

DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	"MENEHUNE VILLA"
Project Address	704 & 712 Menehune Lane, Honolulu, Hawaii 96826
Registration Number	7035 (conversion)
Effective Date of Report	November 12, 2010
Developer(s)	MENEHUNE SUN LLC, a Hawaii Limited Liability Company

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

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

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 dashed 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 Developer's Public Report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually brought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Units Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	N/A
Address of Project	704 & 712 Menehune Lane, Honolulu, Hawaii 96826
Address of Project is expected to change because	N/A
Tax Map Key (TMK)	(1) 2-7-023:013
Tax Map Key is expected to change because	N/A
Land Area	11,932 square feet, more or less
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	2
Number of New Building(s)	0
Number of Converted Building(s)	2
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Block masonry (CMU) on the lower perimeter walls and of wood on the upper portion of the Units.

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
See Exhibit	"A"					

2	Total Number of Units
----------	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	14
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	0
Attached Exhibit "B" specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. None	

1.5 Boundaries of the Units

Boundaries of the Unit:
Each building is a free-standing unit separate and apart from any other unit. The limits of each building are the structural components of each unit's perimeter walls, roof, and floor, as shown on the condominium map for this Project.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):
The common interest, elements and easements appurtenant to each unit shall have a permanent character, and shall not be altered without the consent of all owners or the units affected thereby and all of the institutional holders of all liens affecting any of the units affected.

1.7 Common Interest

<u>Common Interest:</u> Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:		
Described in Exhibit ____.		
As follows:	<u>Unit No. / Location</u>	<u>Undivided Interest</u>
	1 704 Menehune Lane	50%
	2 712 Menehune Lane	50%
	TOTAL	100%

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): None

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.	
Described in Exhibit _____.	
Described as follows:	
a) Land herein described in Exhibit "A", in fee simple.	
b) All yards, boundary walls, if any, grounds, landscaping, walkways, and sidewalks, if any.	
c) All electrical equipment, wiring and other appurtenant installations, including power and light, water, sewer, all pipes, wires conduits or other utility or service lines, including TV cable, if any, which are utilized by or serve more than one building.	
d) Site 3, area 3,684 sq. ft., composed of the asphalt driveway and Menehune Lane.	
Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common elements is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.			
Described in Exhibit _____.			
Described as follows:			
	<u>UNIT / LOCATION</u>	<u>SITE</u>	<u>SQUARE FEET</u>
	1 704 Menehune Lane	1	4,128
	2 712 Menehune Lane	2	4,120
Note: The land area (referred to as a "site") upon which a unit is located is designated a LIMITED COMMON ELEMENT and is <u>not</u> a legally subdivided lot. Such site is for all the exclusive use of the unit which is situated thereon. The dash or dotted lines shown on the Site Plan indicate the extent, or limits, of the limited common element of a respective unit and should not be construed to be the property lines of legally subdivided lots.			

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
<input checked="" type="checkbox"/>	Pets: None, except "guide dog" and such other animal as may be allowed by the association.
<input checked="" type="checkbox"/>	Number of Occupants: No more than six (6) persons are allowed (See House Rules).
<input checked="" type="checkbox"/>	Other: See House Rules
<input type="checkbox"/>	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).	
Exhibit " C " describes the encumbrances against title contained in the title report described below.	
Date of the title report: September 3, 2010	
Company that issued the title report: Stewart Title Guaranty Company	

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A-2
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Other (specify)		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.			None	

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>See Exhibit "D" – Land Use Ordinance Nonconformities, Section 21-4.110 (Amended Ordinance 10-19), (b) Nonconforming Structures.</p>
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1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <ol style="list-style-type: none"> 1) There was no visible evidence of unstable structural components and any damages to structural materials appeared to have been required. 2) The mechanical installation consisted of water and sewer lines. All supply piping, valves, and waste piping observed, appeared to be in operating condition 3) The electrical installation, including meter boxes, circuit breakers and installations within the individual units appeared to be in operating condition 	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>There are no representations made as to the expected useful life of each of the items mentioned in the foregoing paragraphs.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>N/A</p>	
<p>Estimated cost of curing any violations described above:</p> <p>N/A</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>"E"</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ol style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p> <p>None</p>

