

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Royal Lunalilo, Inc.  
Address 1907 Young Street, Honolulu, Hawaii 96826

Project Name(\*): Royal Lunalilo  
Address: 926 Lunalilo Street, Honolulu, Hawaii 96822

Registration No. 3366

Effective date: September 12, 1997

Expiration date: October 12, 1998

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:           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.  
(yellow)

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

  X   SUPPLEMENTARY:       This report updates information contained in the:  
(pink)  
[X] Preliminary Public Report dated: August 4, 1995  
[ ] Final Public Report dated: \_\_\_\_\_  
[ ] Supplementary Public Report dated: \_\_\_\_\_

And [X] 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:

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:

THE ACQUISITION AND DEVELOPMENT OF THIS CONDOMINIUM PROJECT HAS CHANGED FROM ITS INITIAL CONCEPT OF A RESIDENTIAL CONDOMINIUM PROJECT TO A SENIOR LIVING PROJECT WITH ADDITIONAL SERVICES AND AMMENITIES THAT ARE NOT USUALLY PROVIDED IN A TYPICAL CONDOMINIUM PROJECT.

1. This project has as part of the services to the apartment owners provided for the following services: Senior living services and accommodations including the physical upkeep of the building, landscaping, senior living administration and maid service in the apartments. The common elements include facilities which the association owns and may lease or operate including a dining room, kitchen, lounge, activities room, beauty salon, coffee shop and market and administrative offices for the project.

2. The expanded services have provided for three categories of charges for the apartment owners with the first two charges being mandatory and the third category being optional.

a. The maintenance fees allocated on the percentage of interest in the common elements which includes the maintenance of the building, landscaping, lobby's, parking corridor's, activity room, exercise room, swimming pool, library, beauty salon, coffee shop and market and administrative offices.

b. The fees charges by the Royal Lunalilo Club which are allocated on a per person basis and includes the food service manager and employees, the activity director(s), hospitality fund and supplies.

c. The optional service that is provided for those who sign up for such service at the rate per individual per month as follows:

Buffet lunch	\$ 75.00
Continental breakfast and dinner	\$150.00
Beauty salon and barber Shop	Posted prices
Lounge, coffee shop and mini mart	Posted prices
Assisted Living request	Posted prices
Personal laundry service	Posted prices

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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: Royal Lunalilo, Inc. Phone: (808) 946-8033  
Name (Business)  
1907 Young Street  
Business Address  
Honolulu, Hawaii 96826

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

Kenneth Nobuta President/Treasurer  
D. Zane Schlemmer Vice President/Secretary

Real Estate Broker: B & B Investments, Ltd. Phone: (808) 532-3330  
Name (Business)  
1001 Bishop Street, Pacific Tower, #2020  
Business Address  
Honolulu Hawaii 96813

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211  
Name (Business)  
235 Queen Street, 1st Floor  
Business Address  
Honolulu, Hawaii 96813

General Contractor: To be determined Phone: \_\_\_\_\_  
Name (Business)  
Business Address

Condominium Managing Agent: PAR Management, Inc. Phone: (808) 591-8870  
Name (Business)  
1210 Auahi Street, #105  
Business Address  
Honolulu, Hawaii 96814

Attorney for Developer: Hiroshi Sakai, Attorney at Law Phone: (808) 531-4171  
Name (Business)  
201 Merchant Street, Suite 902  
Business Address  
Honolulu, Hawaii 96813

II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. \_\_\_\_\_  
 Filed - Land Court Condo Map No. \_\_\_\_\_

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. \_\_\_\_\_  
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>Simple Majority</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:

The Declarant reserves the right to grant, relocate and/or extinguish easement (s) as may be deemed necessary or appropriate by Declarant, as requested by public utility or utilities, or by any governmental authority for purposes of ingress and egress and/or utility services affecting the common and limited common elements in the Project and to execute and record any amendment to this Declaration reflecting such easement(s).

There are additional reservations in favor of the Developer and covenants which a Buyer should be aware of in the Sales Contract as well as in the Declaration which allow the Developer to make changes to the Declaration, By Laws and House Rules prior to the conveyance of any apartments to the Buyers. The Developer is authorized to file the "as built" Condominium Map even after there has been conveyances of apartments made to Buyers.



