

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

[] No prior reports have been issued by the Commission.

[X] Changes made are as follows:

The prior Final Public Report expired on January 20, 1981 after sale of 29 units in the Project. Consequently, the changes from the prior Public Report are substantial, and include changes in the Developer, Escrow Agent, Managing Agent and Real Estate Broker.

This Supplementary Public Report is for the sale of the balance of the units in the Project, containing eighty-four (84) units.

SPECIAL ATTENTION

The Developer has disclosed the following:

- (a) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (pages 12 and 15).
- (b) The Sales Contract provides that the purchaser will not have the right to sue the declarant for damages and defects of the Project (see page 20).

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

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information on Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: KVR Incorporated
Name
130 N. Nimitz Hwy., Suite A-200
Business Address
Honolulu, HI 96817

Phone: 531-1621
(Business)

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

Simon Bebb - President
Thomas Enomoto - Vice President

Real Estate
Broker: Commercial Realty Corp.
Name
90 N. King St., Suite 207
Business Address
Honolulu, HI 96817

Phone: 531-1621
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street
Business Address
Honolulu, HI 96813

Phone: 521-0211
(Business)

General
Contractor: N/A
Name
Business Address

Phone: _____
(Business)

Condominium
Managing
Agent: Commercial Realty Corp.
90 No. King St., Suite 207
Business Address
Honolulu, HI 96817

Phone: 531-1621
(Business)

Attorney for
Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

Phone: 521-4757
(Business)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration 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 14075 Page 450
 Filed - Land Court - Document No. _____

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

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 656
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. Attached to Declaration as Exhibit "C"
 Filed - Land Court Condo Map No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[X] Leasehold or Subleasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

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

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

Lease Term Expires: February 28, 2033
Rent Renegotiation Date(s): 2/28/2003, 2/28/2013, 2/28/2023

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

Exhibit L contains a schedule of the lease rent for each apartment per [X] Month [] Year.

For Subleaseholds:

[] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is [] Canceled [] Foreclosed

[NA] 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.

[NA] Individual Apartment in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

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

Lease Term Expires:
Rent Renegotiation Date(s):

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

Exhibit contains a schedule of the lease rent for each apartment per [] Month [] Year.

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 2450 Prince Edward Street Tax Map Key: (1) 2-6-23:45
Honolulu, HI 96815 (TMK)

[] Address [] TMK is expected to change because Not Applicable

Land Area: 9,690 [X] square feet [] acre(s) Zoning: Resort Hotel

Lessor

(Fee Owner): Violet Hee Lum Properties, Inc.
Name

Address

Sublessor:

Name

Address

C. Buildings and Other Improvements:

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

- 2. Number of Buildings: One Floors Per Building 11 plus basement
 Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other lumber, steel, aluminum, glass and allied building materials

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>108</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>5</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

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

- [] Pets: _____
- [] Number of Occupants: _____
- [X] Other: See By-Laws (Article VIII §2) - See Exhibit H attached.
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 2 Stairways 2 Trash Chutes 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
_____	_____	<u>SEE ATTACHED EXHIBIT "A"</u>		_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 113 (Only 84 Residential Apartments are being offered for sale.)

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

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

Boundaries of Each Apartment:

See Exhibit "I" attached.

Permitted Alterations to Apartments:

See Exhibit "B" attached.

7. Parking Stalls:

Total Parking Stalls: 20

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each units)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	<u>20</u>	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>20</u>	_____	_____	_____	_____	_____	_____

Each apartment will not have the exclusive use of any parking stall(s).
Buyers are encouraged to find out which stall(s), if any, will be available for their use.

Commercial parking garage permitted in condominium project. All stalls are within Commercial Unit D-II which is not being offered for sale.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute
shared with Kuhio Village I

Other: jacuzzi

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

There are no violations. Violations will not be cured.

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

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. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit C .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit D

as follows:

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

described in Exhibit A.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit E describes the encumbrances against the title contained in the title report dated December 7, 1994 and issued by Title Guaranty of Hawaii.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit.