1.16 Project in Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No N/A</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No N/A</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p> <p>N/A</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p> <p>N/A</p>	
<p>The nature and the scope of services to be provided.</p> <p>N/A</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p> <p>N/A</p>	
<p>The duration of the provision of the services.</p> <p>N/A</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p> <p>N/A</p>	
<p>Other disclosures and information.</p> <p>N/A</p>	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: MENEHUNE SUN LLC, a Hawaii Limited Liability Company Business Address: P. O. Box 2192 Honolulu, Hawaii 96805 Business Phone Number: (808) 735-0138 E-mail address: N/A
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	Margaret MCW Kan, Member Alvin T. M. Kan, Member Managed by: ATMK Incorporated
2.2 Real Estate Broker	Name: Richland Properties Business Address: P. O. Box 2192 Honolulu, Hawaii 96805 Business Phone Number: (808) 735-0138 E-mail Address: N/A
2.3 Escrow Depository	Name: Ms. Linda H. Kessler, Escrow Officer Business Address: First Hawaii Title Corporation 201 Merchant Street, Suite 2000 Honolulu, Hawaii 96813 Business Phone Number: (808) 521-3411 ext 255
2.4 General Contractor	Name: NONE Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self-managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: Vernon T. Tashima, Attorney at Law Business Address: 220 South King Street, Suite 888 Honolulu, Hawaii 96813 Business Phone Number: (808) 521-2951

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court System	August 16, 2010	3995530
Regular System	August 16, 2010	2010-128262

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court System	October 25, 2010	4013551
Regular System	October 25, 2010	2010-162514

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court System	August 16, 2010	3995531
Regular System	August 16, 2010	2010-128263

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	2073
Bureau of Conveyances Map Number	4925
Dates of Recordation of Amendments to the Condominium Map: October 25, 2010	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/>	October 25, 2010
Developer does not plan to adopt House Rules	<input type="checkbox"/>	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>Management of the Common Elements: The Association of Unit 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.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

<p>Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>
<p>Exhibit "F" contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>	
<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit "G" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: October 25, 2010 Name of Escrow Company: First Hawaii Title Corporation Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/> N/A	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/> N/A	Developer has designated the units for sale to Owner-Occupant in this report. See Exhibit _____.
<input type="checkbox"/> N/A	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
1. Mtg in favor of Hawaii National Bank dated 2-23-10 filed as LC Doc No. 3943169 & also recorded as Doc No. 2010-026512. 2. Rental & Lease Agreement dated 2-23-10 recorded as Doc No. 2010-026513. 3. Financing Statement recorded 2-26-10 as Regular Doc No. 2010-026514.	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before a unit sale is closed. Should Lender terminate Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee. However, should Buyer's deposit be disbursed by Escrow and the lien is foreclosed prior to conveyance to Buyer, Buyer may not be able to recover the deposit moneys.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below: Building and Other Improvements: N/A
Appliances: See Exhibit "I"

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: UNIT 1 – 704 Menehune Lane was constructed in 1956. UNIT 2 – 712 Menehune Lane was constructed in 1956.	
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.	
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A	
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A	

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input type="checkbox"/> N/A	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. <i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i>
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5.6.2 Purchaser Deposits Will be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/> N/A	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/> N/A	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p>Box A</p> <p><input type="checkbox"/> N/A</p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p>Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/> N/A</p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the Important Notice Regarding Your Deposits set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reasons of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the Important Notice Regarding Your Deposits set forth above does not currently apply to you, it might apply to you in the future, and therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

<p>Material House Bond.</p> <p><input type="checkbox"/> N/A</p>	<p>If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.</p>
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5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modification and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.

Margaret MCW Kan discloses that she is a Member of MENEHUNE SUN LLC, and is also the principal broker of RICHLAND PROPERTIES, Hawaii Broker's License No. RB-16508.

BY-LAWS – Section 4. Quorum. The presence at any meeting, in person or by proxy, of a majority of the owners shall constitute a quorum; and the acts of such majority at any meeting at which a quorum is present shall be the acts of the Association. Majority shall mean more than fifty percent of the owners, and for this purpose, shall be based on the total number of units or units in this Project. In this case, each Unit has 50% common interest, which means that each unit owner must attend the AOAO meeting to have a quorum and that the condominium is managed by 100% agreement (i.e., both owners).

Lead Warning Statement and Asbestos Disclosure:

Lead-based paint and asbestos-containing materials have the potential to adversely affect human health, and they could even lead to illness, poisoning and death. If properly handled, the risks can be substantially reduced, but you should always get an expert to do so. The abatement of lead-based paint and asbestos containing materials is under regulations by varied, local, state, and federal laws.