[ ] 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: 926 Lunalilo Street Tax Map Key (TMK): First Division 2-4-14:5,6,7,8,14 & 15  
Honolulu, Hawaii 96822

[ ] Address [x] TMK is expected to change because of consolidation by common ownership

Land Area: 42,770 [ ] square feet [ ] acre(s) Zoning: A-2, Punchbowl Special Design District

Fee Owner: TMK: (1) 2-4-14:5,6,7,8,&14  
Royal Lunalilo, Inc.  
 Name  
1907 Young Street  
 Address  
Honolulu, Hawaii 96826

TMK: 2-4-14: 15  
 Douglas K.J. Wong, Trustee  
 Jocelyn K.N.C. Wong, Trustee  
5324 Limu Street  
 Honolulu, Hawaii 96821

Lessor: Not Applicable  
 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: One Floors Per Building 14

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

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Steel, Glass and Allied Building materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>110</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes  No

\* This building contains 2 basement levels which is not counted as floor area (per Land Use Ordinance) but is counted as a floor in item C.2 above.

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: One small pet as permitted by the House Rules
- [ X ] Number of Occupants: Singles and couples, extended family living is prohibited subject to Declaration, By Laws, and House Rules
- [ ] Other: Not Applicable
- [ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: Two Stairways: Two Trash Chutes: None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
see Exhibit "C" For details		For details			

Total Number of Apartments: 110

\*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 shall not be deemed to include the ~~undecorated or unfinished surfaces~~ of the perimeter walls or interior load bearing walls. The floors and ceilings surrounding each of them or any pipes, wires, conduits or other utility lines running through them which are utilized for or serve more than one unit are deemed common elements as herein provided. Each unit shall be deemed to include all the wall and partitions, floors and ceilings which are not load bearing within its perimeter walls including paint, wallpaper, or the like, carpeting, floor covering and built-in fixtures. Additionally, the boundary lines of each apartment are the exteriors of doors, windows, and glass walls and the frames thereof and the handrail of the lanais.

Permitted Alterations to Apartments: Except as specified in the Declaration, the common interest and elements appurtenant to each apartment shall have a permanent character and shall not be altered without the consent of all the apartment owners affected, expressed in an amendment to the Declaration and duly filed.

7. Parking Stalls:

Total Parking Stalls: 147

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>55</u>	<u>      </u>	<u>55</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>110</u>
Guest Unassigned	<u>      </u>	<u>11</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>11</u>
Extra for Purchase	<u>5</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>5</u>
Other:	<u>3</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>3</u>
	<u>2</u>	<u>12</u>	<u>4</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>18</u>
Total Covered & Open:	<u>88</u>	<u>      </u>	<u>59</u>	<u>      </u>	<u>0</u>	<u>      </u>	<u>147</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit "B" 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
- Laundry Area       Tennis Court       Trash Enclosure(s)
- Other: Facilities as described in the common elements

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

- There are no violations.       Violations will not be cured.
- Violations and cost to cure are listed below:       Violations will be cured by \_\_\_\_\_.
- (Date)

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):

NA

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:

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

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

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

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project 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   "A"  .

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 "B".

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 "C".

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 "D" describes the encumbrances against the title contained in the title report dated 7/7/97  
and issued by Title Guaranty of Hawaii Incorporated.

Blanket Liens:

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

- [ ] There are no blanket liens affecting title to the individual apartments.
- [ 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>
Mortgages	Buyer's interest may be terminated on foreclosure but Buyer will be entitled to a refund of deposit.
Contract of Sale	Buyer's interest may be terminated if Seller does not pay for the land, but Buyer will be entitled to refund of deposit as provided in the Escrow Agreement, less escrow cancellation fee.

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:

Exhibit "G" - Disclosure Statement attached contains warranties

2. Appliances:

Exhibit "G" - Disclosure Statement attached contains Manufacturer's warranties

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

Construction has not yet commenced. Construction is estimated to start within 6 months after the issuance of the Final Public Report and on completion within 18 months thereafter.

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  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, a lien may be placed on your apartment and the apartment may be 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 "G" 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 (  Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Gas (  Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable for Satellite TV - basic channels  
 Other \_\_\_\_\_

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated February 16, 1995  
Exhibit "F" 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 issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - 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 The project is subject to a private park declaration

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. 3366 filed with the Real Estate Commission on 5/22/95.

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

YELLOW paper stock       WHITE paper stock       PINK paper stock

C. Additional Information Not Covered Above

None.

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.

ROYAL LUNALILO, INC.

\_\_\_\_\_  
Printed Name of Developer

By: Kenneth K. Nobuta 18 July 1997  
Duly Authorized Signatory Date

Kenneth K. Nobuta, President

\_\_\_\_\_  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu

EXHIBIT "A"  
Common Elements.

