

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer SAVIO DEVELOPMENT CO., INC.
Address 931 University Avenue, Suite 202

Project Name(*): HALE UMI
Address: 715 & 719 Umi Street, Honolulu, HI 96819

Registration No. 3147 (Conversion)

Effective date: August 31, 1994
Expiration date: September 30, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

SUPPLEMENTARY: This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: SAVIO DEVELOPMENT CO., INC., a Phone: (808) 942-7701
Name Hawaii corporation (Business)
931 University Avenue, Suite 202
Business Address
Honolulu, Hawaii 96826

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

Pres/VP/Tres - Peter B. Savio
Secretary - Phyllis D. Savio

Real Estate
Broker: Savio Realty, Ltd. Better Homes and Phone: (808) 942-7701
Name Gardens (Business)
931 University Avenue, Suite 202
Business Address
Honolulu, Hawaii 96826

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

General
Contractor: N/A Phone: _____
Name (Business)
Business Address

Condominium
Managing
Agent: Certified Management, Inc. Phone: (808) 836-0911
Name (Business)
3179 Koapaka Street
Business Address
Honolulu, Hawaii 96819-1927

Attorney for
Developer: Edward R. Brooks, Esq. Phone: (808) 526-3011
Foley Maehara Nip & Chang- (Business)
Name
737 Bishop Street, Suite 2700
Business Address
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2146719

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

Hale Uni Amendment of Declaration and By-Laws dated July 21, 1994 recorded as Document No. 2166947.

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 1028

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2146720

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

Hale Uni Amendment of Declaration and ByLaws dated July 21, 1994 recorded as Document No. 2166947.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>pending</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:

SEE EXHIBIT A

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple:** Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold:** Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 - Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 715 & 719 Uni Street Tax Map Key: (1) 1-2-14:74 & 75
Honolulu, Hawaii 96819 (TMK)

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

Land Area: 35,026 [X] square feet [] acre(s) Zoning: IMX-1

Lessor

(Fee Owner): Benjamin Chong Fat Lum & Dolores Bow Sein Lum/Ernest Keong Fat Lum & Eileen Setsuko Lum

Name
2850 Paa Street #215
Address
Honolulu, Hawaii 96819

Sublessor: N/A
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: five (5) Floors Per Building 3 - two stories

Exhibit B contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
- Other _____

4. Permitted Uses by Zoning:

	No. of <u>Aprs.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Aprs.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>52</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>0</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	<u>0</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	<u> </u>	<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 (residential use only is permitted)

5. Special Use Restrictions:

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

No livestock, poultry, rabbits, pets or other animals of any kind shall be
 Pets: allowed or kept in any part of the Project without the prior written consent of the Board.

Number of Occupants: _____

Other: SEE EXHIBIT C

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u> see page 11a	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 52

*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:

The interior surface of the perimeter walls, floors and ceilings of each of the 52 apartments in the Project.

Permitted Alterations to Apartments:

SEE EXHIBIT D

<u>Apartment Number</u>	<u>Estimated Interior Floor Area (square feet)</u>	<u>Estimated Lanai Area (square feet)</u>	<u>Bedrooms/ Bathrooms</u>
1	470	0	2/1
2	470	0	2/1
3	470	0	2/1
4	470	75	2/1
5	544	0	2/1
6	544	0	2/1
7	440	0	2/1
8	437	0	1/1
1-A	520	405	2/1
1-B	517	407	2/1
1-C	386	599	studio
1-D	509	284	2/1
1-E	509	284	2/1
1-F	497	278	2/1
1-G	509	284	2/1
1-H	516	289	2/1
1-I	521	291	2/1
2-A	520	86	2/1
2-B	517	86	2/1
2-C	386	133	studio
2-D	509	85	2/1
2-E	509	85	2/1
2-F	497	83	2/1
2-G	509	85	2/1
2-H	516	86	2/1
2-I	521	87	2/1
3-A	520	86	2/1
3-B	517	86	2/1
3-C	386	133	studio
3-D	509	85	2/1

<u>Apartment Number</u>	<u>Estimated Interior Floor Area (square feet)</u>	<u>Estimated Lanai Area (square feet)</u>	<u>Bedrooms/ Bathrooms</u>
3-E	509	85	2/1
3-F	497	83	2/1
3-G	509	85	2/1
3-H	516	86	2/1
3-I	521	87	2/1
A	521	33	2/1
B	557	99	2/1
C	474	0	1/1
D	474	0	1/1
E	544	0	1/1
1-K	421	86	1/1
1-L	421	86	1/1
1-M	421	86	1/1
1-N	421	86	1/1
2-K	421	69	1/1
2-L	421	69	1/1
2-M	421	69	1/1
2-N	421	69	1/1
3-K	421	69	1/1
3-L	421	69	1/1
3-M	421	69	1/1
3-N	421	69	1/1

7. Parking Stalls:

Total Parking Stalls: 59

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>52</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other:	<u>0</u>	<u>0</u>	<u>0</u>	<u>7 (common element)</u>			<u>7</u>
Total Covered & Open	<u>0</u>		<u>59</u>		<u>0</u>		

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

- Commercial parking garage permitted in condominium project.
- Exhibit E 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
- Other: _____

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____

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):

No representations are made by the Developer regarding the conditions and expected useful life of structural components or mechanical or electrical installations of the Project. However, see the letters attached as Exhibit "B" to the DISCLOSURE ABSTRACT, a copy of which must be given to each prospective buyer along with this Public Report.