Pursuant to federal law, 42, U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every Purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

In the past (before 1979, but possibly since) asbestos was a commonly used insulation material in heating facilities and in certain types of floor and ceiling materials, shingles, plaster products, cement and other building materials. Buyer is aware that Buyer should make appropriate inquiry into the possible existence of asbestos on the Property. Structures having "popcorn" or "cottage cheese" type ceilings may contain asbestos fibers or asbestos-containing material. Such ceilings should not be disturbed since it could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors.

The United States Environmental Protection Agency (EPA) has determined the mere presence of asbestos materials does not pose a health risk to residents and that such materials are safe as long as they are not disturbed or dislodged in a manner that causes the asbestos fibers to be released. Sanding, scraping, pounding and other remodeling techniques that release dust may cause asbestos particles to become airborne. EPA rules do not require the material to be removed. Federal law requires that reasonable precautions are taken to minimize the chance of damage or disturbance of asbestos containing materials.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

MENEHUNE SUN LLC, a Hawaii Limited Liability Company
Printed Name of Developer

By: Margaret MCW Kan
Margaret MCW Kan, Its Member
Duly Authorized Signatory*

Date: SEP 27 2010

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; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.

EXHIBIT "A"

Section 1.3 Unit Types and Sizes of Units (Continued from page 3)

Unit No. / Location	Quantity	Apt No.	BR/BATH	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
1 – 704 Menehune Lane Ground Floor	1	704-1	2/1	560 sf	34.34 sf 97.75 sf 71.00 sf	Storage space Covered entry Laundry area	763.09 sf
		704-2	2/1	560 sf	20.19 sf 70.27 sf 71.68 sf	Storage space Covered entry Laundry area	722.14 sf
1 – 704 Menehune Lane Upper/Second Floor		704-3	2/1	608 sf	103.22 sf	Balcony	711.22 sf
		704-4	2/1	608.41 sf	63.72 sf	Balcony	672.13 sf
2 – 712 Menehune Lane Ground Floor	1	712-1	2/1	560 sf	43.07 sf 97.75 sf 60.17 sf	Storage space Covered entry Laundry area	760.99 sf
		712-2	2/1	560 sf	24.94 sf 47.27 sf 59.70 sf	Storage space Covered entry Laundry area	691.91 sf
2 – 712 Menehune Lane Upper/Second Floor		712-3	2/1	608.41 sf	107.78 sf	Balcony	716.19 sf
		712-4	2/1	608.41 sf	42.83 sf	Balcony	651.24 sf

2	Total Number of Units
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Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

NOTE REGARDING LAUNDRY: THE GROUND FLOOR UNITS SHARE THE LAUNDRY FACILITY WITH THE UNIT ABOVE IT.

END OF EXHIBIT "A"

EXHIBIT "B"

Section 1.4 Parking Stalls (continued from page 4)

NOTE: There are no carports or garages; however, open and uncovered parking spaces are available as follows:

Parking Stalls:

Total Parking Stalls: 14

	Regular		Compact		Tandem		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	0	0	0	0	0	0	0
Guest	0	0	0	0	0	0	0
Unassigned:							
UNIT 1 – 704 Menehune Lane	0	8	0	0	0	0	14
UNIT 2 – 712 Menehune Lane	0	6	0	0	0	0	
Extra for Purchase	0	0	0	0	0	0	0
Other:	0	0	0	0	0	0	0
Total Covered & Open	14		0		0		14

UNIT 1 – 704 Menehune Lane will have the exclusive use of at least 8 parking stall(s).
UNIT 2 – 712 Menehune Lane will have the exclusive use of at least 6 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.

END OF EXHIBIT "B"

1.12 Encumbrances Against Title (Continued from page 5)

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

Date of Title Report September 3, 2010
Company that issued the Title Report Stewart Title Guaranty Company