The common elements of the Project will include the common elements described hereinbelow and all portions of the Project other than the condominium apartments, including specifically, but not limited to:

a. The land described in Exhibit "A" of the Declaration, the landscaped area and the exterior of the building.

b. The lobbys, lounges, offices, dining rooms, Kitchen and pantry, mail room, coffee shop and market, laundry, activities room, mechanical and equipment rooms, employee rooms and lounge, restrooms, library, storage rooms, beauty shop, supplies and other rooms as indicated on the Condominium Map.

c. The exterior walls, foundations, columns, girders, beams, floor slabs, roofs, supports and load bearing walls (except for the inner finished surfaces within each apartment).

d. All structural elements, elevator shafts, stairways, walkways, walls, fences and railings.

e. The loading dock, guest parking stalls and driveways and ramps in the ground, basement P-1 and P-2 parking and Facility levels.

f. The mechanical, shop/maintenance, transformer, generator, switch gear and trash rooms.

g. The central water and heater system, sewer lines, electrical equipment, transformer vault, pipes, wiring and other central and appurtenant transmission facilities and installations which serve the entire Project for services such as power, light, water, gas, refuse, cable televisions and telephone, save and except that through the use of separate meter and/or check meters the usage of such power, electricity, water, light, gas, refuse and telephone shall be separately allocated between the facilities and the rest of the apartments.

h. Any and all other structure, apparatus and installations of common use, and all other parts of the project necessary or convenient to the existence, maintenance and safety, or normally in common use.

EXHIBIT B  
LIMITED COMMON ELEMENTS (Parking Stalls)  
ROYAL LUNALILO

UNIT PARKING STALL		UNIT PARKING STALL		UNIT PARKING STALL		GUEST PARKING STALL	
UNIT NO.	NUMBER TYPE	UNIT NO.	NUMBER TYPE	UNIT NO.	NUMBER TYPE	NUMBER TYPE	
101	124 C	501	50 C	901	65 C		125
102	81	502	104	902	41		126
104	42	503	57 C	903	64 C		127
105	77 C	504	105	904	40		128
106	71 C	505	58 C	905	63 C		129
107	19	506	59 C	906	62 C		130
110	18	507	106	907	36		131 HC
111	85	508	60 C	908	54		132 HC
112	1 C	509	107	909	35		133
114	82	510	61 C	910	55		134
201	4 C	601	114 C	1001	95		135
202	48	602	90	1002	102		
203	68 C	603	112 C	1003	73		
204	26	604	89	1004	101		
205	5 C	605	51 C	1005	34		
206	6 C	606	52 C	1006	111 C		
207	27	607	88	1007	97		
208	69 C	608	113 C	1008	115		
209	28	609	103	1009	96	*	11
210	7 C	610	53 C	1010	116	*	31 C
301	13 C	701	123 C	1101	43	*	56 C
302	17	702	79	1102	84	*	72
303	15 C	703	122 C	1103	44	*	92 C
304	12	704	83	1104	23	*	117 C
305	33 C	705	120 C	1105	45	*	136
306	32 C	706	118 C	1106	46	*	137
307	2 C	707	9	1107	20	*	138
308	14 C	708	121 C	1108	49	*	139
309	3 C	709	21	1109	22	*	140
310	16 C	710	119 C	1110	110	*	141
401	74 C	801	100 C	**	24 HC	*	142
402	30	802	78	**	25 HC	*	143
403	76 C	803	99 C	**	86 HC	*	144
404	29	804	80	**	87 HC	*	145
405	94 C	805	98 C	**	91 HC	*	146
406	93 C	806	39 C	**	47	*	147
407	66 C	807	8	**	108		
408	75 C	808	38 C	**	109		
409	67 C	809	10				
410	70 C	810	37 C				

All compat stalls and regular stalls are of the size as specified in the Condominium Map.

Stalls designated with a "C" following the stall number is a compact parking stall.  
Stalls designated with a "H" following the stall number is a handicap parking stall.  
Stalls designated with a "T" following the stall number is a tandem parking stall.  
All other stalls with no "C" letter designation are regular size stalls.

\* OTHER/STAFF PARKING STALLS ASSIGNED TO OFFICE FACILITY FOR ROYAL LUNALILO

\*\* DECLARANT OWNED STALLS PRESENTLY ASSIGNED TO UNIT NUMBERS WHICH DECLARANT HAS THE OPTION TO EXCHANGE WITH OTHER UNIT OWNERS AND/OR SELL AS AN ADDITIONAL PARKING STALL TO A UNIT OR SOLD TO THE ROYAL LUNALILO ASSOCIATION AND BECOME EITHER STAFF AND/OR GUEST PARKING STALLS.