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	_____	X (see Disclosure Abstract for further	
Structures	X _____	_____	_____ infomatio
Lot	X _____	_____	_____

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

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

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

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

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

described in Exhibit F.

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 F.

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 G.

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 H describes the encumbrances against the title contained in the title report dated July 26, 1994 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage, Security Agreement and Financing Statement dated September 9, 1991, by and between Benjamin Chong Fat Lum and Dolores Bow Sein Lum, husband and wife, and Ernest Keong Fat Lum and Eileen Setsuko Lum, husband and wife, as Mortgagor, and GECC Financial Corporation, a Hawaii corporation as Mortgagee, recorded as Land Court Document No. 1849691.	The Mortgage will be fully released upon Developer's acquisition of the Project from Benjamin Chong Fat Lum and Dolores Bow Sein Lum, husband and wife, and Ernest Keong Fat Lum and Eileen Setsuko Lum, husband and wife (the "Lums"). If the Lums default under the Mortgage, or if Developer defaults under any future mortgage given to secure a loan for Developer's purchase of the Project prior to conveying the apartments to buyers, buyers' interests could be terminated. In the event of termination, buyers' deposits would be returned as set forth in their sales contrac

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:**

SEE EXHIBIT I

2. **Appliances:**

SEE EXHIBIT I

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

Construction of the Project was completed in 1962 and 1965.

H. **Project Phases:**

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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 * contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

* See Disclosure Abstract

- C. **Utility Charges for Apartments:**

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

- None Electricity (common areas) Gas Water
 Sewer Television Cable Other refuse collection, telephone

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:

[X] Notice to Owner Occupants

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

[X] Escrow Agreement dated May 13, 1994
Exhibit K contains a summary of the pertinent provisions of the escrow agreement.

[] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

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

AND

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

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

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND

B) The buyer has not waived the right to rescind.

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

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

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

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

This Public Report is a part of Registration No. 3147 filed with the Real Estate Commission on August 3, 199

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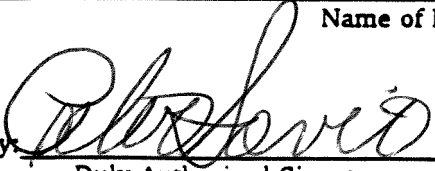
C. Additional Information Not Covered Above

Pursuant to §§16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that the Developer, Peter B. Savio, (RB-7459), is a current and active Hawaii-licensed real estate broker. Further, that Peter B. Savio is the principal broker for Savio Realty, Ltd. Better Homes & Gardens and pursuant to §16-99-11(c), HAR, "(n)o licensee shall advertise 'For Sale by Owner, . . .'"

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.

SAVIO DEVELOPMENT CO., INC., a Hawaii corporation

Name of Developer

By: 
Duly Authorized Signatory

August 1, 1994
Date

PETER B. SAVIO, President

print name & title of person signing above

Distribution:

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

EXHIBIT A

DEVELOPER'S RESERVED RIGHTS TO CHANGE CONDOMINIUM DOCUMENTS

Following is a brief summary of certain provisions in the Declaration, By-Laws and the apartment sales contract, as indicated, wherein the Developer has reserved the right to change the condominium documents, including the Declaration, By-Laws, Rules and Regulations ("House Rules") and the Condominium Map:

I. DECLARATION

In paragraph S of the Declaration, the Developer reserves the right, at any time prior to the conveyance of an apartment to a buyer, to amend the Declaration and the By-Laws in any manner as the Developer may deem fit, and specifically, may amend the designation of the parking stalls appurtenant to the apartments.

In paragraph U of the Declaration, the Developer reserves the right for itself and its agents, until such time as all the apartments in the Project are sold, to:

1. Grant utility and access easements; quitclaim any easements in favor of the Project which are not required for the Project. Apartment owners agree, upon request, to join in and execute any and all documents designating, granting and quitclaiming any such easements.

2. Amend the Declaration, the Condominium Map and By-Laws consistent with any such rights granted by the Developer.

3. Maintain development facilities and conduct sales of apartments at the Project, including, maintaining model apartments, operating a sales and construction office, conducting advertising, placing signs, utilizing parking stalls, and erecting lighting in connection with such sales; provided, however, the Developer does not use any apartment (or its limited common elements) for such purposes other than an apartment owned by the Developer; provided, further, that in exercising such right, the Developer does not interfere with the right of any apartment owner to the use of, or access to, his apartment or any of the common elements or limited common elements appurtenant thereto.

II. BY-LAWS

In Article II, Section 2 of the By-Laws, the Developer reserves the right to exercise the powers, vote and act for the Association and the Board on all matters until the first apartment in the Project is conveyed to a buyer (except as to those rights reserved to the Developer in paragraph U of the

Declaration, which rights are reserved until all of the apartments in the Project have been sold).

III. APARTMENT SALES CONTRACT

In paragraph 17 of the sales contract the Developer, as Seller, reserves the right to modify all documents related to the Project, including the Declaration, By-Laws, Condominium Map, Apartment Deed, Rules and Regulations, the Seller's Disclosure Abstract and any exhibits to such documents.