1. For Real Property Taxes that may be due and owing reference is made to the Department of Finance, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. AS TO FIRST, LOT A-1-B-2:
 - (a) The Stipulation: "It is hereby stipulated by and between Yee Chun Shee and Rubio Arnold Ehrenfeld, contestants in the determination of the width and length of a right of way for the use of Lots A-2 of Land Court Application 915 and Lot 3-A of Land Court Application 919 as they existed prior to this stipulation and to include the subdivision of said Lot A-2 for the sole purpose of showing the location of the easement, that the owner of Lot 3-A of Land Court Application 919 and the owner of Lots A-2-A, A-2-B, and A-2-C of the subdivision of Lot A-2 of Land Court Application 919, their heirs and assigns, shall have the right to use in common with all others, who may be entitled to use the same, Lot A-1-B-2 of the subdivision of Lot A-1-B of Land Court Application 915 as a right of way only; any increase or additional user of said Lot A-1-B-2 over and above that which was contemplated and agreed for Lot A-2 of Land Court Application 915 and Lot 3-A of Land Court Application 919 prior to the subdivision of said Lot A-2 and this stipulation shall not be permitted without the written consent of Yee Chun Shee first had and obtained, anything herein contained to the contrary notwithstanding.", as set forth in Land Court Order No. 3748, filed on November 10, 1939.
 - (b) GRANT in favor of HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation dated June 28, 1940, filed as Land Court Document No. 53394 for granting a perpetual right and easement for utility and incidental purposes.

- (c) GRANT in favor of HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and MUTUAL TELEPHONE COMPANY, now known as HAWAIIAN TELCOM, INC., a Hawaii corporation dated August 15, 1949 and filed as Land Court Document No. 112287 for granting a perpetual easement for utility and incidental purposes.
- (d) GRANT in favor of DAVID HOOK YEE, a granting easement for road purposes and a perpetual easement for all public utility purposes, dated June 15, 1945 and August 25, 1949, filed in said Office as Land Court Document No(s). 81527 and 112291, respectively.
- (e) GRANT in favor of CITY AND COUNTY OF HONOLULU dated January 29, 1948 and filed as Land Court Document No. 98992 for granting an easement for sanitary sewer and incidental purposes.
- (f) GRANT in favor of PETER JONG YAP and VIOLET YEE YAP, husband and wife, as Joint Tenants, granting easement at all times to pass and repass on foot, vehicles, or otherwise and a perpetual easement for all public utility purposes,

<u>DATED</u>	<u>LAND COURT DOCUMENT NO.</u>
January 11, 1949	107334
August 25, 1949	112290
May 18, 1948	100956

- 4. GRANT in favor of FRANCIS MASATO TSUKIYAMA and ETHEL MASUMI TSUKIYAMA, husband and wife, as Tenants by the Entirety, and ISAMI NISHIMURA and KIMIE NISHIMURA, husband and wife, as Tenants by the Entirety, dated May 9, 1956 filed as Land Court Document No. 188927 and also recorded in Book 3137 at Page 286 granting a perpetual right of way for roadway purposes and all public utility and incidental purposes.
- 5. Any unrecorded leases, subleases, and/or tenancy agreements demising a portion of the land herein described, and any encumbrances affecting the same.
- 6. MORTGAGE in favor of HAWAII NATIONAL BANK, a National banking association dated February 23, 2010 and filed as Land Court Document No. 3943169 and also recorded as Regular System Document No. 2010-026512.

7. RENTAL AND LEASE AGREEMENT by and between MENEHUNE SUN LLC, a Hawaii limited liability company, as "Assignor", and HAWAII NATIONAL BANK, a national banking association, as "Assignee", dated February 23, 2010 and recorded in the Regular System as Document No. 2010-026513.
8. FINANCING STATEMENT in favor of HAWAII NATIONAL BANK, a national banking association recorded February 26, 2010 and recorded as Regular System Document No. 2010-026514.
9. Regular System Condominium Map No. 4925 and Land Court System Condominium Map No. 2073.
10. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME of "MENEHUNE VILLA" dated August 16, 2010 and filed as Land Court Document No. 3995530 and also recorded as Regular System Document No. 2010-128262, as amended by instrument dated October 25, 2010 and filed as Land Court Document No. 4013551 and also recorded as Regular System Document No. 2010-162514; but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin, unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.
11. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "MENEHUNE VILLA" dated August 16, 2010 and filed as Land Court Document No. 3995531 and also recorded as Regular System Document No. 2010-128263, as amended.

TMK No. (1) 2-7-023:013
Property: 704 & 712 Menehune Lane
Honolulu, Hawaii 96826

END OF EXHIBIT "C"

1.14 Other Zoning Compliance Matters (Continued from page 6)

EXHIBIT "D"

**LAND USE ORDINANCE
Article 4. General Development Standards**

Sec. 21-4.110 Nonconformities.