rim07-17-97

EXHIBIT - C  
 DESCRIPTION OF CONDOMINIUM APARTMENTS, LOCATION AND COMMON INTEREST  
 ROYAL LUNALILO

UNIT NO.	UNIT TYPE	UNIT DESCRIPTION	EST. UNIT NET LIVING SQ. FT.	EST. NET LANAI SQ. FT.	EST. TOTAL AREA	EST. UNIT % COMMON INTEREST
101	A1	1 Bdrm., 1 Bath	498	213	711	0.800141%
102	E3	2 Bdrm., 1 Bath	651	176	827	1.045968%
104	D5	2 Bdrm., 1 Bath	651	61	712	1.045968%
105	C1	1 Bdrm., 1 Bath	469	101	570	0.753547%
106	C1	1 Bdrm., 1 Bath	469	101	570	0.753547%
107	D2	2 Bdrm., 1 Bath	694	140	834	1.115056%
110	A1	1 Bdrm., 1 Bath	498	213	711	0.800141%
111	D4	2 Bdrm., 1 Bath	685	321	1,006	1.100596%
112	B3	1 Bdrm., 1 Bath	439	251	690	0.705346%
114	D4	2 Bdrm., 1 Bath	685	321	1,006	1.100596%
201	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
202	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
203	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
204	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
205	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
206	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
207	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
208	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
209	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
210	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
301	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
302	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
303	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
304	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
305	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
306	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
307	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
308	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
309	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
310	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
401	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
402	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
403	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
404	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
405	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
406	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
407	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
408	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
409	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
410	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
501	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
502	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
503	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
504	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
505	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
506	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
507	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
508	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
509	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
510	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
601	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
602	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
603	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
604	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
605	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
606	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
607	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
608	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
609	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
610	A	1 Bdrm., 1 Bath	498	37	535	0.800141%

EXHIBIT - C

UNIT NO.	UNIT TYPE	UNIT DESCRIPTION	EST. UNIT NET LIVING SQ. FT.	EST. NET LANAI SQ. FT.	EST. TOTAL AREA	EST. UNIT % COMMON INTEREST
701	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
702	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
703	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
704	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
705	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
706	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
707	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
708	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
709	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
710	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
801	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
802	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
803	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
804	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
805	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
806	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
807	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
808	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
809	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
810	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
901	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
902	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
903	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
904	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
905	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
906	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
907	D	2 Bdrm., 1 Bath	694	52	746	1.115056%
908	B	1 Bdrm., 1 Bath	441	14	455	0.708559%
909	E	2 Bdrm., 1 Bath	723	52	775	1.161651%
910	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
1001	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
1002	E1	2 Bdrm., 1 Bath	723	166	889	1.161651%
1003	B1	1 Bdrm., 1 Bath	441	14	455	0.708559%
1004	D1	2 Bdrm., 1 Bath	694	166	860	1.115056%
1005	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
1006	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
1007	D1	2 Bdrm., 1 Bath	694	166	860	1.115056%
1008	B1	1 Bdrm., 1 Bath	441	14	455	0.708559%
1009	E1	2 Bdrm., 1 Bath	723	166	889	1.161651%
1010	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
1101	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
1102	E2	2 Bdrm., 1 Bath	723	33	756	1.161651%
1103	B2	1 Bdrm., 1 Bath	441		441	0.708559%
1104	D3	2 Bdrm., 1 Bath	694	33	727	1.115056%
1105	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
1106	C	1 Bdrm., 1 Bath	469	37	506	0.753547%
1107	D3	2 Bdrm., 1 Bath	694	33	727	1.115056%
1108	B2	1 Bdrm., 1 Bath	441		441	0.708559%
1109	E2	2 Bdrm., 1 Bath	723	33	756	1.161651%
1110	A	1 Bdrm., 1 Bath	498	37	535	0.800141%
<hr/> 110 UNITS			<hr/> 62,239	<hr/> 6,090	<hr/> 68,329	<hr/> 100.000000%

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EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. For any taxes that may be due and owing and a lien on the parcels of land herein described, reference is made to the Office of the Tax Assessor of the First Taxation Division.

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

3. As to parcels First through Fifth inclusive:

(A) Encroachment of CRM wall and chain link fence unto Tax Map Key: (Oahu) 2-4-14: 8, as shown on survey dated July 18, 1995 of Wm. Dean Alcon & Associates, Inc., as set forth in instrument dated October 17, 1995, recorded as Document No. 95-138868.

(B) Encroachment of CMU wall on CRM wall unto Tax Map Key: (Oahu) 2-4-14: 8, as shown on survey dated July 18, 1995 of Wm. Dean Alcon & Associates, Inc., as set forth in instrument dated October 17, 1995, recorded as Document No. 95-138868.

(C) First Mortgage, Security Agreement and Financing Statement by Royal Lunalilo, Inc., a Hawaii corporation, as Mortgagor, in favor of Rainbow Finance Corporation, a Hawaii corporation, now known as Rainbow Financial Corporation, dated October 17, 1995, recorded as Document No. 95-138868 in the amount of \$1,500,000.00.

