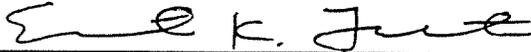
If you have any questions regarding this matter, please  
contact Mr. Ivan Matsumoto of this office at 527-6341.

Very truly yours,



HERBERT K. MURAOKA  
Director and Building Superintendent

Subscribed and sworn to  
before me this 1st day of  
February, 1994.



Notary Public, First Judicial Circuit  
State of Hawaii  
My commission expires: June 21, 1995

END OF EXHIBIT F

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between LONG & MELONE ESCROW, LTD. ("Escrow"), and THE HALE ILIMA JOINT VENTURE (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing. No disbursements will be made from Buyer's funds until: (a) the Real Estate Commission has issued a Final Public Report on the project and forty-eight (48) hours have elapsed since Buyer's receipt of a copy of the Final Public Report; (b) Buyer has waived its right to cancel the sales contract; and (c) Seller has notified Escrow that all other requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Where sales contracts are entered into, Escrow will disburse funds upon presentation by Seller of Buyer's signed receipt for the Final Public Report and with notification by Seller that all of the requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Escrow will call for payments by the Buyer upon receipt of notice from Seller that any payments are due under any sales contract.

4. Escrow will return deposited sums to the Buyer without interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of the Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his sales contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be returned to Buyer less Escrow's cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive an amount to be determined by Escrow for each apartment for which an apartment lease of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional sum.

\* \* \* \* \*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, HE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT G

EXHIBIT H

SUMMARY OF SALES CONTRACT

The intended sales contract for the Project is the Hawaii Association of Realtors' Deposit Receipt, Offer and Acceptance ("DROA") form. The DROA contains, among other provisions, the following provisions (which may be modified or otherwise limited by provisions not summarized):

1. Risk of Loss. Risk of loss and responsibility for insurance coverage passes to Buyer on closing or possession, whichever occurs earlier.

2. Contingencies. Buyer's obligation to buy and Seller's obligation to sell the property may be subject to satisfaction of one or more conditions (each called a "Contingency"). If a Contingency is not satisfied within the specified time period for meeting such Contingency ("Contingency Period"), the Benefitted Party may elect (i) to terminate the DROA and Paragraph C-21 of the DROA ("Termination Provision") shall apply, or (ii) to waive the Contingency. If the Benefitted Party wishes to terminate the DROA because a Contingency for that party's benefit has not been satisfied, the Benefitted Party must deliver to Escrow a written notice terminating the DROA prior to expiration of the Contingency Period, or such other termination period which may be set forth in a specific contingency in the DROA. If the Benefitted Party fails to deliver the written notice to Escrow within such time period, the Contingency shall be deemed to be waived. Each party understands the requirement to act upon each Contingency according to the strict deadlines described within the DROA.

3. Termination Provision. If a Benefitted Party elects to terminate the DROA because of a Contingency has not been satisfied then, (i) Buyer or Seller shall promptly execute all cancellation documents requested by Escrow; and (ii) Escrow shall return to Buyer all deposits previously made, less the amount of any Escrow expenses or fees chargeable to Buyer. Thereafter, neither Buyer nor Seller shall have any further rights or obligations under the DROA.

4. Default Provisions. In the event, Buyer fails to perform Buyer's obligations under the DROA (Seller not being in default), Seller may (i) bring an action for damages for breach of contract, or (ii) retain the initial deposit and all additional deposits provided for therein as liquidated damages, and (iii) Buyer shall be responsible for any costs incurred in accordance with the DROA. In the event, Seller fails to perform Seller's obligations under the DROA (Buyer not being in default), Buyer may (i) bring an action for damages for breach of contract, (ii) seek specific performance of the DROA, and (iii) Seller

shall be responsible for any costs incurred in accordance with the DROA. The foregoing shall not exclude any other remedies available under the DROA to either Seller or Buyer on account of the other party's default. In the event of default by a party and/or a legal action or arbitration, the prevailing party shall be entitled to recover all costs incurred including reasonable attorneys' fees. All expenses incurred by Escrow shall be deducted from any deposit of funds prior to any disbursement to the prevailing party.

5. Title. Escrow is instructed to promptly order a Preliminary Title Report on the property for delivery by Seller to Buyer. Seller agrees to convey the property with warranties vesting marketable title in Buyer, free and clear of all liens and encumbrances except easements, covenants, conditions, reservations or restrictions currently of record which do not materially affect the value of the property. If the preliminary title report, or any other report reveals that title cannot be delivered by Seller in accordance with the above, Seller shall use Seller's best efforts to cure any defects. If, within sixty (60) days following receipt of any reported discrepancies, Seller is unable to cure such defects in title, Buyer may elect to purchase the property with such defect(s) in title and Seller shall not be liable if Seller has acted in good faith. If Buyer elects not to accept the property with such defects, either Buyer or Seller may terminate the DROA and the Termination Provision shall apply.