The Seller also reserves the right to make minor changes in any apartment sold under a sales contract, other apartments in the Project and in the common elements or limited common elements; provided, however, that except as provided in the Declaration, no changes shall be made which substantially affect the physical location or design of the apartment sold under the sales contract.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE DECLARATION, THE BY-LAWS AND THE SALES CONTRACT RESPECTING THE DEVELOPER'S RESERVED RIGHTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO THE DEVELOPER'S RESERVED RIGHTS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT B

DESCRIPTION OF BUILDINGS

The Project consists of five (5) buildings containing a total of fifty-two (52) condominium apartments (the "apartments") designated as Apartments 1 through 8, 1-A through 1-I, 2-A through 2-I, 3-A through 3-I, A through E, 1-K through 1-N, 2-K through 2-N, and 3-K through 3-N.

Building 1 is a three-story concrete and hollow tile structure containing a total of twenty-seven (27) apartments, nine (9) on each floor.

Building 2 is a two-story wood and concrete structure containing a total of four (4) apartments, two (2) on each floor.

Building 3 is a two-story wood and concrete structure containing a total of four (4) apartments, two (2) on each floor.

Building 4 is a three-story concrete and hollow tile structure containing a total of twelve (12) apartments, four (4) on each floor.

Building 5 is a two-story wood and concrete structure containing a total of five (5) apartments, three (3) on the first floor and two (2) on the second floor.

None of the buildings contain basements. There are fifty-nine (59) uncovered compact parking stalls in the Project.

EXHIBIT C

USE RESTRICTIONS FOR APARTMENTS AND COMMON ELEMENTS

The following provisions in the Declaration, By-Laws and House Rules, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. DECLARATION

Pursuant to paragraph J of the Declaration, each residential apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the apartment owners thereof for transient or hotel purposes, as defined in the Declaration. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. Other than the foregoing restrictions, the apartment owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws.

Pursuant to paragraph E.4 of the Declaration, parking stalls 4, 14, 15, 21, 28, 31 and 59 which shall be used for access, ingress and egress, bike racks, guest parking and any other purposes, as determined by the Board. Stalls 4, 14, 15, 21, 28, 31 and 59 may not be legal parking stalls because of size or access, and no representations or warranties are made as to the use of such stalls for any purpose whatsoever.

II. BY-LAWS

Article VIII, Section 5 of the By-Laws lists a variety of restrictions affecting the use of the apartments and common elements, including, without limitation, restrictions as to the posting of advertisements, posters or other signs on or about the Project; noise; disposal of garbage; uses which may cause an increase in the ordinary premium rates or cancellation or invalidation of any insurance maintained by or for the Board; noxious or offensive activities; the storage of furniture, packages or other objects which could obstruct transit through the common elements; the alteration or removal of any furniture belonging to the Association; the construction or placement in the Project of any building or structure; the alteration of any common elements of the Project; installation or maintenance of

any television or other antennas in the Project visible from any point outside of the Project; and the keeping of pets.

III. HOUSE RULES

Section A of the House Rules lists restrictions affecting the apartments, including, without limitation, restrictions as to the exterior appearance of the apartments (i.e., prohibitions against attaching or hanging awnings, venetian blinds, window guards, radio or television antenna, planters, garments and other objects to the exterior of the apartments); noise; the keeping of pets; disposal of rubbish; the keeping of explosives or other flammable, noxious materials; and the conduct of guests.

Section B of the House Rules lists restrictions affecting the common and limited common elements of the Project, including, without limitation, restrictions as to soliciting for sales of goods and services; the storage of surfboards and bicycles; the alteration or removal of the furniture made available in the common areas; obstructing access in the Project; litter; the conduct of children; and removal, picking or transplanting of any of the Project landscaping.

Section C of the House Rules lists general restrictions affecting the Project, including, without limitation, restrictions as to creating any hazards in the Project; waterbeds; extra hazardous materials; fireworks; and renting of the apartments.

Section D of the House Rules lists restrictions affecting vehicles in the Project, including, without limitation, restrictions as to the washing, cleaning or polishing of cars and motorcycles; storage of personal items in the parking stalls; movement of vehicles while in the Project; parking which may impede or prevent ready access to any entrance or to any exit from the Project by another vehicle; and repairing automobiles or motorcycles in the Project.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN USE PROVISIONS STATED IN THE DECLARATION, BY-LAWS AND HOUSE RULES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE USE RELATED PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT D

PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws permit alterations to the apartments as follows:

I. DECLARATION

Subparagraph Q of the Declaration provides that except as otherwise provided in the Declaration, rebuilding, restoration or replacement of the Project, or construction of any additional building or structural alteration or addition to any building different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) or more of the apartment owners, accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

Any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment which do not alter the characteristics of such apartment or limited common element, shall require the written consent and approval of the apartment owner's plans therefor only by the holders of all liens affecting such apartment (if the lien holders require such consent and approval) and the Board, and such alterations or additions may be undertaken without an amendment to this Declaration or the filing of a complete set of floor plans of the Project so altered.

II. BY-LAWS

Article VIII, Section 3(A) of the By-Laws provides that additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board, except as provided for in the Declaration.

THIS EXHIBIT CONTAINS EXCERPTS OF THE PROVISIONS CONTAINED IN THE DECLARATION AND THE BY-LAWS RESPECTING PERMITTED ALTERATIONS TO THE APARTMENTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO PERMITTED ALTERATIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT E

PARKING

Each apartment has appurtenant to such apartment as a limited common element the parking space(s) designated in Exhibit "C" to the Declaration, attached hereto as Exhibit E-1 and incorporated herein by reference. All parking stalls appurtenant to residential apartments are compact size stalls. Parking stalls 4, 14, 15, 21, 28, 31 and 59 are common elements, which shall be used for access, ingress and egress, bike racks, guest parking and any other purposes, as determined by the Board. Stalls 4, 14, 15, 21, 28, 31 and 59 may not be legal parking stalls because of size or access, and no representations or warranties are made as to the use of such stalls for any purpose whatsoever.