Constraints are placed on nonconformities to facilitate eventual conformity with the provisions of this chapter. In other than criminal proceedings, the owner, occupant or user shall bear the burden to prove that a lot, a structure, a use, a dwelling unit, or parking or loading was legally established as it now exists. Nonconforming lots, structures, uses, dwelling units, commercial use density, and parking and loading may be continued, subject to the following provisions:

- (a) Nonconforming Lots.
 - (1) A nonconforming lot shall not be reduced in area, width or depth, except by government action to further the public health, safety or welfare.
 - (2) Any conforming structure or use may be constructed, enlarged, extended or moved on a nonconforming lot as long as all other requirements of this chapter are met.
- (b) Nonconforming Structures.
 - (1) If that portion of a structure which is nonconforming is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with the provisions of this chapter.
 - (A) Notwithstanding the foregoing provision, a nonconforming structure devoted to a conforming use which contains multifamily dwelling units owned by owners under the authority of HRS Chapter 514A, 514B or 421H, or units owned by a "cooperative housing corporation" as defined in HRS Section 421I-1, whether or not the structure is located in a special district, and which is destroyed by accidental means, including destruction by fire, hurricane, other calamity, or act of God, may be restored to its former condition, provided that such restoration is permitted by the building code and flood hazard regulations and is started within two years.
 - (B) The burden of proof to establish that the destruction of a structure was due to accidental means as described above and that the structure was legally nonconforming shall be on the owner.
 - (C) Except as otherwise provided in this section, no nonconforming structure that is voluntarily razed or required by law to be razed by the owner thereof may thereafter be restored except in full conformity with the provisions of this chapter.
 - (2) If a nonconforming structure is moved, it shall conform to the provisions of this chapter.
 - (3) Any nonconforming structure may be repaired, expanded or altered in any manner which does not increase its nonconformity.

- (4) Improvements on private property, which become nonconforming through the exercise of government's power of eminent domain, may obtain waivers from the provisions of this subsection, as provided by Section 21-2.130.
 - (5) Nonconforming commercial use density shall be regulated under the provisions of this subsection. For purposes of this section, "nonconforming commercial use density" means a structure which is nonconforming by virtue of the previously lawful mixture of commercial uses on a zoning lot affected by commercial use density requirements in excess of:
 - (A) The maximum FAR permitted for commercial uses; or
 - (B) The maximum percentage of total floor area permitted for commercial uses.
- (c) **Nonconforming Uses.**
Strict limits are placed on nonconforming uses to discourage the perpetuation of these uses, and thus facilitate the timely conversion to conforming uses.
- (1) A nonconforming use shall not extend to any part of the structure or lot which was not arranged or designed for such use at the time of adoption of the provisions of this chapter or subsequent amendment; nor shall the nonconforming use be expanded in any manner, or the hours of operation increased. Notwithstanding the foregoing, a recreational use that is accessory to the nonconforming use may be expanded or extended if the following conditions are met:
 - (A) The recreational accessory use will be expanded or extended to a structure in which a permitted use also is being conducted, whether that structure is on the same lot or an adjacent lot; and
 - (B) The recreational accessory use is accessory to both the permitted use and the nonconforming use.
 - (2) Any nonconforming use that is discontinued for any reason for 12 consecutive months, or for 18 months during any three-year period, shall not be resumed; however, a temporary cessation of the nonconforming use for purposes of ordinary repairs for a period not exceeding 120 days during any 12-month period shall not be considered a discontinuation.
 - (3) Work may be done on any structure devoted in whole or in part to any nonconforming use, provided that work on the nonconforming use portion shall be limited to ordinary repairs. For purposes of this subsection, ordinary repairs shall only be construed to include the following:
 - (A) The repair or replacement of existing walls, floors, roofs, fixtures, wiring or plumbing; or
 - (B) May include work required to comply with city, state, or federal mandates such as, but not limited to, the Americans with Disabilities Act (ADA) or the National Environmental Protection Act (NEPA); or
 - (C) May include interior and exterior alterations, provided that there is no physical expansion of the nonconforming use or intensification of the use.

EXHIBIT "D"

Further, ordinary repairs shall not exceed 10 percent of the current replacement cost of the structure within a 12-month period, and the floor area of the structure, as it existed on October 22, 1986, or on the date of any subsequent amendment to this chapter pursuant to which a lawful use became nonconforming, shall not be increased.

- (4) Any nonconforming use may be changed to another nonconforming use subject to the prior approval of the director, provided that:
 - (A) The change in use may be made only if any adverse effects on neighboring occupants and properties will not be greater than if the original nonconforming use continued; and
 - (B) The director may impose conditions on the change in nonconforming use necessary or appropriate to minimize impact and/or prevent greater adverse effects related to a proposed change in use.

