

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT ON

PAUAHI GARDENS
617 and 623 McNeill Street
Honolulu, Hawaii

REGISTRATION NO. 1493 (CONVERSION)

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: May 7, 1982
Expires: June 7, 1983

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser and prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED APRIL 12, 1982, AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 5, 1982. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. PAUAHI GARDENS is a proposed leasehold condominium conversion project consisting of 60 residential apartments in two (2) three-story buildings with 64 parking stalls.

2. The Developer of the Project has submitted to the Commission for its examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime, the Bylaws of the Association of Apartment Owners and the Condominium Map will be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii immediately prior to the application for a Final Public Report.
4. No advertising or promotional materials have been submitted to the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Preliminary Public Report expires thirteen (13) months after issuance, May 7, 1982, unless a Final or Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.
7. This Preliminary Public Report is part of the registration of PAUAHI GARDENS. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and securing a signed copy of the receipt therefor.

NAME OF PROJECT: PAUAHI GARDENS.

LOCATION: The Project is located at 617 and 623 McNeill Street, Honolulu, Hawaii and has a land area of approximately 43,800 square feet.

TAX KEY: 1-5-27:42 (1st Tax Division-City and County of Honolulu).

ZONING: Apartment District (A-3) under the Ordinances of the City and County of Honolulu.

DEVELOPER: SAVIO DEVELOPMENT CO., INC., a Hawaii corporation, whose principal place of business and post office address is 41 South Beretania Street, Suite B-101, Honolulu, Hawaii 96813 (telephone: (808) 521-8541). The officers of the corporation are: Peter B. Savio, President and Treasurer; Mary V. Savio, Vice President and Secretary.

ATTORNEY REPRESENTING DEVELOPER: Cades Schutte Fleming & Wright (Attention: Edward R. Brooks), Suite 1100, 1000 Bishop Street, P. O. Box 939, Honolulu, Hawaii 96808 (telephone: (808) 521-9200).

DESCRIPTION OF PROJECT: The proposed Project contains 60 residential apartments in two (2) three-story buildings with 64 parking stalls. The Project and the apartments are more specifically described in Exhibit "A" attached hereto and made a part hereof.

Each apartment shall be deemed to include: (i) any adjacent lanai to which such apartment has direct, exclusive access, (ii) all the walls, columns and partitions which are not load-bearing within its perimeter walls, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors, door frames, lanai railings, windows or window frames along the perimeters, (v) the airspace within the perimeters and (vi) all fixtures originally installed therein. The respective apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter (party and non-party) walls, (b) the interior load-bearing columns, girders, beams and walls, (c) the undecorated or unfinished surfaces of the floors and ceilings surrounding each apartment, or (d) any pipes, shafts, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided.

COMMON ELEMENTS: One freehold estate is hereby designated in all remaining portions and appurtenances of the Project, herein called the "common elements", including specifically, but not limited to:

- a. The Land in fee simple.
- b. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter walls, load-bearing walls and roofs.
- c. All yards, grounds, recreation areas, trees, landscaping, planters and gardens.
- d. All roads, parking areas, driveways, walkways stairways, building entries, corridors and courtyards.
- e. All ducts, electrical equipment, wiring, pipes and other central appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, telephone and television signal distribution.
- f. Four (4) unnumbered guest parking stalls, which are located between Buildings A and B.
- g. Any and all other appurtenant installations of common use and all other parts of the Project necessary and convenient to its existence, maintenance and safety or normally in common use.

LIMITED COMMON ELEMENTS: Each apartment shall have appurtenant thereto an exclusive easement for the use of a mailbox and a parking space as designated on Exhibit "B" attached hereto as being appurtenant to such apartment. Each ground floor apartment (apartment Nos. 101-120) shall have appurtenant thereto an exclusive easement for a yard area as designated on the Condominium Map and described in the Declaration of Horizontal Property Regime.