The Condominium Property Act (Chapter 514A, Hawaii Revised Statutes) provides that owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the Declaration and the respective apartment deeds or condominium conveyance documents involved, which said amendment need only be signed and approved by the owners of the apartments whose parking stalls are being changed, their respective mortgagees, if any, and the condominium conveyance document lessor, if applicable.

The House Rules contain specific provisions concerning vehicles and parking, which owners should thoroughly understand. The provisions cover restrictions relating to, without limitation, vehicle registration by residents with the Board of Directors or Managing Agent, washing of vehicles, storage of personal items in parking stalls, and avoidance of access problems caused by vehicles. The House Rules also address particular problems such as tow-away for unauthorized parking and operation of vehicles while in the Project. Nuisances created by repairs, maintenance, noise and improper or unsafe vehicle operating conditions are prohibited. Owners will be held responsible for violations of parking rules by their lessees, renters or guests.

EXHIBIT E-1

<u>Apartment Number</u>	<u>Stall Number</u>
1	26
2	27
3	22
4	18
5	17
6	19
7	23
8	25
1-A	16
1-B	38
1-C	41
1-D	12
1-E	37
1-F	39
1-G	6
1-H	9
1-I	1
2-A	33
2-B	34
2-C	40
2-D	13
2-E	32
2-F	42
2-G	8
2-H	7
2-I	5
3-A	35
3-B	36
3-C	20
3-D	43
3-E	10

3-F	11
3-G	3
3-H	2
3-I	46
A	56
B	29
C	30
D	58
E	57
1-K	52
1-L	51
1-M	47
1-N	45
2-K	53
2-L	50
2-M	49
2-N	44
3-K	55
3-L	54
3-M	48
3-N	24

EXHIBIT F

DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph E of the Declaration describes the common elements as all portions of the land and improvements (other than the apartments), the land on which the buildings are located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements shall include, but shall not be limited to the following:

1. The land described in Exhibit "A".
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surfaces within each apartment), roofs, attics, corridors, stairways, walkways, entrances and exits of said building.
3. All driveways, yards, grounds and landscaping, refuse and like facilities.
4. All parking stalls designated on the Condominium Map, including stalls 4, 14, 15, 21, 28, 31 and 59 which shall be used for access, ingress and egress, bike racks, guest parking and any other purposes, as determined by the Board. Stalls 4, 14, 15, 21, 28, 31 and 59 may not be legal parking stalls because of size or access, and neither Developer nor Owner make any representations or warranties as to the use of such stalls for any purpose whatsoever.
5. The laundry and clothes line areas adjacent to Buildings 2,3 and 5, as shown on the Condominium Map.
6. All electrical transformer boxes and rooms, storage rooms, trash areas, central and appurtenant installations for services such as power, lights, telephone, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all tanks, pumps, motors, fans, ducts and other apparatus and installations existing for common use.
7. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment."

II. LIMITED COMMON ELEMENTS

Paragraph F of the Declaration describes the limited common elements as certain parts of the common elements which are set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. The parking stall(s) designated for such apartment in Exhibit "C";

2. The lanai appurtenant to each of apartments 4, 1-A through 1-I, 2-A through 2-I, 3-A through 3-I, A, B, 1-K through 1-N, 2-K through 2-N, and 3-K through 3-N shall be limited common elements appurtenant to and for the exclusive use of such apartment.

3. One (1) mailbox located on the Project grounds, bearing the same number as the number of the apartment."

EXHIBIT G

COMMON INTERESTS

Each apartment shall have appurtenant thereto an undivided percentage interest (the "common interest") in all common elements of the Project and in all common profits and expenses of the Project and for all other purposes including voting. The common interest appurtenant to each apartment is set forth in Exhibit "B" to the Declaration, attached hereto as Exhibit G-1 and incorporated herein by reference.

EXHIBIT G-1

DESCRIPTION OF APARTMENTS & PERCENTAGE INTERESTS

<u>Apartment Number</u>	<u>Percent of Common Interest</u>
1	1.9000
2	1.9000
3	1.9000
4	1.9000
5	2.1000
6	2.1000
7	1.6925
8	1.6925
1-A	2.1000
1-B	2.1000
1-C	1.6210
1-D	2.1000
1-E	2.1000
1-F	2.1000
1-G	2.1000
1-H	2.1000
1-I	2.1000
2-A	2.1000
2-B	2.1000
2-C	1.6210
2-D	2.1000
2-E	2.1000
2-F	2.1000
2-G	2.1000
2-H	2.1000
2-I	2.1000
3-A	2.1000
3-B	2.1000
3-C	1.6210

3-D	2.1000
3-E	2.1000
3-F	2.1000
3-G	2.1000
3-H	2.1000
3-I	2.1000
A	2.1000
B	2.1000
C	1.9000
D	1.9000
E	2.1000
1-K	1.6210
1-L	1.6210
1-M	1.6210
1-N	1.6210
2-K	1.6210
2-L	1.6210
2-M	1.6210
2-N	1.6210
3-K	1.6210
3-L	1.6210
3-M	1.6210
3-N	1.6210

EXHIBIT H

ENCUMBRANCES AGAINST TITLE

1. Grant in favor of Hawaii Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, dated April 11, 1949, filed as Land Court Document No. 110523, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate a pole and wire line, etc., for the transmission of electricity.

