

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer SAVIO DEVELOPMENT CO., INC.

Address 931 University Avenue, Suite 105, Honolulu, Hawaii 96822

Project Name(*): ROYAL TOWERS

Address: 5180 Likini Street, Honolulu, Hawaii 96818

Registration No. 3355

Effective date: September 1, 1995

Expiration date: October 1, 1996

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.

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 dated May 24, 1995 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. Phone: (808) 942-7701
Name (Business)
931 University Avenue, Suite 105
Business Address
Honolulu, HI 96826

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

Pres/VP/Treas - Peter Savio
Secretary - Phyllis Savio

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

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

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

Business Address

Condominium Managing Agent: Chaney Brooks & Company Phone: (808) 544-1831
Name (Business)
606 Coral Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Edward R. Brooks, Esq.
Foley Nip chang Brooks Tom & Miller Phone: (808) 526-3011
Name (Business)
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. 2238557

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. _____
 Filed - Land Court Condo Map No. 1090

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2238558

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 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: 5180 Likini Street Tax Map Key: (1) 1-1-58-9
Honolulu, Hawaii 96818 (TMK)

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

Land Area: 69,542 [X] square feet [] acre(s) Zoning: A-2

Fee Owner : Savio Development Co., Inc.
 Name
931 University Avenue, Suite 105
 Address
Honolulu, Hawaii 96826

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 (1) Floors Per Building basement + 17 stories

Exhibit B contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of <u>ADTS.</u>	Use Permitted <u>By Zoning</u>	No. of <u>ADTS.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>100</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

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

Number of Occupants: prior written consent of the Board

Other: SEE EXHIBIT C

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>100</u>	<u>2/1</u>	<u>677</u>	<u>none</u>

Total Apartments: 100

***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 surfaces of the perimeter walls, floors and ceilings of each of the 100 apartments in the Project.

Permitted Alterations to Apartments:

SEE EXHIBIT D

7. Parking Stalls:

Total Parking Stalls: 131

	<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>119</u>	<u>0</u>	<u>6</u>	<u>125</u>
Guest Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>6</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>0</u>	<u> </u>	<u>125</u>	<u> </u>	<u>6</u>	<u> </u>	<u> </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 (2) Recreation Area

Laundry Area Tennis Court Trash Chute

Other: mail room, men's bathroom, women's bathroom, office

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 "C" 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	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </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 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 _____.

as follows: one percent (1%)

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 G describes the encumbrances against the title contained in the title report dated August 28, 19 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, Financing Statement and Assignment of Rentals dated August 21, 1985, made by the Developer and others, as mortgagor, in favor of First Hawaiian Creditcorp, Inc., as mortgagee, filed as Land Court Document No. 2256452.	If the mortgagor defaults under the Mortgage, or if the Developer defaults under any future mortgage given by Developer prior to conveying the apartment to buyer, buyer's interest could be terminated. In that event, buyer's deposit would be returned as set forth in buyer's sales contract.

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 H

- 2. **Appliances:**

SEE EXHIBIT H

G. Status of Construction and Estimated Completion Date:

The Building was constructed in 1971.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

Exhibit * 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 Gas Water
- Sewer Television Cable Other refuse collection

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit I contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated May 16, 1995

Exhibit J 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.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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

This Public Report is a part of Registration No. 3355 filed with the Real Estate Commission on 5/25/95.

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C. **Additional Information Not Covered Above**

Pursuant to Sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that the 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 Section 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

MAY 24 1995
Date

Peter Savio, 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

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 and 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 activities described therein have been completed).

III. APARTMENT SALES CONTRACT

In paragraph 16 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 one (1) building containing seventeen (17) stories and one (1) basement level. The building contains one hundred (100) residential condominium apartments (the "apartments"). The apartments are designated as Apartments 101 through 104, 201 through 206, 301 through 306, etc. and 1801 through 1806 (there is no thirteenth (13th) floor in the building).

