

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 ATTENTION

Although the Declaration describes the units as single-family dwellings, this is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute an 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 DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

In particular, prospective purchaser's should be aware that the 54.59% common interest allocated to Unit A will enable the Owner of said Unit to pass binding decisions regarding the Project without the concurrence of the other owner with respect to decisions not requiring the amendment of the Declaration or By-laws.

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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: Thomas E. Unger, Trustee, and
Janice M. Unger, Trustee* Phone: (808) 599-2586
Name (Business)
1735 Mott-Smith Drive
Business Address
Honolulu, Hawaii 96822

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

Real Estate Broker: Maryl Realty, Inc. Phone: (808) 322-7653
Name (Business)
78-6831 Alii Drive, #K-15
Business Address
Kailua-Kona, HI 96740

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

General Contractor: _____ Phone: _____
Name (Business)

Business Address

Condominium Managing Agent: Self-managed by Association Phone: _____
Name (Business)
of Unit Owners
Business Address

Attorney for Developer: Richard G. MacMillan Phone: (808) 538-0399
Name (Business)
820 Mililani St., #611
Business Address
Honolulu, HI 96813

*Under Revocable Trust Agreement dated May 3, 1989

**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. 2304260

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: land Court Dec. No. 2493986

- 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. 2304260

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: Land Court Doc. 2499385

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>75%</u>
House Rules	---	<u>N/A</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 _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment 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: 1735 Mott-Smith Dr. Tax Map Key (TMK): (1) 2-4-29:36
Honolulu, Hawaii 96822
 Address TMK is expected to change because _____

Land Area: 8,622 square feet acre(s) Zoning: R-5

Fee Owner: Thomas E. Unger, Trustee
~~Janice M. Unger, Trustee~~
 Name
1735 Mott-Smith Dr.
 Address
Honolulu, Hawaii 96822

Lessor: _____
 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: 2 Floors Per Building 2

Exhibit I contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>2</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

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: _____
- Number of Occupants: _____
- Other: No transient rentals or time sharing _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- 0 Stairways: 1 (Unit A) Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
<u>A</u>	<u>1</u>	<u>3/2</u>	<u>1,676</u>	<u>203.3</u>
<u>B</u>	<u>1</u>	<u>3/1</u>	<u>1,398.3</u>	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment:

See Exhibit A

Permitted Alterations to Apartments:

See Exhibit B

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:

To allow a driveway ramp to encroach into the front yard, Zoning Variance No. 93/ZA-019.

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 *	_____	* See letter from Building Department as Exhibit "J"
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 D.

as follows:

Note: The private land areas referred to in the Exhibit are not legally subdivided lots

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 _____.

as follows:

Unit A	55.49%
Unit B	44.51%

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 E describes the encumbrances against the title contained in the title report dated Sept. 30, 1998

and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
First mortgage	Buyer's interest may be terminated by mortgagee but buyer will be entitled to a return of his deposit, less escrow cancellation fees.

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:

No warranties. Sold "as is".

2. Appliances:

No warranties. Sold "as is".

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

Unit A was completed in 1997 and Unit B was completed in 1936.

H. **Project Phases:**

The developer [] has [] 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, 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 F* 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 Television Cable Other _____

*Note: Developer has not conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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 G contains a summary of the pertinent provisions of the sales contract.
 - Escrow Agreement dated September 12, 1995
Exhibit H 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 _____

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. 3650 filed with the Real Estate Commission on 11/1/96.

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.

Thomas E. and Janice M. Unger - Trustees
Printed Name of Developer

By: Thomas E. Unger Janice M. Unger 10/17/98
Duly Authorized Signatory Date

Thomas E. Unger - Janice M. Unger - Owners
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
Boundaries of Units

Each Unit shall be deemed to include the footings or slab on which it is constructed, the exterior walls and roof, all interior walls ceilings, floors and partitions and the finished surface thereof, any garages or carports adjacent thereto, lanai and storage areas and al fixtures originally installed therein. However, the respective Units shall not be deemed to include any structural or service elements which are utilized or serve more than one Unit, the same being deemed common elements as hereinafter provided.

EXHIBIT B

PERMITTED ALTERATIONS

ALTERATION OF PROJECT. The Unit Owners shall not make any alterations in or to their respective Units or the common elements or limited common elements except in accordance with the terms and conditions set forth in this paragraph 11 and in the By-Laws. "Alterations", as used herein, shall include the making of any and all improvements, additions, repairs, renovations, construction or reconstruction of said Units or the common elements or limited common elements. "Alterations" shall not be deemed to include: (a) installation of television antennas, solar heating panels or window or air conditioning units (b) painting of the exterior of any Unit; or (c) landscaping, other than the planting of any trees or other vegetation which would block or impair existing view channels.