2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Deed dated July 1, 1951, filed as Land Court Document No. 130283.

The foregoing includes, but is not limited to, the following:

"EXPRESSLY RESERVING to the Grantor the right to grant to the City and County of Honolulu or to the Territory of Hawaii a perpetual easement across said Lot K for an underground storm drainage system ten (10 feet in width, extending from the lower or makai end of Lot B-2 of Land Court Application No. 869 to Lot M thereof, being the new location of Kalihi Stream, together with the perpetual right to enter upon the same and to construct, maintain and from time to time repair the underground storm drainage system to be constructed thereon."

3. The restrictions on use and other restrictions and all other covenants, agreement, obligations, conditions, reservations, easements and other provisions set forth in Hale Umi Declaration of Condominium Property Regime of dated May 13, 1994, and filed as Land Court Document No. 2146719, as the same may hereafter be amended in accordance with law or with said Declaration. Said Declaration was amended by instrument dated July 21, 1994, filed as Land Court Document No. 2166947. (Project covered by Condominium Map No. 1028.)

4. Bylaws of the Association of Apartment Owners of Hale Umi dated May 13, 1994, filed as Land Court Document No. 2146720, as the same may hereafter be amended. Said By-Laws were amended by instrument dated July 21, 1994, filed as Land Court Document No. 2166947.

5. Any unrecorded tenant leases.

6. Encroachment of 4" CMU partition walls and concrete slab along Kalihi Stream, as described in survey dated April 15, 1994, prepared by Robert H.L. Au. [NOTE: Prior to closing, either (i) this encroachment will be removed or (ii) the current owners and developer will enter into an encroachment agreement with the City and County of Honolulu, which agreement will bind all owners in the Project.]

7. For real property taxes due and payable, refer to Director of Finance, City and County of Honolulu.

8. Mortgage, Security Agreement and Financing Statement dated September 9, 1991, by and between Benjamin Chong Fat Lum and Dolores Bow Sein Lum, husband and wife, and Ernest Keong Fat Lum and Eileen Setsuko Lum, husband and wife, as Mortgagor, and GECC Financial Corporation, a Hawaii corporation as Mortgagee, recorded as Land Court Document No. 1849691.

9. Assignment of Leases dated September 9, 1991, recorded as Document No. 91-122935, made by Benjamin Chong Fat Lum and Dolores Bow Sein Lum, husband and wife, and Ernest Keong Fat Lum and Eileen Setsuko Lum, husband and wife, as Assignor, and GECC Financial Corporation, a Hawaii corporation, as Assignee.

10. Unrecorded Agreement of Sale dated - - - - -, by and between Benjamin Chong Fat Lum and Dolores Bow Sein Lum, husband and wife, and Ernest Keong Fat Lum and Eileen Setsuko Lum, husband and wife, and Savio Development Co., Inc., a Hawaii corporation, as mentioned in said Declaration of Condominium Property Regime filed as Land Court Document No. 2146719.

EXHIBIT I

CONSTRUCTION WARRANTIES

Paragraphs 8 and 9 of the Deposit Receipt and Sales Contract used in connection with the Project is entitled "Seller's Disclaimer of Warranties" and provides:

8. APARTMENT BEING SOLD "AS IS" WITH "ALL FAULTS". The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

9. SELLER'S DISCLAIMER OF WARRANTIES.

(a) No Warranties of Seller. Buyer understands and agrees that Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" and "WITH ALL FAULTS", and Seller will not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer.

(b) Seller's Disclaimer as Essential Factor for Low Purchase Price. Buyer acknowledges and agrees that Seller's disclaimer of warranties is an essential element in the determination of the low purchase price for the Apartment being sold to Buyer. This means that the Apartment would not have been sold to Buyer for the amount of the purchase price stated in this Agreement without Seller's disclaimer of warranties.

(c) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, asbestos, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in

the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer and the Association should have the apartments and the Project inspected to determine the extent of such contamination and any necessary remedial action. Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

THIS EXHIBIT CONTAINS EXCERPTS OF PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT RESPECTING CONSTRUCTION WARRANTIES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AFORESAID DOCUMENT RELATING TO SUCH WARRANTIES.

EXHIBIT J

SUMMARY OF PERTINENT
PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract with the Hawaii Real Estate Commission, which contains the following provisions:

"4. SELLER'S CANCELLATION RIGHTS. In addition to any other rights of cancellation or termination reserved to Seller herein, if (a) Buyer's initial deposit check is returned for insufficient funds, (b) Buyer (or any one (1) of them if Buyer is more than one (1) person) should die prior to closing, (c) Seller is not able to acquire title to the Project, or (d) Seller, using its best efforts, is unable to sell at least fifty percent (50%) of the apartments in the Project on or before December 15, 1994, THEN, in any such event, Seller reserves the right to return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of this Agreement. Until Seller so elects to cancel this Agreement, it shall remain in full force and effect.

5. USE OF ESCROW FUNDS. Seller agrees and Buyer acknowledges that the funds deposited by Buyer with Escrow Agent for the Apartment shall not be released or disbursed by Escrow Agent until the conditions set forth in paragraph 3 of the Condominium Escrow Agreement have been satisfied, including recordation of Buyer's Apartment Deed. Buyer agrees that any interest derived from the deposit of such payments shall be the property of Seller.