Other than as provided as "ordinary repairs" under subdivision (3), improvements intended to accommodate a change in nonconforming use or tenant shall not be permitted.

- (5) Any action taken by an owner, lessee, or authorized operator which reduces the negative effects associated with the operation of a nonconforming use -- such as, but not limited to, reducing hours of operation or exterior lighting intensity -- shall not be reversed.

(d) **Nonconforming Dwelling Units.**

With the exception of ohana dwelling units, which are subject to the provisions of Section 21-2.140-1(i), nonconforming dwelling units are subject to the following provisions:

- (1) A nonconforming dwelling unit may be altered, enlarged, repaired, extended or moved, provided that all other provisions of this chapter are met, except the requirements of Section 21-8.30.
- (2) If a nonconforming dwelling unit is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed.
- (3) When detached dwellings constructed on a zoning lot prior to January 1, 1950 exceed the maximum number of dwelling units currently permitted, they shall be deemed nonconforming dwelling units.

(e) **Nonconforming Parking and Loading.**

Nonconforming parking and loading may be continued, subject to the following provisions:

- (1) If there is a change in use to a use with a higher parking or loading standard, the new use shall meet the off-street parking and loading requirements established in Article 6.
- (2) Any use that adds floor area shall provide off-street parking and loading for the addition as required by Article 6. Expansion of an individual dwelling unit that results in a total floor area of no more than 2,500 square feet shall be exempt from this requirement.
- (3) (A) When nonconforming parking or loading is reconfigured, the reconfiguration shall meet current requirements for arrangement of parking spaces, dimensions, aisles, and, if applicable, ratio of compact to standard stalls, except as provided in paragraph (B). If, as a result of the reconfiguration, the number of spaces is increased by five or more, landscaping shall be provided as required in Section 21-4.70 based on the number of added stalls, not on the entire parking area.

- (B) Parking lots and other uses and structures with an approved parking plan on file with the department prior to the effective date of this ordinance, and which include compact parking spaces as approved in the plan, may retain up to the existing number of compact spaces when parking is reconfigured.

(Added by Ord. 99-12; Am. Ord. 03-37, 06-15, 10-19)

**Table 21-3.3
Apartment and Apartment Mixed Use Districts
Development Standards**

Development Standard		District					
		A-1	A-2	A-3	AMX-1	AMX-2	AMX-3
Minimum lot area (square feet) ¹		7,500	10,000	15,000	7,500 ²	10,000 ²	15,000 ²
Minimum lot width and depth (feet) ¹		70	70	70	70	70	70
Yards (feet):	Front	10	10	10	10	10	10
	Side and rear ³	5 ⁴ or 10	5 ⁴ or 10	5 ⁴ or 10	5 ⁴ or 10	5 ⁴ or 10	5 ⁴ or 10
Maximum commercial use density (FAR)		n/a			0.3 see Sec. 21-3.90- 1(c)	0.4 see Sec. 21-3.90- 1(c)	0.6 see Sec. 21-3.90- 1(c)
Maximum building area		Lot area (sq. ft.)		Requirement			
		Less than 7,500		60 percent of zoning lot			
		7,500 – 20,000		50 percent of zoning lot			
		Over 20,000		40 percent of zoning lot			
Maximum height (feet) ⁵		30	per zoning map		30	per zoning map	
Height setbacks		none	per Sec. 21-3.80-1(c)		none	per Sec. 21-3.90-1(c)	
Maximum density (FAR) for A-1 & AMX-1 districts based on zoning lot size		Lot area (sq. ft.)		FAR calculation			
		Less than 10,000		FAR = (.00003 x lot area) + 0.3			
		10,000 – 40,000		FAR = (.00001 x lot area) + 0.5			
		Over 40,000		FAR = 0.9			
Maximum density (FAR) for A-2 & AMX-2 districts based on zoning lot size		Lot area (sq. ft.)		FAR calculation			
		Less than 10,000		FAR = (.00009 x lot area) + 0.4			
		10,000 – 40,000		FAR = (.00002 x lot area) + 1.1			
		Over 40,000		FAR = 1.9			
Maximum density (FAR) for A-3 & AMX-3 districts based on zoning lot size		Lot area (sq. ft.)		FAR calculation			
		Less than 10,000		FAR = (.00014 x lot area) + 0.6			
		10,000 – 20,000		FAR = (.00004 x lot area) + 1.6			
		20,000 – 40,000		FAR = (.00002 x lot area) + 2.0			
		Over 40,000		FAR = 2.8			

¹There shall be no minimum lot area, width or depth for off-site parking facilities.