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:

Purchaser understands that the Project was constructed in 1979. Seller is selling the units together with the appliances and other personal property in "as is" condition. The Seller is giving no warranties to Purchaser with respect to the construction, materials or workmanship of the Project.

2. Appliances:

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

G. Status of Construction and Estimated Completion Date:

The Project was constructed in 1979.

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 for future development (such as additions, mergers or phasing): **None.**

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer
- the developer or the Developer's affiliate
- self-managed by the Association of Apartment Owners
- other _____

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit J contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

See attached Disclosure Abstract (Exhibit "J")

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None **Electricity** Gas **Water**

- Sewer** **Television Cable** Other _____

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 F contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated December 14, 1994

Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

[] Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the developer unless the Developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

- A) There is a material change in the condominium 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 Law (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 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. 1121 filed with the Real Estate Commission on December 20, 1979.

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

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

C. Additional Information Not Covered Above

SPECIAL NOTATION

1. The specimen Sales Contract provides that the Purchaser understands that the Apartments and the Project are being sold in "as is" condition. The existence of any defect in the Apartments or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his sales contract.

The Specimen Sales Contract further states that the Purchasers will not have any right to file any lawsuit for damages against the Seller for any defects in the Apartments or in the Project.

The specimen Apartment Deed provides that the Developer disclaims any promises or representations or other statements to the condition of the Apartments or of the Project, or of any improvements, on, in or under the Apartments or in the Project. By way of illustration (but not limitation), Developer makes no promises or statements about:

- A. The construction, structural soundness, condition or state of repair, operating order, safety or livability of any improvements in or within the Apartment or the Project;
- B. The suitability of any improvements for any particular use;
- C. Whether or not the Apartment, the Project or any improvements meet the requirements of any building, health, zoning, land use, subdivision, setback or other law, ordinance, rule or regulation which may apply;
- D. Whether or not any easement, right-of-way or driveway meets the requirements of any building, health, zoning, land use, subdivision, setback or other law, ordinance, rule or regulation which may apply;
- E. The density, stability, structure, erosion or other condition of the Project's soil for building or any other use;
- F. Whether any improvements on or under the Project encroach over the boundary lines of any land which shares a boundary with the Project;
- G. Whether any improvements on or under land which shares a boundary with the Project encroach over the boundary lines of the Project;
- H. Any matter concerning the electrical, water, gas, plumbing or sewer systems (if any);
- I. Any staking or survey done by any person; and
- J. The area of the Project.

2. Relationship with Kuhio Village I. Kuhio Village I is a condominium project located on a neighboring parcel of land. The owners of residential apartments in Kuhio Village I have certain rights of ingress and egress through the ground floor and lobby area of Kuhio Village II. The owners of residential apartments in Kuhio Village I also have certain rights to use a jacuzzi spa in Kuhio Village II, but must share in the cost of maintaining such facility. The owners of residential apartments in Kuhio Village II have certain rights of ingress and egress, through the ground floor and lobby area of Kuhio Village I, including the right to utilize a front desk and related areas.

3. Rental Activity and Securities Laws.

(a) Rental Activity: The property is zoned resort and is presently being used as a hotel. Seller shall continue to use the unsold units as hotel units. The Seller has or will contract with a third party hotel management company to operate its unsold units as hotel units on a "pooled" basis.

(b) Hotel Rental Pool: Buyers may place their units in the hotel rental pool, however, any such arrangements shall be between Buyer and the third party manager company operating the rental pool. Seller makes no representations or warranties concerning the hotel rental pool or any income to be derived therefrom.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

KVR INCORPORATED
Name of Developer

By Simon Bebb Jan. 19, '95
Duly Authorized Signatory Date

Simon Bebb, President
print name & title of person signing above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration

EXHIBIT "A"

DESCRIPTION OF APARTMENT, INCLUDING NET LIVING AREA
AND UNDIVIDED PERCENTAGE INTEREST

1. Description of Commercial Units.

Each Commercial Unit shall contain a single unpartitioned room. Commercial Units A-II, B-II and E-II are located on the Ground Floor. Commercial Unit C-II is located on the Basement Parking Level and contains the laundry room. Commercial Unit D-II is located in the Basement Parking Level and consists of twenty (20) parking stalls located on said level and all driveways and turn-around areas therein.