7. BUYER'S ACKNOWLEDGEMENTS.

(a) Buyer does hereby acknowledge that Buyer has examined and does hereby approve the form of the Apartment Deed, Declaration, Bylaws, House Rules, Seller's Disclosure Abstract, Condominium Escrow Agreement, Final Public Report issued by the Commission, as set forth above, and the Condominium Map, true copies of these documents being on file in the office of the Commission. Buyer acknowledges that the Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and the same is not intended by Seller to contain or to be any other representation or warranty.

(b) Buyer acknowledges the reservation by Seller of the right for itself and its agents, until the sale of the last apartment, to maintain development facilities and conduct sales of apartments on and at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales; provided, however, that Seller shall not use any apartment (or its limited common elements) with respect to which an apartment

deed has been recorded (other than in the name of Seller as grantee); provided, further, that in exercising such right, Seller shall not interfere with the rights of any apartment owner to the use of, or access to, his apartment or any of the common elements or limited common elements appurtenant thereto.

(c) Buyer acknowledges that Buyer has received and has carefully read a copy of Seller's Disclosure Abstract for the Project, and the exhibits thereto, filed in the office of the Commission. The present condition of the structural components and mechanical and electrical installations material to the use and enjoyment of the Project are described in reports from a structural engineer, electrical engineer, mechanical engineer and architect attached as Exhibit "C" to Seller's Disclosure Abstract. Although not required by law, Seller has asked the engineers and the architect to give opinions about the condition of the Project in order to provide buyers with additional information. However, Seller does not represent or warrant that the letters are correct or complete. The letters should not be relied upon as the opinion of Seller. No representations are made by Seller with respect to the expected useful life of the structural components or the mechanical and electrical installations in the Project.

Excerpts from the structural engineer's report indicate that Buildings 1 and 4 appear to be in excellent structural condition, except that (i) the attached walkway covers may be upgraded with hurricane clips to increase hurricane resistance, (ii) termite damage and wood rot to an adjacent fence should be repaired, (iii) cracks in the second and third floor corridor slabs should be sealed, and (iv) the base attachment to the corridor handrail is rusting and handrail and the lanai should be repainted at the bases. Buildings 2, 3 and 5 appear to be in fair structural condition, except that (I) the wood roofs and patio covers may be upgraded with hurricane clips to increase hurricane resistance, (II) in Building 3, the corridor decking and beams appear to have severe termite damage which should be repaired or replaced and minor wood rot was observed at the ends of some roof rafters, (III) in the covered deck area between Buildings 2 and 3, the floor beams appear to be undersized, the two steel posts supporting the deck have severe rust and the base plate on one of the posts is uneven with its support below, (IV) in Building 2 at the Kokohead end there are cracks in the CMU wall of the building, and (V) the concrete slab below the intermediate stair landing has cracked. It is suggested that a structural engineer be retained to review the covered deck area problems and that certain other repairs be made to address the identified problems.

Excerpts from the electrical engineer's report indicate that the electrical service is adequate for the present loads in Buildings 1 and 4. However, any significant additions to the present loads such as air conditioning to the units may require an upgrading of the service. The condition of the electrical systems in Buildings 1 and 4 are fair to good and with

normal replacement and upkeep, a life of ten years or more can be expected. The service to Buildings 2, 3 and 5 are old and should be replaced. The wiring to Buildings 2 and 3 is exposed and the insulation appears brittle - both should be replaced as soon as possible since they pose a fire hazard. The electrical systems in all Buildings 2, 3 and 5 are approaching the end of their useful lives. At a minimum, it is recommended that consideration be given to increasing security lighting in the parking areas, stairways and exit corridors, installing a fire alarm system for the Project and providing GFI receptacles where required by the current electrical code.

Excerpts from the mechanical engineer's report indicate that generally the plumbing systems were in usable condition and will require ongoing repairs and replacements to keep them working properly. Replacement or repair of plumbing fixtures, faucets and piping have been taking place on an ongoing basis and will have to continue as needed. Existing fixtures do not seem to meet today's current water conservation code. The underground sanitary piping systems serving the apartment buildings are old and will generally require constant repairs and possible major replacements. Cast iron lavatories with rust should be replaced with vitreous china type as needed. The buildings were not designed for dishwashers and air conditioners, and apartment owners cannot install such appliances. The interior bathroom exhaust systems in Building 1 should be verified if they are all working and exhaust provided for them. Repairs or replacements may be required to make them operational. In addition, a missing dome strainer on the roof drain should be replaced. The Fire Marshall should be invited to inspect the Project for code compliance and comments for life safety needs. Fire hose cabinets and fire extinguishers should be tested by a Certified Fire Inspector and maintained as required by code and Fire Marshall to verify if they are working properly. Overall, the mechanical system maintenance for the buildings has been adequate. Due to age and above normal use, higher maintenance and replacements should be anticipated as the systems function past their economic life. With the repairs indicated above, proper management, constant maintenance and high replacements, the plumbing, ventilation and fire protection systems could provide a minimum of 10 years more of service. The Project seems to be adequately served by water and sewer. The plumbing system may not meet today's codes, and as major repairs are undertaken which may require meeting current codes, the cost of compliance may be great. Other systems may not also meet current codes and regulations, but seem functional.

