CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: LOYAL REALTY, LLC
Address: 1120 Koko Head Avenue, Suite 101, Honolulu, Hawaii 96816

Project Name(*): ALEWA MANOR
Address: 718 and 720 Alewa Drive, Honolulu, Hawaii, 96817

Registration No. 4931 Effective date: October 31, 2002
Expiration date: November 30, 2003

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 by the Real Estate Commission nor any other government agency. Neither the Commission or any other government agency has judged or approved the merits or value, if any, of the project or of purchasing of 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 any 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 **(yellow)** 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.

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

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

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

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report as Exhibit "F"

[ ] 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.

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

[ ] Changes made are as follows:

SPECIAL ATTENTION

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 approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

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

TABLE OF CONTENTS

		page
Preparation of this Report		1
Expiration Date of Reports		1
Type of Report		1
Disclosure Abstract		2
Summary of Changes from Earlier Public Reports		2
Table of Contents		3
General Information on Condominiums		4
Operation of the Condominium Project		4
I. PERSONS CONNECTED WITH THE PROJECT		5
Developer / Attorney for Developer / General Contractor		
Real Estate Broker / Escrow Company / Condominium Managing Agent		
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS		
A. Declaration		6
B. Condominium Map (File Plan)		6
C. Bylaws		6
D. House Rule		7
E. Changes to Condominium Documents		7
III. THE CONDOMINIUM PROJECT		
A. Interest to be Conveyed to Buyer		8
B. Underlying Land		9
C. Buildings and Other Improvements		10
D. Common Elements, Limited Common Elements, Common Interest		13
E. Encumbrances Against Title		14
F. Construction Warranties		15
G. Status of Construction		16
H. Project Phases		16
IV. CONDOMINIUM MANAGEMENT		
A. Management of the Common Elements		17
B. Estimate of Initial Maintenance Fees		17
C. Utility Charges for Apartments		17
V. MISCELLANEOUS		
A. Sales Documents Filed with the Real Estate Commission		18
B. Buyer's Right to Cancel Sales Contract		18
C. Additional Information		20
D. Signature of Developer		21

EXHIBIT A:	Common Elements
EXHIBIT B:	Encumbrances Against Title
EXHIBIT C:	Estimate of Maintenance Fees and Disbursement
EXHIBIT D:	Summary of Sales Contract
EXHIBIT E:	Summary of Escrow Agreement
EXHIBIT F:	Disclosure Abstract
EXHIBIT G:	Project Site Plan

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 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 or 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: LOYAL REALTY, LLC
Name
1120 Koko Head Avenue, Suite 101
Business Address
Honolulu, Hawaii 96816
Phone: (808) 739-2291 (Business)

Names of officers or general partners of developers who are corporation; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager or member of a Limited Liability Company (LLC) (attach separate sheet if necessary):

WENDY W. LEE, Member/Manager

Real Estate Broker: WENDY W. LEE, dba Loyal Realty
Name
1120 Koko Head Avenue, Suite 101
Business Address
Honolulu, Hawaii 96816
Phone: (808) 739-2291 (Business)

Escrow: First Hawaii Title Corporation
Name
201 Merchant Street, Suite 2000
Business Address
Honolulu, Hawaii 96813
Phone: (808) 521-3411 (Business)

General Contractor: Man Lee Construction, Inc.
Name
1120 Koko Head Avenue , Suite 101
Business Address
Honolulu, Hawaii 96816
Phone: (808) 739-2291 (Business)

Condominium Managing Agent: Self Managed by the Association of Apartment Owners
Name
Business Address
Phone: _____ (Business)

Attorney for Developer: LESTER G. L. WONG
Name
1088 Bishop Street, Suite 904
Business Address
Honolulu, Hawaii 96813
Phone: (808) 526-3033 (Business)

*For Entities: Name of corporation, partnership. Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

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 _____

[X] Filed - Land Court: Document No. 2839156

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, dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed

[ ] Recorded - Bureau of Conveyances Condo Map No. _____

[X] Filed - Land Court Condo Map No. 1503

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

N/A

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

The Bylaws for this condominium are:

[ ] Proposed

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

[X] Filed - Land Court: Document No. 2839157

The Bylaws referred to above have been amended by the following instruments [state name of document, dated 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 [X] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