INTEREST TO BE CONVEYED TO PURCHASER: The apartments have the percentage common interests in the common elements of the Project as set forth in Exhibit "B" attached hereto. Each apartment shall have such percentage interest in all common profits and expenses of the Project and for all other purposes, including voting. Interests in each apartment will be transferred by the Trustees of the Estate of Bernice Pauahi Bishop (the "Trustees") to each buyer under an Apartment Lease, consisting of a lease of the improvements comprising the particular apartment, and an undivided percentage interest in the common elements, inclusive of the land.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The proposed Declaration provides that each apartment shall be occupied and used only for residential purposes and 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 Owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty days, or (ii) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. 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. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing obligations, the 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 Bylaws. The Bylaws provide, in part, that no livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project.

OWNERSHIP OF TITLE: A Preliminary Report dated February 12, 1982, issued by Title Guaranty of Hawaii, Incorporated states that fee simple title to the land is held by the Trustees of the Estate of Bernice Pauahi Bishop, deceased. Pursuant to

that certain lease dated July 3, 1979, Smith Development Company, a Hawaii general partnership, is the lessee of the property to be submitted to the regime. The Developer has entered into a Deposit Receipt Offer and Acceptance with Smith Development Company for the purchase of said Lease No. 25,349.

ENCUMBRANCES: Said Preliminary Report dated February 12, 1982 states that the title to the property is subject to the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division, Island of Oahu, Hawaii.

2. 10-foot building setback lines along Kahanu and Kaiwiula Streets as shown on the Map attached to the Lease identified below in paragraph 3 as Document No. 955214.

3. Lease No. 25,349, dated July 3, 1979, between the Trustees of the Estate of Bernice Pauahi Bishop and Smith Development Company, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 955214.

4. Mortgage, Security Agreement and Financing Statement, dated July 23, 1979, between Smith Development Company and First Federal Savings and Loan Association of Hawaii, filed as aforesaid as Document No. 955215.

5. Additional Charge Mortgage, dated June 30, 1980, between Smith Development Company and First Federal Savings and Loan Association of Hawaii, filed as aforesaid as Document No. 1022910.

6. Mortgage, dated July 13, 1979, between Smith Development Company and Hawaii Thrift and Loan, Incorporated, filed as aforesaid as Document No. 955217.

7. Assignment of Rentals, dated July 13, 1979, between Smith Development Company and Hawaii Thrift and Loan, Incorporated, filed as aforesaid as Document No. 955218.

8. Mortgage, dated July 22, 1980, between Smith Development Company and City Bank, filed as aforesaid as Document No. 1024637.

9. Mortgage, dated July 22, 1980, between Smith Development Company and City Bank, filed as aforesaid as Document No. 1024638.

PURCHASE MONEY HANDLING: A copy of a specimen Deposit Receipt and Sales Contract (the "Sales Contract") and an executed Escrow Agreement have been submitted as part of the registration. The Escrow Agreement, dated April 1, 1982, identifies Title Guaranty Escrow Services, Inc. as "Escrow." Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly with Sections 514A-37, 39, 40 and 63 through 66. A prospective

purchaser should carefully examine the form of Sales Contract and the Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon the purchaser to read and understand the Escrow Agreement before signing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's down payments and the Sales Contract provides that the purchaser approves the Escrow Agreement.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, and upon the terms and conditions provided for in the Sales Contract, if any one of the following has occurred:

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

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

(c) The Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held under the Escrow Agreement by Escrow because:

(1) The purchaser has been unable to obtain adequate financing or a commitment for adequate financing, for the purchase of his apartment unit, within thirty (30) calendar days following the end of the ten (10) day calendar period during which the Developer is limited to selling to owner-occupants, as required by Chapter 514A, Part VI, Hawaii Revised Statutes, or

(2) The purchaser desires to cancel the Sales Contract because of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes, or because the purchaser indicates an intent not to become an owner-occupant of the apartment unit covered by the Sales Contract.

In any of the foregoing events, Escrow shall, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee to Escrow of not less than \$25.00 per apartment or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater) and thereupon said Sales Contract and any Apartment Lease theretofore delivered to Escrow shall be returned and shall be deemed no longer held under the Escrow Agreement; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by the Developer of written notice from Escrow of its intent to make such refund.