(D) Second Mortgage by Royal Lunalilo, Inc., a Hawaii corporation, as Mortgagor, in favor of Sanrex Co., Ltd, a Japan corporation, dated September 30, 1995, recorded as Document No. 95-138869 in the amount of \$1,500,000.00.

(E) Negative Pledge Agreement dated October 24, 1995 recorded as Document No. 97-013454 by Kenneth K. Nobuta, unmarried, "Owner" with Royal Lunalilo, Inc., a Hawaii corporation, "Lender" in which Owner agrees and declares the premises described herein shall not be sold, assigned, transferred, mortgaged, pledged or further encumbered in any way from and after the date hereof, etc., as an inducement for the making of a loan by Lender in the principal amount of \$4,000,000.00.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey or archaeological study would disclose.

5. Any lien the claim of lien for services, labor or material arising from an improvement or work related to the land described herein.

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

- (a) A Buyer must obtain his own financing. Buyer acknowledges that this Sales Contract is contingent on any financing before the issuance of the final public report.
- (b) That a Buyer's money will be held in escrow, under the terms of the Escrow Agreement.
- (c) Any interest earned on Buyer's funds deposited in escrow shall accrue to the benefit of the Buyer prior to the receipt of the Final Public Report or the expiration of 30 days after the delivery or sending of the Final Public Receipt to the Buyer and the Buyer fails to acknowledge receipt of the Final Public Report. Thereafter any interest on the Buyer's funds shall belong to the Seller.
- (d) That the unit will be subject to various other legal documents which the buyer certifies that he has examined.
- (e) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (f) If there are delays which causes increases in the construction costs, the Seller may increase the purchase price and give the Buyer 15 days to cancel the contract and have a return of sums paid less escrow cancellation fee. If Buyer does not notify Seller, then this shall constitute an affirmation of the sale at the new contract price.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "F"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

(a) Developer will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement states the following conditions under which a refund will be made to a purchaser. Developer and Purchaser make a written request to Escrow: (a) To return to purchaser the funds; (b) To notify Developer's exercise of any option to rescind the sales contract or (c) That the conditions provided for a refund under Sections 514A-62 or 514A-63 of the Condominium Act have been met.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract, that is, the Purchaser's funds shall be retained by the Seller as liquidated damages.

(e) All moneys from the sale of such apartments, including any payments made on loan commitments from lending institutions, will be deposited by the developer under an escrow arrangement held by the construction lender for disbursement for costs of the Project.

(f) Disbursements from such fund or funds may be made, from time to time, to pay for construction costs of the building in proportion to the valuation of the work completed by the contractor as certified by a registered architect or professional engineer, and for architectural, engineering, finance, and legal fees and for other incidental expenses of the condominium project as approved by the mortgagee.

(g) The balance of the moneys remaining in the trust fund shall be disbursed only upon completion of the building, free and clear of all mechanic's and materialmen's liens.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Note: Section 514A-63, Hawaii Revised Statutes provides for Rescission Rights to a purchaser under a binding contact if there is a material change in the project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project available for such purchaser's use.

B:\RLU.Exf

EXHIBIT "G"

ROYAL LUNALILO  
REGISTRATION NO. 3366

DISCLOSURE STATEMENT AS OF 18 July 1997, 1997

1. Name and Address of Project: ROYAL LUNALILO at 926  
Lunalilo Street, Honolulu, Hawaii 96822.

2. Name, Address and Telephone Number of Developer:  
Royal Lunalilo, 1907 Young Street, Honolulu, Hawaii 96826.  
Telephone (808) 9468033.

3. Managing Agent of Project: PAR MANAGEMENT, INC.,  
1210 Auahi Street, Honolulu, Hawaii 96817.

4. Maintenance Fees: The Operating Budget including  
the disbursements for the building and facility related,  
disbursements for the Royal Lunalilo Club related and optional  
services are set forth in Exhibit "1" and the breakdown by  
apartments is as set forth in Exhibit "2", all of which are  
attached hereto and incorporated herein by reference.

5. Warranties: The apartments and the common elements  
of the Project shall have the benefit of a one-year warranty  
against defects in materials and workmanship, which warranty  
shall commence as of the date of the substantial completion for  
such apartments and common elements.

6. Use: The project will consist of 110 residential  
apartments. There are additional facilities in the project that  
are common elements which are facilities and may be leased by the  
Association to an operator such as the restaurant, beauty salon,  
laundry and mini mart.

7. Statement of Residential Development: The Project  
is in an apartment zone of the City and County of Honolulu and  
the uses permitted under such zoning is permitted in the Project.

DATED: Honolulu, Hawaii, this 18th day of  
July \_\_\_\_\_, 1997.