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

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

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

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

2. Developer:

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

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

Notwithstanding anything to the contrary contained herein, the Declarant shall have, and hereby reserves, the absolute right to amend this Declaration and the Condominium Map without the consent or joinder of any apartment owner or any other party (including any mortgagee) holding any interest in any apartment of the Project, for the purpose of adjusting the plan or description of any apartment which has not yet been actually constructed, completed and conveyed, upon the condition that no such amendment shall in any way alter any apartment or common interest thereof which has been conveyed by the Declarant prior to the filing of such amendment in the Bureau of Conveyances, State of Hawaii, or the Office of the Assistant Registrar of the Land Court, State of Hawaii, as the case may be. Upon completion of the project, Declarant shall file the "as built" verified statement as required by Section 514A-12.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] 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.

Lease Term Expires: _____

Rent Renegotiation Date: _____

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

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:

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually
[ ] 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: 718 and 720 Alewa Drive
Honolulu, Hawaii 96817

Tax Map Key: (1) 1-8-23-53 (TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: 28,102 [X] square feet [ ] acre(s) Zoning: R-5

Fee Owner: LOYAL REALTY, LLC
Name(s)
1120 Koko Head Avenue, Suite 101
Address
Honolulu, Hawaii 96816

Sublessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building Unit 1 =3; Unit 2 = 3

   [ ] Exhibit_____ contains further explanations.

3. Principal Construction Material:

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

   [ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	
[X] Residential	2	[X] Yes	[ ] No
[ ] Commercial	___	[ ] Yes	[ ] No
[ ] Mix Res/Comm	___	[ ] Yes	[ ] No
[ ] Hotel	___	[ ] Yes	[ ] No
[ ] Timeshare	___	[ ] Yes	[ ] No
[ ] Ohana	___	[ ] Yes	[ ] No
[ ] Industrial	___	[ ] Yes	[ ] No
[ ] Agricultural	___	[ ] Yes	[ ] No
[ ] Recreational	___	[ ] Yes	[ ] No
[ ] Other	___	[ ] Yes	[ ] No

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

[X] Pets: No livestock or poultry shall be allowed or kept, except for such animals that are customarily kept as pets.

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit 1 & 2:2 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area(sf)	Identify
Unit 1	1	3/3-1/2	2,170	406	Garage
Unit 2	1	3/3-1/2	2,170	406	Garage

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 the those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

1. All perimeter walls, floors, foundations and roof of each building.
2. All pipes, wires, conduits, or other utility and services lines in such building, outside such building, if the same are not utilized for more than one apartment.
3. The garage appurtenant to the respective apartment.

Permitted Alterations to Apartments:

Apartment owner, may renovate, remodel, make additions to, remove or restore the unit.

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned	Unit 1: 2 Unit 2: 2						4
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	4		0		0		4

Each apartment will have the exclusive use of at least 2 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 _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

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

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

[ ] Other: _____

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____

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):

N/A

11. Conformance to Present Zoning Code

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

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] described in Exhibit A. Also see Exhibit G.

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[ ] described in Exhibit_____.

[X] as follows:

The portion of the land area beneath and adjacent to each unit as shown on the site plan of the Condominium Map. Said land areas 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 _____.

[X] as follows:

Apt. No.	% Common Interest
1	50%
2	50%

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 __B__ describes the encumbrances against the title contained in the title report dated August 8, 2002 and issued by Commonwealth Land Title Insurance Company (First Hawaii Title Corporation).

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.

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

F. **Construction Warranties:**

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

1. Building and Other Improvements:

   The standard one year contractor's warranty on materials and workmanship. The one year begins when unit is sold.

2. Appliances: The appliances will have warranties as provided by the appliance manufacturer.

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

Construction for unit 1 to be was on June 27, 2002.
Construction for unit 2 to be was on June 27, 2002.

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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] 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 __C*__ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).
*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.

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:

[X] None [ ] Electricity [ ] Gas [ ] Water

[ ] Sewer [ ] Television Cable [ ] Other _____

V. MISCELLANEOUS

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

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

[ ] Notice to Owner Occupants

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

[X] Escrow Agreement dated September 12, 2002
Exhibit E 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 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 as superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
   AND
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); **AND**
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

   A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
   B) Declaration of Condominium Property Regime.
   C) Bylaws of the Association of Apartment Owners.
   D) House Rules.
   E) Condominium Map
   F) Escrow Agreement
   G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
   H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4931 filed with the Real Estate Commission on September 13, 2002.