The Sales Contract, among other things, contains acknowledgments by each purchaser: (i) that the Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the Project other than apartments owned by the Developer upon completion of the Project, if any; (ii) that the purchaser must make any such arrangements for his apartment, if desired, without the involvement or participation of the Developer; (iii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iv) that the purchaser acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; (v) that the purchaser's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgages or other security instruments made by the Developer in favor of any lending institutions to secure one or more loans for the purpose of completing the conversion of the Project; (vi) that the Project and the apartment and anything installed or contained therein are being sold on an "as is" basis, without any warranties, express or implied, and (vii) that the apartments in the Project may currently be occupied by tenants, and that it is the responsibility of the purchaser and not the Developer to evict any tenants in the purchaser's apartment.

MANAGEMENT AND OPERATION: Article III, Section 3, of the Bylaws states that the Board of Directors shall at all times employ a responsible managing agent to manage and control the Project, subject at all times to direction by the Board and subject to approval by the Trustees. The initial managing agent of the Project is Fulton Land and Management Co., Ltd., whose principal place of business and post office address is 95-390 Kuahelani Avenue, Mililani, Hawaii 96789.

STATUS OF PROJECT: THE PROJECT IS A CONDOMINIUM CONVERSION, AND THE BUILDINGS AND APARTMENTS WERE CONSTRUCTED IN 1960. A LETTER DATED AUGUST 7, 1981 FROM THE BUILDING DEPARTMENT, CITY AND COUNTY OF HONOLULU VERIFIES THAT THE PROJECT MET ALL CODE REQUIREMENTS AT THE TIME OF CONSTRUCTION AND NO VARIANCES OR SPECIAL PERMITS WERE GRANTED TO ALLOW DEVIATIONS FROM ANY APPLICABLE CODES. THE PROJECT, THE APARTMENTS AND ANYTHING INSTALLED OR CONTAINED IN THE APARTMENTS ARE BEING SOLD IN "AS IS" CONDITION, AND THE DEVELOPER WILL NOT MAKE ANY CORRECTIONS TO THE PROJECT OR APARTMENTS OR ANYTHING INSTALLED AS CONTAINED THEREIN, AND SHALL NOT BE LIABLE FOR OR OBLIGATED TO CORRECT ANY CONSTRUCTION OR OTHER DEFECTS IN THE PROJECT OR APARTMENTS OR ANYTHING INSTALLED OR CONTAINED THEREIN, WHETHER OR NOT SUCH DEFECTS ARE HIDDEN OR LATENT. THE DEVELOPER DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED OR CONTAINED THEREIN, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

The purchaser and prospective purchasers should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted April 12, 1982 and information subsequently filed as of May 5, 1982.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1493 filed with the Commission on April 12, 1982.

The report, when reproduced, shall be a true copy of the Commission's Public Report. Paper stock used in making facsimiles must be yellow.


G. A. "RED" MORRIS, Chairman
Real Estate Commission
State of Hawaii

Distribution:

Federal Housing Administration
Department of Finance
Bureau of Conveyances
Planning Department
City and County of Honolulu
Escrow Agent

Registration No. 1493

May 7, 1982.

PHYSICAL DESCRIPTION

A. Project. The Project consists of two (2) three-story buildings, (Buildings A and B), with no basement, and sixty-four (64) on-site, uncovered, standard parking stalls, sixty (60) of which stalls are designated as limited common elements and four (4) of which are guest stalls and are designated as common elements. Building A is located at 623 McNeill Street, and Building B is located at 617 McNeill Street. Both buildings are constructed of concrete masonry and hollow tile with concrete floor slabs and pitch and gravel roofing. The Project contains storage rooms, machinery rooms, pump rooms, trash areas and utility rooms. There are sixty (60) substantially identical residential apartments in the Project.

B. Apartments. The Project contains sixty (60) substantially identical residential apartments each of which consists of two-bedrooms, one-bath, one living/dining area and one kitchen area. All apartments are furnished with a shower, disposal, refrigerator, gas range/oven and gas water heater. Each apartment on the first floor has immediate access to the Project grounds and parking areas, and each apartment on the second floor and third floor has immediate access via corridors to stairways providing access to the Project grounds and parking areas.