ROYAL LUNALILO, INC.

By K. Nobuta  
K. Nobuta, Its President

Subscribed and sworn to before me  
this 18th day of JULY, 1997.

D. Jan P. Schlemmer  
Notary Public, State of Hawaii

My commission expires:



MY COMMISSION EXPIRES APRIL 7, 1999

EXHIBIT "1"

MONTHLY MAINTENANCE FEES  
ROYAL LUNALILO

<u>QUANTITY</u>	<u>UNIT TYPE</u>	<u>"(1)" EST. UNIT MAINT. FEE PER MONTH</u>	<u>"(2)" CLUB ROYAL LUNALILO FEES</u>	<u>"(1+2)" EST TOTAL UNIT MAINT FEES / MO.</u>	<u>"(1&amp;2)" PER UNIT YEARLY TOTAL (X 12 MONTHS)</u>
20	A	\$615.31	\$194.32	\$809.63	\$9,715.54
2	A1	\$615.31	\$194.32	\$809.63	\$9,715.54
16	B	\$544.88	\$194.32	\$739.20	\$8,870.42
2	B1	\$544.88	\$194.32	\$739.20	\$8,870.42
2	B2	\$544.88	\$194.32	\$739.20	\$8,870.42
1	B3	\$542.41	\$194.32	\$736.73	\$8,840.77
20	C	\$579.48	\$194.32	\$773.80	\$9,285.57
2	C1	\$579.48	\$194.32	\$773.80	\$9,285.57
16	D	\$857.48	\$194.32	\$1,051.80	\$12,621.58
2	D1	\$857.48	\$194.32	\$1,051.80	\$12,621.58
1	D2	\$857.48	\$194.32	\$1,051.80	\$12,621.58
2	D3	\$857.48	\$194.32	\$1,051.80	\$12,621.58
2	D4	\$846.36	\$194.32	\$1,040.68	\$12,488.14
1	D5	\$804.35	\$194.32	\$998.67	\$11,984.03
16	E	\$893.31	\$194.32	\$1,087.63	\$13,051.56
2	E1	\$893.31	\$194.32	\$1,087.63	\$13,051.56
2	E2	\$893.31	\$194.32	\$1,087.63	\$13,051.56
1	E3	\$804.35	\$194.32	\$998.67	\$11,984.03
110	TOTAL				

"(1)" The maintenance fees allocated on the percentage of interest in the common elements which includes the maintenance of the building, landscaping, lobby's, parking corridor's, activity room, exercise room, swimming pool, library, beauty salon, coffee shop and market and administrative offices.

"(2)" The fees charges by the Royal Lunalilo Club which are allocated on a per person basis and includes the food service manager and employees, the activity director(s), hospitality fund and supplies.

**BUDGET ROYAL LUNALILO  
110 UNIT CONDOMINIUM APARTMENTS**

**EXHIBIT "1"**

**(1) RECEIPTS: BUILDING & FACILITY RELATED**

	<u>1999</u>	<u>1999</u>
	<u>Monthly</u>	<u>Annual</u>
	<u>Budget</u>	<u>Budget</u>
Maintenance Fees (1) Building/Facility of common interest	76,900.00	922,800.00
Start-up Fees - Reserves	0.00	0.00
Late Fees	0.00	0.00
Interest Income	0.00	0.00
Electricity - Units	2,650.00	31,800.00
Catering & Banquet	68.75	825.00
Second Person Revenue	8,744.60	104,935.24
Dining Receipts	0.00	0.00
Mini-Mart/Coffee Shop	77.50	930.00
Beauty Salon	150.00	1,800.00
Key Receipts	0.00	0.00
Parking Fees	0.00	0.00
Activity Receipts	37.50	450.00
Other Receipts	0.00	0.00
<b><u>(1) TOTAL OPERATING RECEIPTS: BUILDING &amp; FACILITY RELATED</u></b>	<b><u>\$88,628.35</u></b>	<b><u>\$1,063,540.24</u></b>

**(1) DISBURSEMENTS: BUILDING & FACILITY RELATED**

**Utilities:**

Electricity, Common Areas	5,800.00	69,600.00
Gas	1,970.83	23,650.00
Sewer	3,922.00	47,064.00
Water	1,961.00	23,532.00
Telephone	583.00	6,996.00
<b>Sub Total</b>	<b><u>\$14,236.83</u></b>	<b><u>\$170,842.00</u></b>