(a) Exterior and Structural Alterations. No Unit Owner shall remodel or reconstruct his Unit or make any alterations to the exterior of his Unit or the limited common elements appurtenant to his Unit without the prior written consent of his mortgagee, (if such consent is required). The consent of the other Unit Owner shall not be required.

(b) Interior Alterations. The owner of any Unit shall have the right at any time, and from time to time, with the consent of his mortgagees (if such consent is required), but without the consent or joinder of any other Unit Owners, to make alterations within his Unit, or to cause or permit such alterations to be made by his tenants and lessees, in accordance with the provisions herein set forth. Specifically, but without limiting the generality of the foregoing, any such Unit Owner may, or may cause or permit his tenants or lessees, to install, maintain, remove and rearrange partitions and other structures from time to time within such Unit and to paint, paper, panel, plaster, tile, finish and to do or cause to be done such work within such Unit, and to finish, alter or substitute any plumbing, electrical or other fixtures therein as such Unit Owner shall deem necessary in his sole discretion; provided, that any such alterations and/or substitutions shall not adversely affect the sewage, plumbing, electrical and other common utility systems of the Project.

(c) Covenants and Restrictions Applicable to All Alterations. Any and all remodeling or alterations, whether exterior or interior, shall comply with the following terms and conditions:

(1) No alterations shall encroach upon the common elements or the limited common elements appurtenant to any other Unit;

(2) All alterations, the aggregate cost of which shall exceed \$5,000.00, shall be constructed or installed in accordance with plans and specifications prepared by a licensed architect or professional engineer;

(3) All such alterations shall be at the sole cost and expense of the Unit Owner making the alterations and shall be completed expeditiously and in such manner as shall cause the least, practicable annoyance to and interference with the other Owners use of their Units. The Owner making such alterations shall procure and shall maintain, during the course of the construction, a builders all-risk insurance policy naming the Association and collectively all Owners, as additional insureds. Evidence of such insurance shall be deposited with the Board prior to the commencement of construction;

(4) The owner making the alteration shall have the right to utilize, relocate and realign or develop existing or new central and appurtenant installations for services to the Unit affected by such alteration for electricity, sewer and other utilities and services, and when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption or interference in the service of such utilities to the other Unit Owner or otherwise impair their rights hereunder.

(5) If any alteration shall require the amendment of this Declaration of the Condominium Map, the Owner making the alteration shall pay all costs and expenses incurred in preparing and filing such amendments.

EXHIBIT B END

EXHIBIT C

Common Elements

The Declaration states that the common elements of the Project will include the limited common elements of the Project and all portions of the Project other than the apartments, including specifically, but not limited to:

- (a) All the land of the Project in fee simple;
- (b) All sewer lines, pipes, wiring and other central and appurtenant transmissions facilities and installations which serve more than one apartment for services such as power, light, water, gas, refuse, and telephone.
- (c) Any and all other apparatus and installations of common use, and all other parts of the property necessary or convenient to its existence, maintenance or safety, or normally in common use.

EXHIBIT D

Limited Common Elements

The Declaration states that certain parts of the common elements, designated as, "limited common elements", are set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

- (a) The site of each Unit, consisting of the land beneath such Unit; and
- (b) The adjacent private land area reserved for such Unit, as shown and delineated on said Condominium Map, including all driveways, walls, walkways, stairways and other improvements and landscaping within such private area.

EXHIBIT E

1. Tax Map Key: (1) 2-4-29-36, County of Honolulu. For real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City & County of Honolulu for further information.

2. Mortgage and Financing Statement in favor of First Hawaiian Bank, dated October 14, 1992, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1964863.

3. Declaration of Condominium Property Regime for MOTT-SMITH/NEHOA project dated August 25, 1995 recorded as Land Court Document No. 2304260.

First Amendment dated October 7, 1998 recorded as Land Court Document No. 2493986.

Condominium Map No. 1149.