Excerpts from the architect's report indicate that the buildings were built under past zoning and building codes that were less restrictive than current codes. Grand-fathered and non-conforming status will limit future renovation and alteration efforts. The buildings have held up to wear and tear very well and a continual maintenance program has kept the complex clean and functionally able to provide for the needs of

the intended use. Specific concerns and items to be corrected are listed in the report.

The information set forth in this paragraph 7 is only a summary of the data and recommendations made by the engineers and the architect in said Exhibit "C" and is not intended, nor should it be construed by its incorporation herein, to be a representation or warranty of Seller or more important than any other data or recommendation contained in said Exhibit "C" and not contained herein. Because the Project is being sold by Seller in "AS IS" condition with "ALL FAULTS", Buyer should carefully review Seller's Disclosure Abstract and Exhibit "C" thereto in their entirety. Furthermore, Buyer should inspect the Project or have the Project inspected by Buyer's own experts to Buyer's complete satisfaction.

(d) Seller agrees to deposit with Escrow Agent before the Closing Date the sum of ONE HUNDRED FOUR THOUSAND AND NO/100 DOLLARS (\$104,000.00) as a capital improvement fund for the Association. The proceeds of the capital improvement fund shall be used by the Association only for capital improvements to the Project. Because the apartments and the Project are being sold in "AS IS" condition with "ALL FAULTS", this sum may be insufficient to make all necessary repairs in the Project, and the apartment owners may be required by the Association to contribute additional sums for repairs in the future. Seller will not contribute any additional sums to the Association in excess of the foregoing amount. In consideration of Seller's contribution of the foregoing sum, Buyer hereby releases Seller from any continuing or further obligation to the Project. All recommended work described in the reports attached to the Disclosure Abstract for the Project will be the responsibility of the Association and not that of the Seller or any other party. The Association may use all or a portion of the sum described above to complete all or a portion of the work described in the reports attached to the Disclosure Abstract.

(e) Buyer acknowledges that Buyer has received a copy of a Survey dated April 15, 1994, prepared by Robert H.L. Au, which reveals the existence of an encroachment of 4" CMU partition walls and concrete slab along Kalihi Stream. This encroachment affects the limited common element lanais appurtenant to apartments 1-C, 1-D, 1-E, 1-F, 1-G, 1-H and 1-I. However, prior to closing, either (i) the encroachment will be removed by Seller or (ii) Seller and the current owners of the Project will enter into an encroachment agreement with the City and County of Honolulu, which will bind all owners in the Project, including Buyer. The agreement may provide, among other things, that if any portion of the encroachment is damaged and rebuilt, then the rebuilding would be done without encroaching onto Kalihi Stream, that Buyer would indemnify the City against any and all liabilities and claims which are sustained or incurred by the City as a result of the existence of the encroachment, and that the agreement would automatically

terminate if and when the encroachment is voluntarily or involuntarily destroyed or removed.

10. RIGHT OF INSPECTION. Buyer shall inspect the Apartment at such time and on such date as shall be specified by Seller in a written notice to Buyer. Since the Apartment may be occupied by tenants, Buyer might not be able to change the date Seller specifies. Buyer acknowledges that the Apartment is being sold in "AS IS" condition with "ALL FAULTS", and Seller will not correct any defects or deficiencies that Buyer discovers in the Apartment. Buyer agrees to indemnify Seller for damages or losses, including interest and reasonable attorneys' fees, resulting from Buyer's refusal to accept the Apartment from Seller.

13. ACTUAL POSSESSION. Notwithstanding anything contained herein to the contrary, Buyer acknowledges that the Apartment may be occupied by tenants and that Seller cannot ensure that such tenants will vacate the Apartment on or before the Closing Date. Buyer acknowledges that if the Apartment is subject to a tenant lease, then Buyer must honor the lease unless Buyer makes other arrangements with the tenant. Buyer hereby expressly releases Seller from any responsibility to evict any tenant from the Apartment.

18. BUYER'S RIGHT TO RESCIND. Notwithstanding anything contained in paragraph 17 hereinabove:

(a) Except for any additions, deletions, modifications and reservations made pursuant to the terms of the Declaration, if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) Buyer's Apartment or appurtenant limited common elements, or (2) those amenities of the Project available for Buyer's use, Buyer shall have the right to rescind the sale made under this Agreement and to receive a prompt and full refund of any monies paid.

(b) Buyer's right of rescission under subparagraph (a) above shall be waived upon (1) delivery to Buyer, either personally or by registered or certified mail, return receipt requested, of a disclosure document which describes the material change and contains a provision for Buyer's written approval or acceptance of such change, and (2) Buyer's written approval or acceptance of the material change, or the lapse of ninety (90) days since Buyer has accepted the Apartment, or the occupancy of the Apartment by Buyer; provided, however, that if Buyer does not rescind this Agreement or execute and return the written approval or acceptance of such change as provided in the disclosure document within thirty (30) days from the date of delivery of such disclosure document, Buyer shall be deemed to have approved and accepted such change; provided, further, that the deemed approval and acceptance shall be effective only if at the time of delivery of the disclosure document, Buyer is notified in writing of the fact that Buyer

will be deemed to have approved and accepted the change upon Buyer's failure to act within the thirty (30) day period; provided, further, that if, prior to delivery of such disclosure document, ninety (90) days have lapsed since Buyer has accepted the Apartment, or Buyer has occupied the Apartment, then Buyer's right of rescission under subparagraph (a) above shall not be waived unless Buyer shall execute the written approval or acceptance of such change as provided in the disclosure document within thirty (30) days from the date of delivery of such disclosure document or Buyer is deemed to have approved and accepted such change as set forth above. A copy of the form of disclosure document shall be delivered to the Commission prior to delivery to Buyer.