²There shall be no minimum lot area for off-site parking facilities.

³Five feet for detached dwellings and duplexes and 10 feet for other uses.

⁴For duplex lots, 5 feet for any portion of any structure not located on the common property line; the required side yard is zero feet for that portion of the lot containing the common wall.

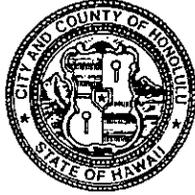
⁵Heights for detached dwellings and duplexes shall comply with residential height and height setback requirements.

n/a = Not applicable
(Added by Ord. 99-12)

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

KIRK W. CALDWELL
ACTING MAYOR



DAVID K. TANOUE
DIRECTOR

ROBERT M. SUMITOMO
DEPUTY DIRECTOR

2010/ELOG-87(LT)

July 22, 2010

Vernon T. Tashima, Esq,
Attorney at Law
Central Pacific Plaza, Suite 888
220 South King Street
Honolulu, Hawaii 96813

Dear Mr. Tashima:

Subject: Condominium Conversion Project
704 Menehune Lane
Tax Map Key: 2-7-023: 013



This is in response to your letter dated January 14, 2010, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two two-story 4-unit apartment buildings with 14 all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1956 on this 11,932-square-foot A-2 Medium-Density-Apartment-District-zoned lot.

Investigation also revealed the apartment building along Date Street that encroaches into the required front yard setback is considered a nonconforming structure.

For your information, the Department of Planning and Permitting cannot determine all other legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

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

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

Vernon T. Tashima, Esq.
July 22, 2010
Page 2

If you have any questions regarding this matter, please contact Alex Sugai of our Commercial and Multi-Family Code Enforcement Branch at 768-8151.

Very truly yours,



David K. Tanoue
David K. Tanoue, Director
Department of Planning and Permitting

DKT:ft
[787064]

EXHIBIT " F "

(Section 4.2, Continued from page 12)
**ESTIMATE OF INITIAL MAINTENANCE FEES
 AND
 ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:		
<u>UNIT / LOCATION</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Unit 1 – 704 Menehune Lane	20.00	240
Unit 2 – 712 Menehune Lane	20.00	240

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

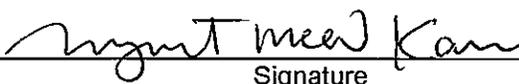
Estimate of Maintenance Fee Disbursements:		<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
<u>Utilities and Services</u>			
Air Conditioning			
Electricity	[] common elements only		
	[] common elements and apartments		
Elevator			
Gas	[] common elements only		
	[] common elements and apartments		
Refuse Collection			
Telephone			
Water and Sewer			
<u>Maintenance, Repairs and Supplies</u>			
Building			
Grounds			
<u>Management</u>			
Management Fee			
Payroll and Payroll Taxes			
Office Expenses			
<u>Insurance</u>			
<u>Reserves (*)</u>			
<u>Taxes and Government Assessments</u>			
<u>Audit Fees</u>			
<u>Other:</u>	Site 3, common asphalt driveway and Menehune Lane	40.00 x 12 months =	480.00
TOTAL		480.00
<p>I, Margaret MCW Kan, as Member for MENEHUNE SUN LLC, the developer for the MENEHUNE VILLA 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. Assessments will be on accrual basis.</p>			
 _____ Signature		8/16/10 _____ Date	

EXHIBIT "G"

SUMMARY OF PURCHASE CONTRACT

Hawaii Association of Realtors Standard Form (Rev 4/07)

Section 5.1 Sales Documents Filed with the Real Estate Commission (Continued from page 13)

The Purchase Contract contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project.

- (a) The total purchase price, method of payment and additional sums, which must be paid in connection with the purchase of a unit (C-1).
- (b) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price (C-6).
- (c) That the transaction shall be processed by an escrow company, licensed to do business in Hawaii (C-9).
- (d) Risk of loss passes to Buyer upon closing or possession, whichever ever occurs sooner (C-15).
- (e) Requirements relating to the purchaser's financing of the purchase of a unit (C-23, C-24 and C-25).
- (f) Seller obligation to disclose any fact defects or condition affecting value (C-44).
- (g) That the Developer shall provide to Buyer all existing warranty documents covering the improvements, appliances, etc., but makes no warranties regarding the unit, the Project or anything installed or contained in the unit of the Project (C-56).
- (h) That the purchase is subject to the Buyer's review and approval of condominium documents (C-64).
- (i) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit (C-70).