2. Description of Residential Apartments.

(a) Each Residential Apartment has been given a three or four digit numerical designation by which its location can be determined. The numerical designation of each apartment begins with its respective floor number. The last two digits in the numerical designation indicate the location of the Apartment on the floor. All residential apartment numerical designations in Kuhio Village II are followed by the letter suffix "A".

(b) Subject to variations in their respective floor areas and layout, all of the Residential Apartments, except for Apartment Nos. 1201 and 1207, are studio units and contain two (2) rooms, consisting of a general purpose room and a bathroom, with an adjoining lanai. All studio units are equipped with a kitchenette and wall air-conditioning unit, with the exception of Apartment Nos. 201 through 210, inclusive, 1202 and 1208 which do not contain kitchen facilities.

(c) Apartment Nos. 1201 and 1207, will each contain five (5) rooms, consisting specifically of an entry, living/dining room, kitchen, bedroom, two (2) bathrooms, and adjoining lanai. Each of said units shall also be equipped with a kitchenette and wall air-conditioning unit.

(d) The location, unit designation, approximate area, and undivided percentage common interest of the Commercial Units and the Residential Apartments are as follows:

Approximate Area in
Square Feet

	<u>Unit Designation</u>	<u>Interior</u>	<u>Lanai</u>	<u>Gross</u>	<u>Undivided Percentage Interest*</u>
<u>COMMERCIAL UNITS</u>	A-II	3,160	_____	3,160	10.01426
	B-II	312	_____	312	.98875
	C-II	644	_____	644	2.10426
	D-II	7,680	_____	7,680	2.37864
	E-II	285	_____	285	.90318
<u>Second Floor</u>	01,03,08,10	232	48	280	.73552
	02,04,07,09	257	48	305	.81445
	05	265	48	313	.83980
	06	276	48	324	.87467
<u>Third through Tenth Floors</u>	01,03,08,09	286	106	392	.90636
	02,04,07,10	206	37	243	.65283
	05,06	255	37	292	.80811
<u>Eleventh Floor</u>	03,08	275	90	365	.87149
	01,09	240	125	365	.76058
	02,10	155	88	243	.49120
	04,07	200	38	238	.63381
	05,06	208	38	246	.65917
<u>Twelfth Floor</u>	01,07	433	138	571	1.37220
	03,04,05,06	200	50	250	.63381
	02,08	120	88	208	.38029

* Percentage interests have been generally computed on the basis of approximate apartment interior areas, with the exception of Commercial Unit D-I, the parking apartment. The common interest established for said apartment, because of its limited use and fractional appraised value per square foot in relation to other apartments, is approximately one-tenth of what its common interest would be if it were based solely on square footage. The common interests set forth above shall be valid and effective for all purposes whether or not they have been consistently computed in accordance with the foregoing or are mathematically correct.

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS

1. Pursuant to Paragraph 11 of the Declaration:

(a) The owner of any Commercial Unit shall have the right at any time and from time to time, at his or its sole cost and expense, and with the consent of the Board if so required by law (which consent shall not be unreasonably withheld) and without the consent or joinder of any other condominium unit owners, to alter such unit, or to cause or permit such alterations to be made by his or its tenants and sublessees, in accordance with the provision set forth in the Declaration.