Building A contains thirty (30) apartments and is rectangular in shape, single-load and is situated at 623 McNeill Street. The length of Building A runs in a Diamond Head-Ewa direction. Ten (10) apartments are located in a row on the first floor of Building A. Ten (10) apartments are located in a row on the second floor of Building A. Ten (10) apartments are located in a row on the third floor of Building A. Beginning at the Ewa end of Building A, the apartments are consecutively numbered on each floor as follows:

First Floor: 111, 112, 113, 114, 115, 116, 117, 118, 119
and 120.

Second Floor: 211, 212, 213, 214, 215, 216, 217, 218, 219
and 220.

Third Floor: 311, 312, 313, 314, 315, 316, 317, 318, 319
and 320.

Building B contains thirty (30) apartments and is rectangular in shape, single-load and is situated at 617 McNeill Street. The length of Building B runs in a Diamond Head-Ewa direction. Ten (10) apartments are located in a row on the first floor of Building B. Ten (10) apartments are located in a row on the second floor of Building B. Ten (10) apartments are located in a row on the third floor of Building B. Beginning at the Ewa end of Building B, the apartments are consecutively numbered as follows:

First Floor: 101, 102, 103, 104, 105, 106, 107, 108, 109
and 110.

Second Floor: 201, 202, 203, 204, 205, 206, 207, 208, 209
and 210.

Third Floor: 301, 302, 303, 304, 305, 306, 307, 308, 309
and 310.

A list of apartments, apartment numbers, areas and percentages of common interest appurtenant to each apartment is set forth in Exhibit "B" attached hereto and made a part hereof. The percentages of common interests have been based upon the approximate interior square footages of the apartments. Since the interior square footages of the apartments are identical, the percentages of common interests were calculated by dividing the number of apartments in the Project into one hundred percent. Fifty (50) of the apartments each have percentage interests of 1.66 percent. Ten (10) of the upper-floor apartments each have percentage interests of 1.70 percent because of their slightly greater value. These percentage interests shall be valid and effective whether or not the Developer's calculations of such interests are accurate or mathematically correct.

EXHIBIT "A"

<u>Apt. No.</u>	<u>Floor Area (sq. ft.)</u>	<u>Lanai Area (sq. ft.)</u>	<u>Total (sq. ft.)</u>	<u>Percentage Int. In Common Elements</u>	<u>Parking Stall No.</u>
101	585.5	130	715.5	1.66	101
102	585.5	130	715.5	1.66	102
103	585.5	130	715.5	1.66	103
104	585.5	130	715.5	1.66	104
105	585.5	130	715.5	1.66	105
106	585.5	130	715.5	1.66	106
107	585.5	130	715.5	1.66	107
108	585.5	130	715.5	1.66	108
109	585.5	130	715.5	1.66	109
110	585.5	130	715.5	1.66	110
111	585.5	130	715.5	1.66	111
112	585.5	130	715.5	1.66	112
113	585.5	130	715.5	1.66	113
114	585.5	130	715.5	1.66	114
115	585.5	130	715.5	1.66	115
116	585.5	130	715.5	1.66	116
117	585.5	130	715.5	1.66	117
118	585.5	130	715.5	1.66	118
119	585.5	130	715.5	1.66	119
120	585.5	130	715.5	1.66	120
201	585.5	130	715.5	1.66	201
202	585.5	130	715.5	1.66	202
203	585.5	130	715.5	1.66	203
204	585.5	130	715.5	1.66	204
205	585.5	130	715.5	1.66	205
206	585.5	130	715.5	1.66	206
207	585.5	130	715.5	1.66	207
208	585.5	130	715.5	1.66	208
209	585.5	130	715.5	1.66	209
210	585.5	130	715.5	1.66	210
211	585.5	130	715.5	1.66	211
212	585.5	130	715.5	1.66	212
213	585.5	130	715.5	1.66	213
214	585.5	130	715.5	1.66	214
215	585.5	130	715.5	1.66	215
216	585.5	130	715.5	1.66	216
217	585.5	130	715.5	1.66	217
218	585.5	130	715.5	1.66	218
219	585.5	130	715.5	1.66	219
220	585.5	130	715.5	1.66	220
301	585.5	130	715.5	1.70	301
302	585.5	130	715.5	1.70	302
303	585.5	130	715.5	1.70	303
304	585.5	130	715.5	1.70	304
305	585.5	130	715.5	1.70	305
306	585.5	130	715.5	1.66	306
307	585.5	130	715.5	1.66	307
308	585.5	130	715.5	1.66	308
309	585.5	130	715.5	1.66	309
310	585.5	130	715.5	1.66	310
311	585.5	130	715.5	1.70	311
312	585.5	130	715.5	1.70	312
313	585.5	130	715.5	1.70	313
314	585.5	130	715.5	1.70	314
315	585.5	130	715.5	1.70	315
316	585.5	130	715.5	1.66	316
317	585.5	130	715.5	1.66	317
318	585.5	130	715.5	1.66	318
319	585.5	130	715.5	1.66	319
320	585.5	130	715.5	1.66	320