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

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

C. **Additional Information Not Covered Above**

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that the project broker, Wendy W. Lee, dba Loyalty Realty, RB16882, is its Sole Proprietor, and is a current and active Hawaii licensed real estate broker.

Pursuant to Section 16-99-11(c) HAR "9", no licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)

E. 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.

LOYAL REALTY, LLC, a Hawaii limited liability company
Printed Name of Developer

By: _____
Duly Authorized Signatory*

JULY 19, 2002
Date

WENDY W. LEE, Member/Manager
Printed Name & title of person signing above

Distribution:

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

**Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.*

EXHIBIT A

DESCRIPTION OF COMMON ELEMENTS

1. The land in fee simple as described in the Declaration of Condominium Property Regime.

2. All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve the apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.

3. Concrete driveway consistent of 1,705 sq. ft.

4. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT "B"

1. Real Property Taxes. Check with the County Tax Assessor for the latest information on:

   Tax Map Key: (1) 1-8-23-53

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

3. Easement "3" for sanitary sewer purposes, as shown on Maps 4 and 5, as set forth by Land Court Order No. 14859, filed on October 2, 1956.

   The foregoing Easement was cancelled by LAND COURT ORDER dated August 6, 2001, filed as Land Court Order No. 142928.

4. GRANT in favor of HAWAIIAN TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Trust Agreement dated July 21, 1967, dated September 15, 1967, filed as Document No. 424190, granting an easement for sewer purposes over Easement "3" and incidental purposes.

   The foregoing Grant of Easement was cancelled by the CANCELLATION OF GRANT OF EASEMENT dated June 13, 2001, filed as Document No. 2730958.

5. GRANT in favor of HAWAIIAN ELECTRIC COMPANY, a Hawaii corporation, dated May 24, 2002, filed as Document No. 2810521, for transmission and distribution of electricity and incidental purposes.

6. Order of Subdivision of Lot A-1-A-B-1 into Lots A-1-B-1-A and A-1-B-1-B, as shown on Map 7, as set forth by Land Court Order No. 146860, filed on August 9, 2002.

7. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements, and by laws set forth in the Declaration of Condominium Property Regime dated July 19, 2002, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, on September 10, 2002 as Document No. 2839156.

8. By-Laws of the Association of Apartment Owners of "ALEWA MANOR" dated July 19, 2002 and filed in said Land Court on September 10, 2002, as Document No. 2839157, and noted on Transfer Certificate of Title No.583,062.

9. Condominium Map No. 1503.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months	Yearly Total
1	$ 0 x 12 =	$0
2	$ 0 X 12 =	$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	
Refuse Collection	
Telephone	
Water and Sewer	
Maintenance, Repairs and Supplies	
Building	
Grounds	
Management	
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance	$0
Reserves(*)	
Taxes and Government Assessments	
Audit Fees	
Other	
TOTAL	$0

I, WENDY W. LEE, Member/Manager for LOYAL REALTY, LLC, a Hawaii limited Liability company, developer for the condominium project ALEWA MANOR, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

WENDY W. LEE

(*) Mandatory reserves in effect January ___, 1993

Date: July 19, 2002

EXHIBIT D

SUMMARY OF SALES CONTRACT

The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

1. A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.

2. That a buyer's deposits will be held in escrow until the sales contract is closed or canceled.

3. That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. What will happen if there is a default under the sales contract by Seller or Buyer.

If Buyer defaults, Seller may cancel the contract or bring legal action to force sale, obtain money damages or retain Buyer's deposit.

The sales contract contains various other provisions which the buyer should become acquainted with.

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a Buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

(a) Escrow will collect payments due pursuant to the sales contract.

(b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.

(c) Escrow will let Buyers know when payments are due.

(d) Escrow will disburse Buyer's funds only after the following have happened:

1. The Real Estate Commission has issued a final public report;
2. Buyer has received a copy of the final report and given Seller a Receipt;
3. 2 working days after Seller has notified Escrow that it has received the receipt;
4. Seller has notified Escrow in writing that ll requirements of §§ 514A-39 and -63, HRS, have been satisfied;
5. Seller notifies Escrow that the sales contract has become binding and that Seller's and Buyer's rights of cancellation have lapsed or become void.