(b) With respect to any portions of a Commercial Unit, or any two adjacent Commercial Units under common ownership, which shall be separated only by a common element which is a wall or a floor, the owner of the Commercial Unit, or owner of any two adjacent units, shall have the right at any time, and from time to time, as his cost, with the consent of the Mortgagee, if any, of such Commercial Unit or units, to alter or remove all or portions of the intervening wall or floor (whether or not load-bearing) if the structural integrity of the Project is not thereby affected and if the finish of the common element then remaining is restored to the condition substantially comparable to that of the common element prior to such alterations. The owner of any Commercial Unit, or the owner of any adjacent Commercial Units, may install in and attach to such opening or openings in such common elements, elevators, stairways, lifts, tubes and other service devices and may remove and retain ownership of the installed equipment. The owner of such Commercial Unit may (if such work does not unreasonably disturb the use or enjoyment of the other units or their appurtenant limited common elements or detract from the appearance of the Project) also install windows, ducts, vents, pipes, wiring and other utility installations in and through the common elements of the Project and may replace existing partitions (specifically including, without limitation, plate glass partitions) and/or install such partitions as said owner may deem appropriate for purposes of separating such Commercial Unit from the corridors, walkways, or stairways of the Project; provided, however, that said Owner shall be responsible for the maintenance, upkeep, and insurance of any such partitions. Any of the foregoing is subject to other provisions in the Declaration.

(c) The owner of any two adjoining Residential Apartments may with the consent of any mortgagee of such Residential Apartments (and if required by law, the Board), alter or remove all or portions of the intervening wall (whether or not load-bearing) which separates such units if the Board determines that the structural integrity of the Project is not thereby affected and if the finish of the common element then remaining is restored to the condition substantially comparable to that of the common element prior to such alteration of a common element. The foregoing is subject to the provisions in the Declaration.

END OF EXHIBIT "B"

EXHIBIT "C"

COMMON ELEMENTS

1. Paragraph 5 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

(a) All the land described in Exhibit "A" to the Declaration, in fee simple;

(b) All foundations, columns, girders, beams, floor slabs, roofs, supports and load-bearing walls (except for the inner finished surfaces within each unit);

(c) All structural elements, stairways, walkways, retaining walls, fences and railings;

(d) All pedestrian walkways, ramps, and entrances and exits to the building, the main lobby, the jacuzzi and its appurtenant equipment, all yards, grounds and landscaped areas (except any which are contained within any Commercial Unit as shown on the Condominium File Plan);

(e) The central water heater, rooms, stairwells, and all ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve two or more condominium units for service such as power, light, water, gas, refuse, telephone and radio and television signal distribution; and

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

END OF EXHIBIT "C"

EXHIBIT "D"

LIMITED COMMON ELEMENTS

1. The following limited common elements are appurtenant to and for the exclusive use of the Commercial Units: (i) all ducts, waterlines, electrical equipment, pipes, wiring, or other utility system or components thereof serving more than one Commercial Unit, but excluding any portion of such facilities serving the Residential Apartments or the limited common elements appurtenant thereto; and (ii) all other common elements for the Project which are rationally related to only the Commercial Units.

2. The following limited common elements are appurtenant to and for the exclusive use of all Residential Apartments: (i) all recreational areas and facilities of the Project; (ii) all components of the hot and cold water circulation system serving only the Residential Apartments, including heaters, pumps, wastelines, conduits and pipes; and (iii) all other common elements for the Project which are rationally related to only the Residential Apartments.

3. The elevators and their appurtenant housings and machinery are appurtenant to and for the exclusive use of all of the Residential Apartments and Commercial Unit C-II;

4. All electrical, plumbing, telephone, cable, television, or other utility systems, or any component thereof, serving or for the exclusive use of only one unit or one or more limited common elements appurtenant to only one unit, to the extent such system is located outside the boundaries of such unit as described herein, shall be a limited common element appurtenant to such unit.

5. All of the vehicular entrance and exit ramps of the Project shall be appurtenant to and for the exclusive use of Commercial Unit D-II, and the owner of said unit shall have the right to control vehicular ingress and egress by installing, at his sole cost and expense and without the consent or joinder of any other person, signs, coin boxes, gates, and other traffic control devices. Any equipment so installed shall be the sole property of the owner of said Commercial Unit.