19. DEFAULT.

(a) Time is of the essence of this Agreement, and if Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer hereunder and shall fail to cure such default within ten (10) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate this Agreement by written notice to Buyer. In the event of such default, the parties hereto understand and agree that in view of (i) Seller's financial commitments with respect to the Project, (ii) the connection between sales, cancellation or default with respect to one (1) apartment and the sale, cancellation or default with respect to other apartments in the Project, and (iii) the nature of the real estate market in Hawaii, the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such default, the parties agree that the sums paid by Buyer hereunder prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for the preparation of documents in connection with Buyer's proposed purchase of the Apartment. At Seller's option, Seller may also pursue any other remedy at law or in equity for specific performance, damages or otherwise. All costs, including reasonable attorneys' fees, incurred by reason of Buyer's default shall be borne by Buyer.

(b) If Seller shall default in the performance of any obligation required of Seller hereunder, Buyer shall be entitled to specific performance of this Agreement or Buyer shall have the right to cancel and terminate this Agreement. In the event of such cancellation and termination, Seller shall repay to Buyer all sums paid by Buyer to Seller or Escrow Agent pursuant to the provisions hereof, and, in addition, Seller shall pay Buyer ONE HUNDRED AND NO/100 DOLLARS (\$100.00) as liquidated damages for Seller's default. Buyer expressly waives any right or remedy against Seller which now exists or which hereafter may exist for the default of Seller under this Agreement, except for the foregoing right to specific performance or to cancel and terminate this Agreement, and to receive all sums paid to Seller

and Escrow Agent and the sum of ONE HUNDRED AND NO/100 DOLLARS (\$100.00).

21. PRE-PAID ITEMS. Buyer acknowledges that Buyer will be required to prepay: (a) maintenance fees for a period of two (2) months, which amount shall constitute a non-refundable start-up fee to be transferred to the Association for use in paying the initial operating costs of the Project, (b) maintenance fees for a period of two (2) months, which amount shall constitute a contribution to the maintenance reserve fund for the Project pursuant to the Declaration, (c) real property taxes for a period of six (6) months, and (d) insurance premiums to the extent required by any first mortgage lender. Real property taxes, insurance and maintenance expenses shall be prorated as of the Closing Date or the date of actual possession, whichever sooner occurs. Buyer further agrees that all insurance, maintenance, assessments and other expenses shall also be prorated between Seller and Buyer as of such proration date for real property taxes. Buyer understands and agrees that any amount to be paid by Buyer under this paragraph 21 is in addition to, and is not part of the total purchase price set forth hereinabove.

22. SUBORDINATION. Buyer acknowledges that Seller may enter into agreements with First Hawaiian Creditcorp, Inc., American Savings Bank, F.S.B., GECC Financial Corporation and/or any other established financial institution (collectively, "Lender") pursuant to which Lender may loan an aggregate amount not to exceed SEVEN MILLION AND NO/100 DOLLARS (\$7,000,000.00), at an interest rate which shall not be more than twelve percent (12%) per annum or eighteen percent (18%) per annum upon Seller's default, for a term not to exceed five (5) years. To secure the loan, Seller may grant to Lender security interests covering Seller's interest in the Project land and the Project, including this Agreement and the property covered by this Agreement. Buyer acknowledges and agrees that all security interests obtained by Lender in connection with such loan as well as any extensions, renewals and modifications thereof, shall be and remain at all times a lien or charge on the Project, including the property covered by this Agreement, prior to and superior to any and all liens or charges on the Project arising from this Agreement. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under this Agreement in favor of the lien or charge on the Project of the security interests of Lender. In confirmation of such subordination, Buyer further undertakes and agrees to execute and deliver promptly any further instrument required by Lender or its successor in interest to evidence such subordination and hereby appoints Seller as Buyer's attorney-in-fact to execute and deliver any such instrument on behalf of Buyer should Buyer refuse or fail to do so within five (5) days after request is made. Buyer also consents to Seller's assignment by way of security of Seller's interests in this Agreement and Buyer's escrow deposits to Lender and agrees that in the event of passage of Seller's interests therein to Lender, Buyer shall attorn to and recognize Lender or its successor in

interest as the Seller hereunder, with all of the rights of the Seller hereunder, as if Lender were the original Seller hereunder.

THIS EXHIBIT CONTAINS EXCERPTS OF PERTINENT PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT K

SUMMARY OF PERTINENT
PROVISIONS OF ESCROW AGREEMENT

The Condominium Escrow Agreement dated May 13, 1994 (the "Escrow Agreement"), executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and Savio Development Co., Inc., as Owner, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

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

(b) Owner shall have notified Escrow of Owner'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 Owner; or

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

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended; or

(e) Owner and purchaser shall have requested Escrow in writing and any one of the following events has occurred:

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

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Owner is limited to selling to owner-occupants; or

(iii) 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

(iv) the purchaser indicates an intent not to become an owner-occupant of such unit.

No disbursement of purchasers' funds held in escrow shall be made unless and until the apartment deed relating to the disbursements has been recorded.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE CONDOMINIUM ESCROW AGREEMENT. PROSPECTIVE BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AGREEMENT.