PAUAHI GARDENS
DISCLOSURE ABSTRACT
(Section 514A-61, HRS)

1. Name of Project: Pauahi Gardens
617 and 623 McNeill Street
Honolulu, Hawaii 96817
- Developer: Savio Development Co, Inc.
41 South Beretania Street, Suite B-101
Honolulu, Hawaii 96813
Telephone: (808) 521-8541
- Project Manager: Fulton Land and Management Co., Ltd.
95-390 Kuaahelani Avenue
Mililani, Hawaii 96789
Telephone: (808) 623-7131

2. Maintenance Fees:

Attached is a proposed operating budget prepared by the Developer as of March 1, 1982. As indicated in the operating budget, the annual maintenance fee estimated for the entire Project is \$61,200.00. Based on the percentage common interest appurtenant to the apartments as described in the Declaration, the monthly estimated maintenance fee for each apartment is set forth in the attached budget. The maintenance fees cover the "common expenses" as defined in the Bylaws of the Association of Apartment Owners of Pauahi Gardens.

Because the Association of Apartment Owners will be newly organized and will have no history of operation, the Developer can make no assurances regarding the estimated maintenance fees. In addition, such variables as inflation, insured casualty loss or damages, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may also cause the maintenance fees to be greater or lesser than the estimated maintenance fees. The attached breakdown of the estimated costs for each apartment does not include the purchaser's obligations for the payment of real property taxes or mortgage loans.

3. Warranties:

The apartments were completed in 1960. The Project, the apartments and anything installed or contained therein are being sold on an "as is" basis, without any warranties whatsoever, express or implied. Paragraphs 13 and 14 of the Deposit Receipt and Sales Contract provide as follows:

"13. Apartment Being Sold "As Is". THE APARTMENT AND THE PROJECT WERE INITIALLY CONSTRUCTED IN 1954, AND ARE NOW BEING SOLD IN "AS IS" CONDITION. THIS MEANS THAT THE 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 THE BUYER'S OBLIGATION TO PERFORM ALL OF HIS OBLIGATIONS UNDER THIS CONTRACT.

"14. Seller's Disclaimer of Warranties.

- a. No Warranties of Seller. THE BUYER UNDERSTANDS AND AGREES THAT THE 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 THE SELLER WILL NOT BE LIABLE TO THE 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 THE BUYER WILL NOT HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST THE SELLER FOR ANY DEFECTS LATER DISCOVERED BY THE BUYER.
- b. Seller's Disclaimer as Essential Factor for Low Purchase Price. THE BUYER ACKNOWLEDGES AND AGREES THAT THE SELLER'S DISCLAIMER OF WARRANTIES IS AN ESSENTIAL ELEMENT IN THE DETERMINATION OF THE LOW PURCHASE PRICE FOR THE APARTMENT BEING SOLD TO THE BUYER. THIS MEANS THAT THE APARTMENT WOULD NOT HAVE BEEN SOLD TO THE BUYER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS CONTRACT WITHOUT THE SELLER'S DISCLAIMER OF WARRANTIES."

4. Residential:

The apartments in the Project may be used only for residential purposes and may not 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 apartments shall not be rented for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty days, or (ii) any rental in which the occupants of the apartment are provided customary hotel services. The apartments shall not be sold, leased, rented or used for any "time-sharing" or related or similar purpose. The Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of the apartments in the Project. The Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project. The Developer hereby expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project.

5. Commercial Development:

The Project contains no commercial development.

6. Existing Structure:

The present condition of the structural components, mechanical and electrical installations, material to the use and enjoyment of the Project are described in the reports attached hereto.