6. The multi-purpose room on the roof of the building and the storage and utility rooms located in the elevator lobby on each of the floors above the Ground Floor shall be appurtenant to and for the exclusive use of Commercial Unit C-II.

7. All other common elements of the Project which are rationally related to less than all of said units, both Commercial and Residential, shall be limited common elements for the exclusive use of the units to which they are appurtenant.

END OF EXHIBIT "D"

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A 5-foot road setback line located along Prince Edward Street, as shown on map attached to Lease recorded in Liber 9027, Page 421.
4. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated October 10, 1979, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14075 at Page 450, and to the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 656.)
5. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Lease referred to herein.
6. Mortgage, Security Agreement and Financing Statement dated December 13, 1993 in favor of GECC Financial Corporation, a Hawaii corporation, recorded in said Bureau as Document No. 93-208274.
7. Assignment of Lessor's Interest in Leases dated December 13, 1993, recorded in said Bureau as Document No. 93-208275, made by KVR Incorporated, a Hawaii corporation, to GECC Financial Corporation, a Hawaii corporation.

END OF EXHIBIT "E"

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Leasehold interest in the Apartment, together with the furnishings and appliances.
2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:
 - a. An initial deposit and a subsequent deposit;
 - b. The balance of the purchase price is to be paid to escrow by purchaser on the Closing Date.
3. Financing of Purchase. If Purchaser desires financing, a loan application must be made and prequalification received within fifteen (15) days and if Purchaser's application is not approved within _____ (____) days after the Seller has accepted the Sales Contract, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.
4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing (aa) Purchaser's notary fees; (bb) all of the cost of title reports and all premiums for title insurance requested by Purchaser; (cc) any fees or charges pertaining to Purchaser's use of the Apartment, including telephone installation and cable television connections; (dd) all of Escrow's fees; (ee) hurricane relief fund computed on the mortgage loan amount; and (ff) any other closing costs not mentioned above which are customarily paid or incurred in connection with the purchase and sale of Hawaii Residential real estate. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, pay a start-up fee equal to two months' maintenance fees and prepay real property taxes for the remainder of the tax year.
5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract, which is expected to occur no earlier than seventy-five (75) days after Seller's acceptance of the Sales Contract nor more than one hundred thirty-five (135) days after Seller's acceptance of the Sales Contract. The Seller has the right to extend the Scheduled Closing Date for a reasonable period, if necessary, to remove any existing tenants or to arrange for the discharge of the existing mortgage to GECC Financial Corporation. If Purchaser fails to close as required, then after fifteen (15) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and

all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph 8(b)); or (b) Purchaser defaults under the Sales Contract (paragraph 13(b)). If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract will be subject to an existing loan, and any security interest obtained by Lender (GECC Financial Corporation) is prior and senior to any rights arising under the Sales Contract. The same protection will be given to any lender who repays such existing loan, as is expected. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender (or its successor) acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract (see paragraph 6 of the Sales Contract).

8. Rights of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Purchaser does not act within the thirty (30) day period, or if the Apartment is conveyed to the Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel.

b. The Purchaser may also cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 9(b)).

c. Purchaser fails to qualify for permanent financing (paragraph 8(c)).

9. Receipt of Project Documents. Paragraph 3 of the Sales Contract provides that the Purchaser acknowledges that he or she has examined (and agrees to be bound) by the following:

- (a) The floor plans for the Project;
- (b) Escrow Agreement;
- (c) The Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners;
- (d) The Apartment Deed;
- (e) Disclosure Abstract; and
- (e) The Supplementary Public Report.

10. Disclaimer of Warranties.

(a) (i) At closing, Seller will disclaim any warranties, either express or implied, including any implied warranty of habitability, with respect to the Project, the apartments or their contents. Seller will not be liable for any construction or other defects, including any latent or hidden defects in the Project, the apartments or their contents. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects.