4. Bylaws of the MOTT-SMITH/NEHOA project recorded as Land Court Document No. 2304261.

First Amendment dated November 11, 1998 recorded as Land Court Document No. 2499385.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

Unit A

-0-

Unit B

-0-

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

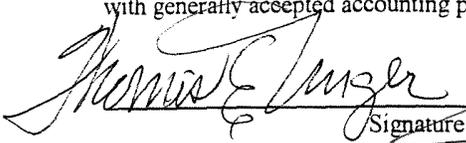
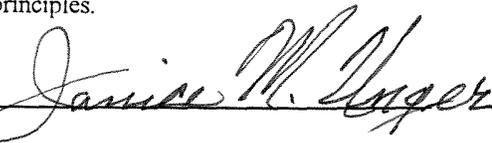
Audit Fees

Other

-0-

TOTAL

I, Thomas E. Unger & Janice M. Unger, as agent for/and/or employed by _____, the condominium managing agent/developer for the Mott Smith Nehoa Project 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.

11/3/98
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT G

Summary of Sales Contract

The relevant provisions of the Deposit Receipt and Sales Contract ("Sales Contract") are as follows:

1. Financing. If a Purchaser requires financing, he must make a good faith application for the necessary mortgage loans within ten (10) days after the Seller's execution of the Sales Contract. If the loan is not approved within sixty (60) days after application, the Seller has the right to cancel the Sales Contract and refund all deposits paid by Purchaser, less certain escrow cancellation fees.

2. Condominium Documents. Purchasers acknowledge receipts of and approve all of the condominium documents including the Unit Deed, Declaration of Horizontal Property Regime, Bylaws, Developer's Disclosure Abstract, House Rules, and Escrow Agreement.

3. Binding Effects. The Sales Contract shall only become binding on Purchaser and Seller after:

(i) A true copy of the final Public Report has been delivered to Purchaser either personally or by registered or certified mail with return receipt required, together with a true copy of all other public reports thereon, if any, issued prior to the date of such delivery and not previously delivered to Purchaser;

(ii) Purchaser has been given an opportunity to read the reports; and

(iii) Purchaser has executed the form of the receipt and notice required under Section 514A-62 of the Hawaii Revised Statutes, and waived his right to cancel; provided that if Purchaser does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the apartment is conveyed to Purchaser prior to the expiration of such thirty (30) day period, Purchaser shall be deemed to have receipted for the reports and to have waived his right to cancel.

4. Default by Purchaser. Seller may retain Purchaser's deposits or bring an action against Purchaser for breach of contract. Purchaser shall be responsible for costs incurred.

EXHIBIT H

Summary of Escrow Agreement

The relevant provisions of the Escrow Agreement are as follows:

1. Payments to Escrow. All deposits and other sums received from Purchasers or from other persons on account of the Project shall be paid to the Escrow agent and deposited in a federally insured banking or savings and loan institution.

2. Disbursements of Funds. No disbursements shall be made from the Escrow funds unless and until: (a) the Sales Contract has become binding in the manner provided in paragraph 3 of Exhibit D to this Final Report; (b) Seller's attorney shall have given escrow a written opinion that all of the requirements of section 514A-39, 514A-62, 514A-63 of the Hawaii Revised Statutes have been met; (c) Seller shall have waived all other options to cancel the Sales Contract; (d) Escrow has received a Unit Deed in recordable form in favor of Purchaser; and (e) Escrow has received releases of partial releases of any encumbrance affecting the apartment to be conveyed to Purchaser.

3. Return of Purchaser's Funds. A Purchaser shall be entitled to the return of his funds if Purchaser has requested such a refund and Escrow shall have received from Seller notice that any of the following has occurred:

(a) Seller shall have requested Escrow to refund said monies; or

(b) Seller shall have exercised any option in its favor to cancel the Sales Contract; or

(c) Purchaser is an owner-occupant and is entitled by law to cancel the Sales Contract.

In any of the foregoing events, Escrow shall refund all deposits to Purchaser, less a cancellation fee to Escrow of \$25 per unit and any other cancellation charges.

4. Buyer's Default. If a Purchaser shall not make any payment required under the Sales Contract on or before the due date thereof, Escrow shall notify Purchaser and Seller of such fact. If Seller shall determine that Purchaser has committed an event of default under the Sales Contract, then Seller has the right to terminate the Sales Contract, upon written notice to Escrow and Purchaser and Escrow shall, after the expiration of ten (10) days from receipt of such notification and upon written "request by seller", pay all deposits to Seller, less any Escrow cancellation fees and out of pocket expenses.