The Purchase Contract contains various other important provisions relating to the purchase of a unit in the Project including cancellation and termination rights. Purchasers and prospective purchasers should carefully read the specimen Purchase Contract on file with the Real Estate Commission.

Purchaser's Right to Rescind a Binding Sales Contract:

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modification and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

END OF EXHIBIT "G"

EXHIBIT "H"

SUMMARY OF THE PROVISIONS OF THE ESCROW AGREEMENT

5.1 Sales Documents Filed with the Real Estate Commission (Continued from page 13)

Among other provisions of the Escrow Agreement, the Agreement provides that:

Disbursement from the escrow fund may be made to pay for construction costs upon certification and approval for payment by an architect or engineer, and approved by Seller's lender. However, the agreement further provides that no disbursement of Purchaser's funds shall be made until (a) Escrow is notified by Seller that Real Estate Commission has issued an effective date for a Developer's Public Report, superseding all prior reports, on the project and that each purchaser has been given a copy of said Developer's Public Report; (b) Purchaser executes the form of Receipt for Public Report and Notice of Right to Cancel and waives his right to cancel; and (c) the completion of construction of the project and the forty-six day lien period has expired or Seller has posted a Surety Bond or submits title insurance with lien waivers.

Further, Purchaser shall be entitled to a refund of Purchaser's funds, and Escrow shall pay the funds to Purchaser, without interest and less Escrow's cancellation fee upon receipt by Escrow of a written request from Seller to return to Purchaser the funds of such Purchaser then held hereunder by Escrow.

Subject to such deduction as may be provided in the Sales Contract, and an escrow cancellation fee, the Purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to the Purchaser, without interest, upon Purchaser's written request, and, if any, one of the following events has occurred:

(a) Seller has instructed Escrow in writing to return to the Purchaser the funds of the Purchaser then being held hereunder by Escrow; or

(b) Seller has notified Escrow in writing of the Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated herein or otherwise available to the seller; or

(c) With respect to a Purchaser whose funds were obtained prior to the issuance of the Developer's Public Report, the Purchaser has exercised his right to cancel the contract pursuant to Section 514B-86, Hawaii Revised Statutes, as amended; and, upon any such cancellation, Purchaser shall be entitled to a prompt refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00; or

(d) A Purchaser has exercised his right to rescind the contract pursuant to Section 514B-87, Hawaii Revised Statutes, as amended; or

(e) If, in accordance with Part V, Chapter 514B, Hawaii Revised Statutes:

i) no sales contract is offered to purchaser who was place on the Developer's reservation list of owner-occupants, or upon a request from a person who is on the final reservation list but who has elected not to execute a sales contract; or

ii) the Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within fifty (50) calendar days following the end of the ten (10) calendar-day period during which the Developer is limited to selling to owner-occupants.

Upon the return of said funds to the purchaser as aforesaid, Escrow shall return to Seller such Purchaser's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract. Other documents delivered to Escrow relating to the sale of the units identified in such Sales Contracts will be returned to the person from whom or entity from which they were received.

(f) In the event of default of the Purchaser, Purchaser's initial deposits shall be retained by Seller, as liquidated damages.

END OF EXHIBIT "H"

Section 5.4 Construction/Appliances Warranties (continued from page 13)

EXHIBIT "I"

Typical Finishing and Appliances of Dwelling Units. The units are furnished with the following appliances:

Unit	Location / Apt No.	Existing Appliances
1	704 Menehune Lane – Apt 704-1	Water heater, range, refrigerators, & washer
1	704 Menehune Lane – Apt 704-2	Water heater, range, refrigerators, & washer
1	704 Menehune Lane – Apt 704-3	Water heater, range, refrigerators, & washer
1	704 Menehune Lane – Apt 704-4	Water heater, range, refrigerators, & washer
2	712 Menehune Lane – Apt 712-1	Water heater, range, refrigerators, & washer
2	712 Menehune Lane – Apt 712-2	Water heater, range, refrigerators, & washer
2	712 Menehune Lane – Apt 712-3	Water heater, range, refrigerators, & washer
2	712 Menehune Lane – Apt 712-4	Water heater, range, refrigerators, & washer
Warranties:	There are no warranties for any of the existing appliances listed above.	