(ii) Existing Tenant. The Apartment may presently be occupied by a tenant until the Scheduled Closing Date. Although Seller will utilize its best efforts to terminate such tenancy prior to closing and cause the tenant to maintain and repair the Apartment, such are risks of the purchase of the Apartment. In the event that the tenant has not vacated the apartment by the Scheduled Closing Date, then Seller reserves the right to extend the Scheduled Closing Date for a reasonable period of time to remove the tenant.

(b) Inspection. Buyer shall have a period of _____ (___) days following the date of Seller's execution of the Sales Contract to inspect the Apartment and the Project. If Buyer is not satisfied with the physical condition of the Project or the Apartment, then Buyer may elect within such _____ (___) day period to cancel this Agreement upon giving written notice to Seller, and upon such cancellation, Seller shall direct Escrow to refund the Buyer all sums paid hereunder by Buyer, without interest.

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds.

2.1 A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

2.2 A Buyer shall further be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, in accordance with the Sales Contract if any of the following has occurred:

(a) No sales contract has been offered to the purchaser who has been placed on the Developer's reservation list of owner-occupant applicants; or

(b) Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for purchaser's reserved unit within fifty (50) calendar days following the end of the ten calendar day period during which the Developer is limited to selling to owner-occupants; or

(c) The Purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(d) The Purchaser indicates an intent not to become an owner-occupant of such unit.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds.

Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract;

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has cancelled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

RESTRICTIONS (ARTICLE VIII §2 OF BY-LAWS)

1. No owner or occupant of an apartment shall post any advertisement, bill, poster, or other sign on or about the Project.
2. All owners and occupants shall exercise extreme care about causing or permitting noises that may disturb other occupants, including, without prejudice to the generality of the foregoing, noises caused by any child residing or visiting in apartments.
3. No owner or occupant shall permit any child residing or visiting with him to loiter or play in the stairways, corridors or parking areas or other areas of the Project not intended for such use.
4. No garments, rugs, or other objects shall be hung from the lanais, patios, windows, or facades of the Project; nor shall they be dusted or shaken from the lanais, patio or windows or cleaned by beating or sweeping on the grounds of the Project.
5. No garbage, refuse, or trash of any kind shall be thrown, placed or kept on any common element other than the disposal facilities provided for such purposes.
6. Nothing shall be allowed, done, or kept in any apartment or common element which will overload or impair the floors, walls, or roofs of the Project, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance maintained by or for the Board with respect thereto, nor shall any noxious or offensive activity or nuisance be made or suffered thereon.
7. No owner or occupant shall place, store or maintain on walkways, roadways, grounds or other common elements any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.
8. No owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment of the Project nor alter or remove any furniture, furnishings or equipment of the common elements.
9. No owner or occupant shall erect or place in the Property any building or structure including fences and walls, nor make any additions or alterations to any exterior common elements of the Project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including plot plan, prepared by a licensed architect if so required by the Board and approved by the Lessor,

the Board and a majority of Apartment Owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected.

10. No owner or occupant shall decorate or landscape any entrance of his apartment or any other portion of the Project except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

11. No owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, machines or air conditioning units, or other equipment, fixtures, appliances, or appurtenances whatsoever on the exterior of the Project or protruding through the walls, windows or roof thereof.

12. No owner or occupant, without the written approval of the Board, shall erect, place or maintain any television or other antennas on said Project visible from any point outside of the Project.

EXHIBIT "I"

BOUNDARIES OF EACH APARTMENT

Each condominium unit, whether commercial or residential, shall include: (i) all the walls and partitions which are not load-bearing within its perimeter walls; (ii) all glass windows, louvers, doors, panels and railings along its perimeter; (iii) the inner decorated or finished surfaces of the perimeter walls or interior load-bearing walls; (iv) the interior finished surfaces of the floors and ceiling; (v) all built-in fixtures and appliances originally installed therein; (vi) the adjacent lanai, if any, as shown on the Condominium File Plan; (vii) any utility system or component thereof which is located within any apartment designed for the exclusive use of such apartment; and (viii) all of the air space encompassed within the condominium unit.