EXHIBIT I

Description of Improvements

The Project consists of two (2) attached single-family units, designated herein and on said Condominium Map as Units "A" and "B" (hereafter called the "Units"). Unit "B" is an existing dwelling and Unit "A" has been newly constructed. Each of said Units is constructed of wood, with glass, gypsum board, fiberglass shingles and related building materials. The project also includes landscaped grounds, driveways, and walkways.

a) Units. Both Units are two-story structures without a basement. Each Unit has a private yard area which is a limited common element for the exclusive use of such Unit, as provided herein and as more particularly designated on the Condominium Map.

b) Location of Units. Unit A is located on the Diamond Head half of the property fronting on Nehoa Street. Unit B is located at the corner of Nehoa Street and Mott-Smith Drive.

c) Description of Units.

(1) Unit A. Unit A is a two-story dwelling containing ten (10) rooms. Located on the first level are three bedrooms, including a master bedroom with walk-in closet, two bathrooms and a laundry room. The second floor contains a living room, dining room, kitchen and half bathroom. Unit A has a net living area of approximately 1,676 square feet, and an enclosed two-car garage having an area of approximately 708 square feet, adjoins the Unit off of the second level. There are also exterior lanais on both floors having an aggregate area of approximately 203 square feet.

(2) UNIT B. Unit B is an existing two-story dwelling containing ten (10) rooms, consisting specifically of a living room, screened-in porch, kitchen, three bedrooms and a bathroom on the upper level and one bedroom, one bathroom and a laundry room on the lower level. Unit B contains a net living area of approximately 1,398 square feet. A new 514 square foot double carport has been added to the Unit.

d) Parking. Each of the Units includes a two-car garage or carport.

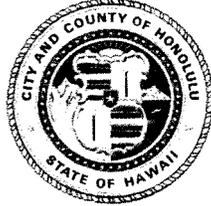
e) Access. Each of the Units has immediate access to its respective entry and to the grounds of the Project. Vehicular access to Unit A is via a private driveway leading to Nehoa Street. The driveway of Unit B provides access to Mott-Smith Drive.

EXHIBIT J

BUILDING DEPARTMENT

CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813



JEREMY HARRIS
MAYOR

RANDALL K. FUJIKI
DIRECTOR AND BUILDING SUPERINTENDENT
ISIDRO M. BAQUILAR
DEPUTY DIRECTOR AND BUILDING SUPERINTENDENT

Ex95-38

March 23, 1995

Mr. Richard G. MacMillan
Attorney at Law
Haseko Center, Suite 703
820 Mililani Street
Honolulu, Hawaii 96813

Dear Mr. MacMillan:

Subject: Condominium Conversion Project
1735 and 1735 A Mott Smith Drive
Tax Map Key: 2-4-29: 36

This is in response to your letter dated November 25, 1994 requesting verification that the two-family dwelling located at 1735 Mott Smith Drive met all applicable code requirements at the time of construction.

Investigation revealed the one-story portion of the dwelling (1735) met code requirements when it was constructed prior to 1939. The two-story portion of the dwelling (1735A) is presently under construction with Building Permit No. 342331. There are at least four off-street parking stalls on the property.

Zoning Variance No. 93/ZA-019 allows a driveway ramp to encroach into the front yard. No other 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.

EXHIBIT J

Mr. Richard G. MacMillan
March 23, 1995
Page 2

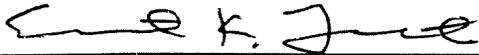
If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at 527-6341.

Very truly yours,



RANDALL K. FUJIKI
Director and Building Superintendent

Subscribed and sworn to
before me this 24th day of
March, 1995.



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

END EXHIBIT J

EXHIBIT K

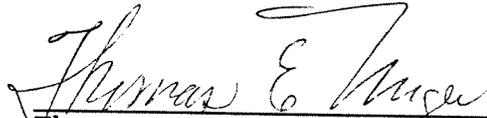
May 31, 1995

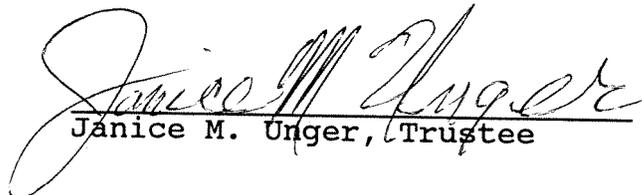
Real Estate Commission
Dept. of Commerce & Consumer Affairs
State of Hawaii
250 South King Street, Room 702
Honolulu, Hawaii 96813

RE: Mott-Smith Drive/Nehoa Project

Dear Gentlemen :

Based on a report by our architect, we believe that the structural, mechanical and electrical installations of the subject project are in a good condition. However, we are offering no warranties and are expressing no opinion regarding their remaining useful life.


Thomas E. Unger, Trustee


Janice M. Unger, Trustee