(e) Escrow will refund Buyer's funds if Seller tells Escrow in writing that a refund should be made in accordance with the sales contract. No refund will be made a Buyer's request unless Escrow receives written approval from the Seller.

(f) Escrow will refund owner/occupant Buyer's deposits, if Seller and Buyer request a refund in writing, and (1) Seller does not offer Buyer a sales contract; or (2) Buyer fails to obtain financing within the prescribed time; or (3) Buyer asks to cancel because of hardship circumstances; or (4) Buyer does not plan to occupy the apartment.

(g) If Buyer defaults Seller will notify Escrow of such default. Escrow will notify Buyer by registered mail that Seller has canceled sales contract because of Buyer's default. After 10 days following Buyer's receipt of cancellation notice, Escrow will treat Buyer's funds (less escrow cancellation fee) as Seller.

(h) A Buyer's funds will be refunded without interest, less a cancellation fee if Buyer cancels the sales contract and either the seller requests that Buyer's funds be returned prior to issuance of the final public report, or Buyer's funds were obtained prior to issuance of the final public report and Buyer decides to cancel their reservation prior to receipt of the final public report.

(i) The escrow agreement says what will happen to a Buyer's funds upon default under the sales contract.

(j) Escrow will arrange for and supervise the signing of all necessary documents.

(k) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

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

EXHIBIT F

DISCLOSURE ABSTRACT

1. a. PROJECT: ALEWA MANOR
720 Alewa Drive (Unit 1) and
718 Alewa Drive (Unit 2)
Honolulu, HI 96817

b. DEVELOPER: LOYAL REALTY,LLC
1120 Koko Head Drive
Honolulu, HI 96816

c. MANAGING AGENT: None. Project will be self-managed.

d. REAL ESTATE BROKER: WENDY W. LEE
LOYAL REALTY
1120 Koko Head Avenue, Suite 101
Honolulu, HI 96816

2. Estimated Maintenance Fee Assessments and Disbursements

Maintenance Fees: The routine maintenance and repair of each apartment unit, including all utility charges, is the sole responsibility of each owner.

Individual Insurance: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the Project's improvements. It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and name the Association as an additional insured. As such, the premiums on said policies will be the individual responsibility of each apartment owner rather than a common expense of the Association. The premiums for said fire insurance will vary depending upon the insurance company and the coverage. Developer's best estimate regarding the cost of said coverage is approximately $500.00 to $2,000.00 per year per unit. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association shared by the apartment owners.

3. Description of All Warranties Covering the Apartments and Common Elements.

Standard one year contractor's warranty which begins upon sale of unit.

4. Use of Apartments. The ALEWA MANOR Condominium project will consist of two (2) apartments which will be used for residential purposes by the owners, their tenants, servants, guests and invitees and for no other purpose.

5. Code Violations. To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or municipal regulations of the City and County of Honolulu.

6. Sale of Apartments. The developers and owners intend to offer Units 1 and 2 for sale to the public.

DATED: July 19, 2002

LOYAL REALTY, LLC
A Hawaii limited liability company

By _____
WENDY W. LEE
Its Member/Manager
Developer

LEE CONDOMINIUM PROJECT

720 ALEWA DRIVE (UNIT #1) &
718 ALEWA DRIVE (UNIT #2)

LOT AREA = 28,102 SF.

UNIT #1 LEVEL	GARAGE	LIVING AREA	LAND AREA	NEW FLOOR AREA ADDED SINCE BP#53636
BASEMENT	406 SF	127 SF		Ø
1ST FLR		588 SF		Ø
2ND FLR		1011 SF		163 SF
3RD FLR		444 SF		10 SF
TOTAL	406 SF	2170 SF	13,156 SF	173 SF

UNIT #2				NEW FLOOR AREA ADDED SINCE BP#53163B
BASEMENT	406 SF	127 SF	LAND AREA	Ø
1ST FLR		588 SF		Ø
2ND FLR		1011 SF		163 SF
3RD FLR		444 SF		10 SF
TOTAL	406 SF	2170 SF	13,241 SF	173 SF