Notwithstanding the foregoing, the condominium units shall not include: (i) that portion of any load-bearing interior or perimeter walls within or surrounding any unit which (except for the inner finished surfaces of any such wall), shall be a common element; (ii) the floors and ceilings of any apartment which shall be common elements, except for their inner finished surfaces; and (iii) any pipes, shafts, chases, ducts or any other enclosed spaces for wiring, plumbing, air exhaust or ventilation, serving or being utilized by more than one condominium unit, the same being deemed common elements as provided hereinbelow.

END OF EXHIBIT "I"

EXHIBIT "J"

DISCLOSURE ABSTRACT

1. (a) PROJECT: Kuhio Village II
2450 Prince Edward Street
Honolulu, HI 96815
- (b) DEVELOPER: KVR Incorporated
130 N. Nimitz Hwy., #A-200
Honolulu, HI 96817
Telephone: (808) 531-1621
- (c) MANAGING AGENT: Commercial Realty Corp.
90 No. King St., Suite 207
Honolulu, HI 96817
Telephone: (808) 531-1621
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).
3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not making any warranties relating to the materials and workmanship of the Project or the common elements.
4. USE OF UNITS. The KUHIO VILLAGE II Condominium Project consists of one hundred thirteen (113) units, of which one hundred eight (108) will be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose.

END OF EXHIBIT "J"

ESTIMATED OPERATING EXPENSES

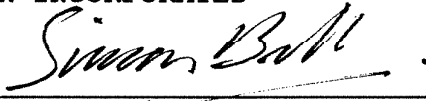
For Period January 1, 1995 to December 31, 1995
As Prepared by Developer

Estimated Annual Expenses and Estimated Monthly Common Expenses

SEE ATTACHED EXHIBIT "1"

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

KVR INCORPORATED

By 
Its President

"Developer"

EXHIBIT "1"

1995 ANNUAL BUDGET

KUHIO VILLAGE II

<u>EXPENSES</u>		<u>APPROXIMATE TOTAL MONTHLY MAINTENANCE FEE FOR EACH APT.</u>		
		Unit	Percentage	Undivided
		<u>No.</u>	<u>Interest</u>	<u>Amount</u>
<u>UTILITIES</u>				
Electricity	\$ 46,800			
Water & Sewer	28,800			
Cable TV	5,850			
Telephone	300			
<u>CONTRACT SERVICES</u>				
Refuse Collection	\$ 10,500			
Elevator Service	9,900			
Landscape Maintenance	3,800			
Security Contract	3,000			
<u>BUILDING MAINTENANCE</u>				
Repairs & Maintenance	\$ 6,000			
Supplies & Materials	1,500			
<u>ADMINISTRATIVE</u>				
Office & Supplies	\$ 2,600			
Management Fee	12,300			
Payroll, Taxes, Benefits	39,000			
<u>OTHER</u>				
Insurance	\$ 8,250			
Professional Fees	4,600			
General Excise Tax	150			
Reserves	15,000			
<u>YEARLY TOTAL EXPENSES</u>				
	\$ 198,350			
	=====			

EXHIBIT "K"

EXPLANATION REGARDING THE MANNER IN WHICH THE APARTMENT LEASE DOCUMENT PROVIDES THAT RENEGOTIATED LEASE RENTS WILL BE CALCULATED AND A DESCRIPTION OF THE SURRENDER CLAUSE PROVISION