6. Closing. Closing shall be the date when all appropriate conveyance documents are recorded. Buyer and Seller agree to properly execute appropriate and customary documents when requested by Escrow. There is no automatic right to extend the closing date. If, for reasons beyond Buyer's or Seller's control, a party cannot perform the obligation to close by the Scheduled Closing Date, then such party may extend the Scheduled Closing Date up to \_\_\_\_\_ (\_\_\_) days by delivery of written notice to Escrow and the other party to the DROA prior to the Scheduled Closing Date. Thereafter, time shall be of the essence and if a party fails to perform by the extended Scheduled Closing Date, such party shall be considered in default. The extended Scheduled Closing Date may not be further extended unless both Buyer and Seller so agree in writing.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE DROA. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE BUYER'S RIGHTS AND OBLIGATIONS, THE BUYER MUST REFER TO THE DROA TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DROA, THE DROA WILL CONTROL, NOT THIS SUMMARY.

END OF EXHIBIT H

EXHIBIT I

SUMMARY OF CONDOMINIUM CONVEYANCE DOCUMENT

The Condominium Conveyance Document (CCD) will transfer legal title to an apartment in the Hale Ilima Condominium Project (the "Project"). The CCD will also lease a percentage interest in the land on which the Project is built (the "Land"). The CCD is a deed of an apartment and a percentage interest of common elements with a ground lease of a percentage interest in the Land in accordance with Section 514A-13(g), Hawaii Revised Statutes, as amended.

The ground lease interest conveyed by the CCD shall have a term commencing on the effective date of the CCD and terminating at midnight on January 31, 2041.

The lease rent from the effective date of the CCD to January 31, 2001 is \$729.49 per annum.

The lease rent for the ten-year period from February 1, 2001 to January 31, 2011 is \$1,020.87 per annum.

For and during each of the three (3) successive 10-year periods commencing February 1, 2011, the Grantee under the CCD (the "Grantee") will pay "Grantee's Share" of the total yearly rent for the land in the Project as determined by mutual agreement of the Lessor and the Board of Directors (the "Board") of the Association of Apartment Owners of Hale Ilima Condominium Project (the "Association") in writing not later than ninety (90) days prior to the commencement of each such period. In case of failure to agree prior to said ninety (90) day period, rental is to be determined by appraisal as provided below. The new yearly rent for each ensuing 10-year period shall in no event be less than the yearly rent payable during the last year of each immediately preceding rent period.

With respect to the three (3) successive ten-year periods commencing February 1, 2011, if Lessor and the Board of Directors of the Association are not able to agree on the rent for the land ninety (90) days before each such period, then the value will be determined by appraisal as herein provided. The net annual rental for each such period for the land shall be an amount equal to the product of (1) a rate of return comprising the highest of (a) eight percent (8%), or (b) the then prevailing rate of return as charged under then new leases of comparable real property in the county in which the demised land is located, or (c) the discount rate specified in any law permitting the condemnation of said land and the resale thereof to Grantee in which one method of computing the compensation to be paid to Lessor therefor is based on the rent payable hereunder, and (2) the then fair market value of the land in fee simple, based on

either (a) the highest and best use of the land which had been permitted by the zoning or classification in effect as of February 1, 1981, or (b) the then highest and best use of the land permitted by the zoning or classification then in effect, whichever shall give the higher value, and in either case exclusive of any buildings and improvements thereon, and free and clear of all encumbrances, including but not limited to this CCD and all tenancies hereunder but otherwise excluding then existing encumbrances which also existed as of February 1, 1981, and upon the assumption that the land is then available for immediate development, which rate of return and fair market value shall be determined by appraisal as follows:

The fair market value or rental shall be determined in the manner provided for by Chapter 658, Hawaii Revised Statutes, as the same shall be amended from time to time, by three (3) impartial real estate appraisers, in which case either party may give to the other written notice of a desire to have an arbitration of the matter in dispute and name one of the appraisers in said written notice, whereupon the other party shall, within ten (10) days after the receipt of such notice name a second appraiser, and in case of failure so to do, the party who has already named an appraiser may have the second appraiser selected or appointed by one of the judges of the Circuit Court, First Judicial Circuit, State of Hawaii, and the two appraisers so appointed in either manner shall appoint a third appraiser, and in case of their failure to do so within ten (10) days after appointment of the second appraiser either party may have the third appraiser appointed by such judge, and the three (3) appraisers so appointed shall proceed to determine the matter in question, and the decision of said appraisers or a majority of them shall be final, conclusive and binding on both parties hereto. PROVIDED, HOWEVER, that if two (2) of said appraisers shall fail within a reasonable time to reach an agreement on the matter in question, then they shall be discharged and said matter shall be determined by three (3) new appraisers appointed in the same manner as aforesaid, and this process shall be repeated until a decision is finally reached by two (2) of the appraisers. The process or method of appraisal shall be that receiving general acceptability among competent, experienced and recognized appraisers in the field of real estate evaluation in the State of Hawaii and on the mainland United States. Lessee and the Association shall each pay for its respective appointee, attorneys and witnesses and one-half

(1/2) of all other proper costs and expenses of such arbitration.