PARKING REQ'D: 2 PER DWELLING UNIT
PROVIDED: 4 TOTAL

TOTAL COMMON AREA	1,705 SF
TOTAL LAND AREA @ UNITS #1 & #2 AND COMMON AREA:	28,102 SF

NOTE: No AFS
No Irrigation
All Existing Plumbing Fixtures Shall be Low Flow Type. 4/6/03/02

C. SITE COPY
2001/MS SubApp.
2001/ADV-520 (1589)

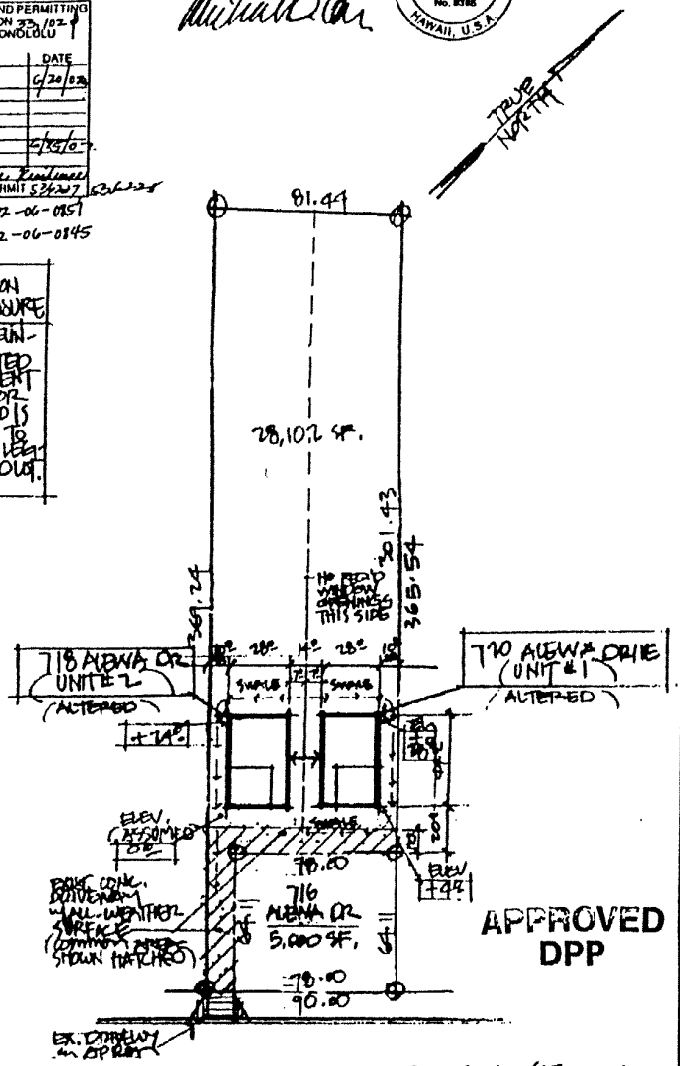
DEPARTMENT OF PLANNING AND PERMITTING
BUILDING DIVISION 33,102 SF
CITY AND COUNTY OF HONOLULU

		DATE
ACCEPTANCE:	J.T.	6/20/03
ZONING:	R-5	
ZONING CODE:		
ELECTRICAL:		
PLUMBING:		
BUILDING:		6/25/03

PROJECT: Lee Residences
TMK: 1-8-23:53 PERMIT 534207 534228
A2002-06-0857
A2002-06-0845

LIMITED COMMON ELEMENT DISCLOSURE
"DASH LINES" DELINEATE THE LIMITED COMMON ELEMENT LAND AREA FOR EACH UNIT AND IS NOT INTENDED TO REPRESENT A LEGALLY SUBDIVIDED LOT.

MICHAEL D. LAU
LICENSED PROFESSIONAL ARCHITECT
No. 8385
HAWAII, U.S.A.



APPROVED DPP

CONDOMINIUM PLOT PLAN
1" = 40'-0"

REVISIONS	BY
2/15/02	DY
6/14/02	DY

PLANS BY
ALL KINDS DRFTG. SVC.
PHONE 942-1798
FAX: 941-1890

ALTERATION TO EXISTING
LEE RESIDENCES
718 & 720 ALEWA DRIVE
HONOLULU, HAWAII 96817

Date 2/5/02
Scale AS SHOWN
Drawn D.Y.
Job 718/720 ALEWA DR.
Sheet 1

EXHIBIT "G"