1. Renegotiation of Lease Rents. For each of the three (3) successive ten-year periods commencing March 1, 2003, March 1, 2013 and March 1, 2023, respectively, the annual rent shall be the Apartment Owner's proportionate share of the net annual rental ("net annual rent") established for the land on which the Project is located (the "Land"). The net annual rent for each such ten-year period shall be equal to the product of (i) the fair market value of the Land as of the date on which each such ten-year period commences (the date of commencement of each such ten-year period being hereinafter called the "Net Rent Date"), and (ii) a six percent (6%) rate of return or the prevailing rate of return, as of the New Rent Date, on land of similar location on the Island of Oahu and which is being used for the same purposes as the purposes to which the Land is actually being used as of the New Rent Date; as such total annual rent shall be agreed to in writing between the Lessor and the Board of Directors of the Association of Apartment Owners. If the Lessor and the Board of Directors are unable to agree upon the net annual rent for any such ten (10) year period, at least ninety (90) days before the commencement of the New Rent Date, the same shall be determined by three (3) appraisers appointed as provided in the Apartment Lease Document who shall ascertain such annual rent as of the New Rent Date. Such net annual rent, whether determined by agreement or appraisal, shall in no event be less than the total annual rent payable during the immediately preceding rental period.

2. Description of Surrender Clause Provisions in the Apartment Lease Document.

2.1 At the end of the Apartment Lease term or other sooner termination thereof, the Apartment Owner must deliver to the Lessor possession of the Land, together with all improvements, in good repair, order and condition except for reasonable wear and tear and unavoidable casualty against such insurance is not required under the Declaration; provided, however, that any fixtures and improvements installed at any time by the Apartment Owner may, if the Apartment Owner is not then in default, be removed prior to but not after the end of the term, provided all damage to the premises from such removal shall be promptly repaired.

EXHIBIT "L"

KUHIO VILLAGE II - SUMMARY OF CURRENT MONTHLY LEASE RENTS

<u>UNIT NO.</u>	<u>SQ. FT.</u>	<u>LEASE RENT</u>
201 A	232	9.28
202 A	257	10.28
203 A	232	9.28
204 A	257	10.28
205 A	265	10.60
206 A	276	11.04
207 A	257	10.28
208 A	232	9.28
209 A	257	10.28
210 A	232	9.28
301 A	286	11.44
302 A	206	8.24
304 A	206	8.24
305 A	255	10.20
306 A	255	10.20
308 A	286	11.44
401 A	286	11.44
402 A	206	8.24
403 A	286	11.44
404 A	206	8.24
406 A	255	10.20
407 A	206	8.24
408 A	286	11.44
409 A	286	11.44
410 A	206	8.24
501 A	286	11.44
502 A	206	8.24
503 A	286	11.44
505 A	255	10.20
506 A	255	10.20

507 A	206	8.24
508 A	286	11.44
509 A	286	11.44
510 A	206	8.24
601 A	286	11.44
603 A	286	11.44
607 A	206	8.24
608 A	286	11.44
609 A	286	11.44
701 A	286	11.44
702 A	206	8.24
703 A	286	11.44
704 A	206	8.24
705 A	255	10.20
707 A	206	8.24
708 A	286	11.44
709 A	286	11.44
710 A	206	8.24
801 A	286	11.44
803 A	286	11.44
804 A	206	8.24
805 A	255	10.20
807 A	206	8.24
809 A	286	11.44
810 A	206	8.24
902 A	206	8.24
903 A	286	11.44
904 A	206	8.24
905 A	255	10.20
906 A	255	10.20
907 A	206	8.24
908 A	286	11.44
1002 A	206	8.24

1003 A	286	11.44
1004 A	206	8.24
1005 A	255	10.20
1006 A	255	10.20
1007 A	206	8.24
1010 A	206	8.24
1101 A	240	9.60
1102 A	155	6.20
1103 A	275	11.00
1104 A	200	8.00
1105 A	208	8.32
1106 A	208	8.32
1107 A	200	8.00
1108 A	275	11.00
1109 A	240	9.60
1110 A	155	6.20
1201 A	433	17.32
1203 A	200	8.00
1204 A	200	8.00
1205 A	200	8.00
1206 A	<u>200</u>	<u>8.00</u>
TOTALS	<u>20,499</u>	<u>819.96</u>