Until such rent is determined, Grantee shall pay on account thereof Grantee's share of rent to the Lessor in the same amounts and at the same times and manner as were payable for the last lease year preceding the period in question, and Grantee shall within fifteen (15) days after such determination pay to the Lessor the amount of Grantee's share of any increase in rent which shall have accrued since the expiration of the preceding rental period; provided, however, that if such rent shall have been determined by appraisal but either party shall choose to dispute the amount thereof, whether by way of court action or otherwise, and shall thereby delay the final determination of such rent, Grantee shall pay Grantee's share of rent to the Lessor as determined by appraisal (and not the prior rent) at the same times and manner as herein provided for the payment of rent and, upon the final determination of such rent, either (a) Grantee shall pay the Lessor the amount of Grantee's share of any increase in rent over the rent that had been determined by appraisal which shall have accrued since the expiration of the preceding rental period, together with interest thereon at the rate of twelve percent (12%) per annum for the period as of the date for which such rent had been determined by appraisal to the date of final determination, or (b) the Lessor shall pay to Grantee the amount of Grantee's share of any reduction in rent under the rent which had been determined by appraisal which shall have accrued since the expiration of the preceding rental period and which shall have been paid to the Lessor, together with interest thereon at the rate of twelve percent (12%) per annum from the date or dates of payment by Grantee to the Lessor to the date the amount of such decrease is fully paid to Grantee; either such preceding payment "(a)" or "(b)" shall be made within fifteen (15) days after the date of such final determination.

At the end of the term (or upon sooner termination) the Grantee will peaceably return the ground lease interest to the Lessor. Grantee will, at that time, sign and deliver to Lessor a document for recording in the Bureau of Conveyances which conveys Grantee's Apartment and ground lease interest to the Lessor. This will ensure the return of the air rights to the Lessor. If the Grantee does not sign such a document the Lessor shall be given a special power of attorney and therefore will have the right, at that time, to sign such a document for Grantee and to have it recorded in the Bureau.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CCD. THE BUYER MUST REFER TO THE ACTUAL PROVISIONS OF THE CCD TO DETERMINE BUYER'S RIGHTS AND OBLIGATIONS THEREUNDER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CCD, THE CCD WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT I

EXHIBIT J

SCHEDULE OF MONTHLY LEASE RENT

<u>Apartment</u>	<u>Monthly Lease Rent</u>	
	<u>Until</u> <u>January 31, 2001</u>	<u>From February 1, 2001</u> <u>Until January 31, 2011</u>
201	\$60.79	\$85.07
202	60.79	85.07
203	60.79	85.07
204	60.79	85.07
205	60.79	85.07
206	60.79	85.07
207	60.79	85.07
208	60.79	85.07
209	60.79	85.07
210	60.79	85.07
211	60.79	85.07
301	60.79	85.07
302	60.79	85.07
303	60.79	85.07
304	60.79	85.07
305	60.79	85.07
306	60.79	85.07
307	60.79	85.07
308	60.79	85.07
309	60.79	85.07
310	60.79	85.07
311	60.79	85.07
401	60.79	85.07
402	60.79	85.07
403	60.79	85.07
404	60.79	85.07
405	60.79	85.07
406	60.79	85.07
407	60.79	85.07
408	60.79	85.07
409	60.79	85.07
410	60.79	85.07
411	60.79	85.07

END OF EXHIBIT J

EXHIBIT K

PARKING STALL DESIGNATIONS

<u>Apartment No.</u>	<u>Parking Stall No.</u>
201	20
202	24
203	21
204	25
205	22
206	10
207	23
208	11
209	9
210	26
211	8
301	14
302	None
303	15
304	None
305	16
306	13 (compact)
307	17
308	12 (compact)
309	18
310	None
311	19
401	7
402	None
403	6
404	None
405	5
406	1 (compact)
407	4
408	None
409	3
410	None
411	2

END OF EXHIBIT K

EXHIBIT L

ARCHITECT'S VERIFIED STATEMENT

STATE OF HAWAII )  
 ) ss.  
CITY AND COUNTY OF HONOLULU )

GERALD TOKUNO, being first duly sworn on oath states as follows:

1. That he is a professional architect registered by the State of Hawaii, Registration No. 3478-A;
2. That he has conducted a brief site observation of the 1459 Pele Lane Condominium Project ("Project");
3. That all structural components and mechanical and electrical installations that were observed material to the use and enjoyment of the Project appear to be in fair condition;
4. That no representations of any kind are made as to the expected use or life, if any, of the structural components and mechanical and electrical installations material to the use and enjoyment of this Project;
5. That this is not a warranty of the condition of the structural components and mechanical and electrical installations of the Project which were observed, but rather a certification that a brief site observation was made and that all structural components and mechanical and electrical installations appear to be in fair condition; and
6. That no right shall accrue to any third party for any claim with respect to the condition of the structural

components and mechanical and electrical installations of the  
Project.

  
\_\_\_\_\_  
GERALD TOKUNO

Subscribed and sworn to before me this  
10<sup>th</sup> day of June, 1994.

  
\_\_\_\_\_  
Notary Public, State of Hawaii  
My commission expires: 7/17/96