**Administration:**

Managing Agent Fee	1,443.75	17,325.00
General Management Fee	6,718.25	80,619.00
Legal	238.00	2,856.00
Audit and Tax Preparation	238.00	2,856.00
Board of Directors Expenses	106.00	1,272.00
Office Supplies	106.00	1,272.00
Office Lease Equipment	424.00	5,088.00
Misc. Taxes and Permits	795.00	9,540.00
Dues and Subscriptions	53.00	636.00
Misc. Contingency Expense	212.00	2,544.00
<b>Sub Total</b>	<b><u>\$10,334.00</u></b>	<b><u>\$124,008.00</u></b>

**Contract Services:**

Fire Alarm/Extinguisher Testing	292.00	3,504.00
Elevator Maintenance and Testing	833.33	10,000.00
Pool and Grounds Maintenance	0.00	0.00
Refuse Disposal (Commons and Apartments)	1,590.00	19,080.00
Pest Control (Commons and apartments)	795.00	9,540.00
Basic Cable or Satellite TV (Common & Apartments)	2,120.00	25,440.00
Janitorial - Exterior Window Washing	1,060.00	12,720.00
Vent/Pump/AC	1,060.00	12,720.00
Other Building Maintenance & Repair	795.00	9,540.00
<b>Sub Total</b>	<b><u>\$8,545.33</u></b>	<b><u>\$102,544.00</u></b>

**Insurance:**

Fire/Special Multi-Peril/Hazard/Liability	7,083.33	85,000.00
Directors & Officers	185.00	2,220.00
Fidelity Bond	95.00	1,140.00
<b>Sub Total</b>	<b><u>\$7,363.33</u></b>	<b><u>\$88,360.00</u></b>

EXHIBIT "1"

	<u>Monthly Budget</u>	<u>Annual Budget</u>
<b>Manager's Administration Employees:</b>		
Administrator	4,042.00	48,504.00
Bookkeeper	2,756.00	33,072.00
Bookkeeper/Admin. Relief	1,102.00	13,224.00
Office Support	0.00	0.00
Receptionist/Concierge	3,858.00	46,296.00
Taxes & Benefits (25%)	2,940.00	35,280.00
<b>Sub Total</b>	<b>\$14,698.00</b>	<b>\$176,376.00</b>
<b>Manager's Maintenance Employees:</b>		
Maintenance Supervisor	3,124.00	37,488.00
Maintenance Relief	882.00	10,584.00
Taxes & Benefits (25%)	1,002.00	12,024.00
<b>Sub Total</b>	<b>\$5,008.00</b>	<b>\$60,096.00</b>
<b>Manager's Services Employees:</b>		
Housekeepers	3,748.00	44,976.00
Janitor	1,654.00	19,848.00
CNA Trained Security Guard	4,244.00	50,928.00
RN Wellness dir. LPN relief	4,886.00	58,632.00
Taxes & Benefits (25%)	3,633.00	43,596.00
<b>Sub Total</b>	<b>\$18,165.00</b>	<b>\$217,980.00</b>
<b>Supplies &amp; Equipment:</b>		
Housekeeping & Janitorial Supplies	530.00	6,360.00
Maintenance Supplies	530.00	6,360.00
Wellness Center Supplies	212.00	2,544.00
Leased Equipment	0.00	0.00
<b>Sub Total</b>	<b>\$1,272.00</b>	<b>\$15,264.00</b>
<b>Transportation:</b>		
Van (s) Leased Or Amortized Payment	0.00	0.00
Insurance	408.00	4,896.00
Fuel	318.00	3,816.00
Maintenance, License, Safety Checks	159.00	1,908.00
<b>Sub Total</b>	<b>\$885.00</b>	<b>\$10,620.00</b>
<hr/>		
<b>(1) DISBURSEMENTS FOR FACILITY &amp; RELATED</b>	<b>\$80,507.50</b>	<b>\$966,090.00</b>
<b>(1) REPLACEMENT RESERVES ALLOCATION OF 10%*</b>	<b>\$8,050.75</b>	<b>\$96,609.00</b>
<hr/>		
<b>(1) TOTAL DISBURSEMENTS FOR FACILITY AND RELATED AND RESERVES</b>	<b>\$88,558.25</b>	<b>\$1,062,699.00</b>
<hr/>		
<b>(1) NET OPERATING INCOME (LOSS) FOR FACILITY &amp; RELATED</b>	<b>\$70.10</b>	<b>\$841.24</b>
<hr/>		
<b>(1) ADJUSTED TOTAL DISBURSEMENTS, FACILITY &amp; RELATED &amp; RESERVES</b>	<b>\$88,488.15</b>	<b>\$1,061,857.76</b>

\* Developers Disclose that no Reserve Study was done in accordance with Chapter 514 A - 83.6, HRS, and Replacement Reserve Rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

EXHIBIT "1"