The buildings are constructed primarily of concrete and masonry. There are one hundred thirty-one (131) uncovered compact parking stalls in the Project, of which six (6) are tandem stalls.

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 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 owners of the 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.

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; 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.

Exhibit "1" of the House Rules contains the swimming pool rules and regulations.

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 the 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 "B" to the Declaration, attached hereto as Exhibit E-1 and incorporated herein by reference.

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

Apartment Number	Parking Stall
101	126
102	125
103	84
104	85
201	105
202	106, 107
203	111
204	81
205	82
206	83
301	108
302	109
303	110
304	78
305	79
306	80
401	55
402	56
403	57
404	58
405	59
406	60
501	114
502	115
503	61
504	62
505	63
506	64
601	121
602	120
603	119
604	118
605	117
606	116
701	1, 2, 3, 4, 22, 23, 24, 25, 41 42, 52, 68*, 69*, 70, 71, 92, 112, 113, 122, 123, 124, 129*, 130*

* tandem stalls

Apartment Number	Parking Stall
702	53
703	54
704	11
705	12
706	13
801	14
802	15
803	46
804	66
805	65
806	67
901	21
902	20
903	19
904	18
905	17
906	16
1001	72
1002	73
1003	74
1004	75
1005	76
1006	77
1101	48
1102	49
1103	50
1104	51
1105	128*, 131 *
1106	47
1201	5
1202	6
1203	7
1204	8
1205	9
1206	10

* tandem stalls

Apartment Number	Parking Stall
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1401	31
1402	30
1403	29
1404	28
1405	27
1406	26

1501	99
1502	98
1503	36
1504	37
1505	95
1506	93, 94

1601	127
1602	104
1603	103
1604	102
1605	101
1606	100

1701	91
1702	90
1703	89
1704	88
1705	87
1706	86

1801	38
1802	39
1803	40
1804	43
1805	44
1806	45

Visitor/Guest	32, 33, 34, 35, 96, 97
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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 building is located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements include, but are not limited to the following:

1. The land described in Exhibit "A" of the Declaration.

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, corridors, stairways, walkways, entrances and exits of the building.

3. All yards, grounds, planters, landscaping, refuse and like facilities.

4. All driveways, parking area entryways and exitways, and the one hundred thirty-one (131) parking stalls designated on the Condominium Map, including six (6) guest parking stalls as designated on the Condominium Map.

5. All electrical transformer vaults and rooms, elevator rooms, switch rooms, equipment rooms, trash chutes and rooms, all central and appurtenant installations for services such as power, lights, telephone, gas, 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 boilers, tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the buildings for common use.

6. All lobbies, balconies, corridors and stairways situate within the Project and not within any apartment.

7. The swimming pool, open storage area, and men's and women's bathrooms located on the basement level of the building.

8. The mail room, laundry room, office and storage room located on the ground/first floor of the building.

9. 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 "B"; and

2. One (1) mailbox located in the mail room on the ground/first floor of the building, which mailbox bears the same number as the number of the apartment.

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. Exception and reservation in favor of the Trustees under the Will and of the Estate of Samuel M. Damon, deceased, of all artesian and other underground water and rights appurtenant to the land described herein, as excepted and reserved in Deed dated October 7, 1965, filed as Land Court Document No. 372554, recorded in Liber 5163 at Page 496, said Trustees having released all right to enter upon the surface of said land to exercise said exception and reservation, including any rights of ingress and egress upon said land, by Release dated October 12, 1965, filed as Land Court Document No. 372562, recorded in Liber 5163 at Page 572.

2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration dated November 24, 1970, filed as Land Court Document No. 520605.

3. Designation of Easement "833" for sewer purposes, as shown on Map 444, as set forth by Land Court Order No. 32445, filed November 19, 1970.

4. Designation of Easement "834" for underground power line purposes, as shown on Map 444, as set forth by Land Court Order No. 32445, filed November 19, 1970.

5. Grant to the City and County of Honolulu dated December 7, 1970, filed as Land Court Document No. 541044, granting an easement over said Easement "833".