	<u>Monthly Budget</u>	<u>Annual Budget</u>
<b>(2) RECEIPTS: ROYAL LUNALILO CLUB RELATED</b>		
Maintenance Fees (2) Royal Lunalilo Club for First person	30,120.30	361,443.60
2nd Person Receipts Adjusted To The Budget Annually	0.00	0.00
Late Fees	0.00	0.00
Interest Income	0.00	0.00
Other	0.00	0.00
<b>(2) TOTAL OPERATING RECEIPTS: ROYAL LUNALILO CLUB RELATED</b>	<b>\$30,120.30</b>	<b>\$361,443.60</b>
<b>(2) DISBURSEMENTS: ROYAL LUNALILO CLUB RELATED</b>		
<b>Manager's Food Service Employees:</b>		
Chef	3,498.00	41,976.00
Cooks	1,764.00	21,168.00
Cook's Helper	3,472.00	41,664.00
Dishwashers & Bus	3,087.00	37,044.00
Servers	1,929.00	23,148.00
Hostess & Lounge	3,087.00	37,044.00
Taxes & Benefits (25%)	4,209.00	50,508.00
<b>Sub Total</b>	<b>\$21,046.00</b>	<b>\$252,552.00</b>
<b>Manager's Amenities Service Employees:</b>		
Activity Director	2,388.00	28,656.00
Activity Assistant	809.00	9,708.00
Van Driver	1,134.00	13,608.00
Taxes & Benefits (25%)	1,083.00	12,996.00
<b>Sub Total</b>	<b>\$5,414.00</b>	<b>\$64,968.00</b>
<b>Royal Lunalilo Club Supplies:</b>		
Dietary Supplies (non-food related)	1,060.00	12,720.00
Club Linen Stock & Service	530.00	6,360.00
Laundry Supplies	212.00	2,544.00
<b>Sub Total</b>	<b>\$1,802.00</b>	<b>\$21,624.00</b>
<b>Misc. Club Expenses:</b>		
Hospitality Fund	106.00	1,272.00
Contingency Fund	318.00	3,816.00
<b>Sub Total</b>	<b>\$424.00</b>	<b>\$5,088.00</b>
<b>(2) DISBURSEMENTS FOR ROYAL LUNALILO CLUB</b>	<b>\$28,686.00</b>	<b>\$344,232.00</b>
<b>(2) RESERVES FOR OPERATIONS OF 5%</b>	<b>\$1,434.30</b>	<b>\$17,211.60</b>
<b>(2) TOTAL DISTRIBUTIONS FOR AMENITIES, SERVICES AND RESERVES</b>	<b>\$30,120.30</b>	<b>\$361,443.60</b>
<b>(2) NET OPERATING INCOME (LOSS) FOR ROYAL LUNALILO CLUB RELATED</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>(1) + (2) TOTAL DISBURSEMENTS AND RESERVES, CATEGORY (1) &amp; (2)</b>	<b>\$118,678.55</b>	<b>\$1,424,142.60</b>
<b>(1) &amp; (2) TOTAL NET OPERATING INCOME (LOSS) CATEGORY (1) &amp; (2)</b>	<b>\$70.10</b>	<b>\$841.24</b>

EXHIBIT "1"

Monthly  
Budget

Annual  
Budget

(1) MAINTENANCE FEES ARE ASSESSED FOR CATEGORY (1) BUILDING & FACILITY RELATED,  
ON A PERCENTAGE OF INTEREST IN THE COMMON ELEMENTS.

(2) ROYAL LUNALILO CLUB MONTHLY FEES

(2) Royal Lunalilo Club fees are assessed on a per person basis (155 residents). \$194.32  
One resident per one bedroom apartment (65 x 1 = 65).  
Two residents per two bedroom (45 x 2 = 90)

Each additional person per apartment is assessed the following: \$194.32  
Revenue accumulations from additional person occupancies are maintained in interest bearing accounts and off-set adjustments are made annually.

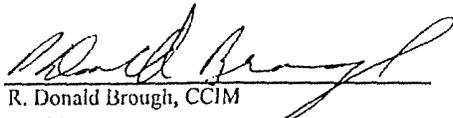
(3) OPTIMAL SERVICES

Note: Each person living in the Condominium desiring meals will be charged additional fees per month.  
The following is the estimated fee schedule per month per individual for meal service:

Buffet Lunch \$75.00  
Continental Breakfast and Dinner \$150.00

Certain services such as the beauty/barber shop, convenience store, extra chore services and assisted living services are charged on an "as used" basis. Refer to Homeowner's guide.

I, R. Donald Brough, CCIM, employed by PAR MANAGEMENT, INC. the condominium managing agent/developer for the ROYAL LUNALILO 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 principals.

  
R. Donald Brough, CCIM  
President

7-17-97  
Date