6. Grant to Hawaiian Electric Company, Inc. dated May 22, 1973, filed as Land Court Document No. 643571, granting an easement over said Easement "834".

7. The restrictions on use and other restrictions and all other covenants, agreement, obligations, conditions, reservations, easements and other provisions set forth in Royal Towers Declaration of Condominium Property Regime of dated May 19, 1995, filed as Land Court Document No. 2238557, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1090.)

8. Bylaws of the Association of Apartment Owners of Royal Towers dated May 19, 1995, filed as Land Court Document No. 2238558, as the same may hereafter be amended.

9. Mortgage, Security Agreement, Financing Statement and Assignment of Rentals dated August 21, 1985, made by Savio Development Co., Inc., a Hawaii corporation, et al., as mortgagor, in favor of First Hawaiian Creditcorp, Inc., a Hawaii

corporation, as mortgagee, filed as Land Court Document No. 2256452.

10. Any unrecorded tenant leases.

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

EXHIBIT H

CONSTRUCTION WARRANTIES

Paragraphs 7 and 8 of the Deposit Receipt and Sales Contract used in connection with the Project provide as follows:

7. 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.

8. 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" 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 contained in this paragraph 8 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, 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 in light of the ages of the buildings in the Project, 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 I

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 certain pertinent provisions summarized as follows:

5. SELLER'S CANCELLATION RIGHTS. In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) Buyer should die prior to closing, (c) Seller is unable to sell at least fifty percent (50%) of the apartments in the Project before the date stated in the contract, 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 the contract. Until then the contract remains in full force and effect.

6. CONDOMINIUM DOCUMENTS. Buyer has examined or waives such examination and approves the form of the Apartment Deed, Declaration, By-Laws, Seller's Disclosure Abstract, Rules and Regulations, Condominium Escrow Agreement, Final Public Report, Condominium Map, and any amendments to such documents or plan. The Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and are not intended to be any other representation or warranty.

17. BUYER'S RIGHT TO RESCIND. Notwithstanding anything contained in paragraph 16:

(a) Except for any changes 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 (2) those amenities of the Project available for Buyer's use, Buyer shall have the right to rescind the sale and to receive a refund of any monies paid.

(b) Buyer's right of rescission under subparagraph (a) above shall be waived upon (1) delivery to Buyer of a disclosure document which describes the material change and contains a provision for Buyer's written approval of such change, and (2) Buyer's written approval 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, if Buyer does not rescind the contract or execute and return the written approval or acceptance of such change within thirty (30) days from the date of delivery of such disclosure document, Buyer shall be deemed to have approved such change; provided, further, that the deemed approval 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

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 shall not be waived unless Buyer approves such change within thirty (30) days from the date of delivery of such disclosure document; otherwise Buyer is deemed to have approved such change.

18. DEFAULT.

(a) Time is of the essence of the contract, and if Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer 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 the contract by written notice to Buyer. In the event of such default, the parties hereto understand and agree that in view of the various reasons specified in the sales contract, 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 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. Seller may also pursue any other remedy at law or in equity for specific performance, damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer 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 the contract or Buyer shall have the right to cancel the contract. In the event of such cancellation, Seller shall repay to Buyer all sums paid by Buyer to Seller or Escrow Agent, 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.

20. 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.

21. 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 FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00), at an interest rate which shall not be more than thirteen percent (13%) per annum or twenty-four percent (24%) 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 the contract. 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 Apartment covered by the contract, prior to and superior to any and all liens or charges on the Project arising from the contract. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under the contract in favor of the lien or charge on the Project of the security interests of Lender. Buyer also consents to Seller's assignment by way of security of Seller's interests in the contract 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 under the contract, with all of the rights of the Seller hereunder, as if Lender were the original Seller.

THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE AFORESAID DOCUMENT.

EXHIBIT J

SUMMARY OF PERTINENT
PROVISIONS OF ESCROW AGREEMENT

The Condominium Escrow Agreement dated May 24, 1995 (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.