No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the Project.

7. Notices:

As of August 7, 1981, no outstanding notices of uncured violations of building code or other municipal regulations exist.

PAUHI GARDENS

ESTIMATED MAINTENANCE BUDGET

Insurance	\$ 4,350
Building	4,000
Grounds	6,000
Irrigation	1,300
Lighting	200
Refuse	500
Roads	200
Agency Fee	7,200
Administration	800
Professional Fee	1,200
Personnel	7,600
Electricity	1,800
Telephone	200
Water/Sewer	12,000
Replacement Reserve	<u>13,850</u>

Total Estimated Annual
Maintenance Budget \$61,200

Estimated Monthly Maintenance Fee
for Each Apartment

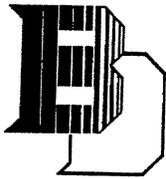
<u>Apartment Nos.</u>	<u>Percentage Interest in Common Elements Per Apartment</u>	<u>Monthly Maintenance Fee Per Apartment (Estimated)</u>
101-220	1.66	\$ 84.66
301-305	1.70	86.70
306-310	1.66	84.66
311-315	1.70	86.70
316-320	1.66	84.66

The Developer hereby certifies that the foregoing estimated Annual and Monthly Maintenance Fee schedules have been based on generally accepted accounting principles.

SAVIO DEVELOPMENT CO., INC.

By *Peter B. Savio*
Its President

Dated: 4-8, 1982



BENNETT & DRANE ELECTRICAL ENGINEERS, LTD.

March 26, 1982

Mr. Ernest Umemoto
Umemoto Nakano Associates
3536 Harding Avenue, Suite 501
Honolulu, Hawaii 96816

SUBJECT: PUAHI GARDEN APARTMENTS - 60 - 2 BEDROOM APARTMENTS
AT DILLINGHAM BOULEVARD, AND MC NEILL STREET

An inspection of the existing electrical system was made on March 25, 1982, with the following findings:

1. The electrical system is not as shown on the original design drawings:
 - a. Ranges and water heaters are gas - not electric.
 - b. The service to each building is 200 ampere 120/240, single phase - not 600 ampere.
 - c. The meters are located in a room under the mid-point stairway, not at the Diamond Head end.
 - d. The service to each apartment is 120/240 volts, 3-wire, 50 ampere, 55 ampere, or 60 ampere, not 70 ampere.
2. Main service equipment:
 - a. Thirty-one meters exist at both locations, thirty for the apartments and one for common area.
 - b. The main switch, meter centers, and apartment panels are by Zinsco. The apartment service breaker at the meter has been a source of "tripping" out and deenergizing apartment feeders.
 - c. The incoming feeders are 4/0 wire size and the connection to the main switch 3/0.
 - d. Ampere load between 11 and 12 A. M. is around 40 amperes.



BENNETT & DRANE ELECTRICAL ENGINEERS, LTD.

Mr. Ernest Umemoto
Umemoto Nakano Associates
March 26, 1982
Page 2

- e. Meter rooms are used as store rooms, are cluttered, and present fire and personnel hazards.
3. Apartments:
- a. The apartments have gas water heating and gas cooking.
 - b. Appliances are washer and refrigerator.
 - c. The apartment panels are 4-circuit, however, 2-1/2 size breakers have been installed in one position to give 5-circuits for receptacles, washer, and lights.
 - d. Lights and outlets are in good state of repair.

Conclusion:

1. The existing services are adequate for the existing usage.
2. The existing electrical service equipment is in satisfactory condition.
3. The existing systems will not support air conditioning, electric cooking, or electric water heating.

Forrest D. Bennett, P.E.

FDB:jat

Attachment

MARTIN, EARLY, BRAVO & BRANCHER

CONSULTING STRUCTURAL ENGINEERS
AN AFFILIATE OF JOHN A. MARTIN & ASSOCIATES, INC.

190 South King Street
Suite 2960
Honolulu, Hawaii 96813
(808) 521-4513

James R. Early, P.E.
John Bravo, P.E.
Peter G. Brancher, P.E.
John A. Martin, P.E.
George M. Tsugawa

April 5, 1982

Savio Realty, Ltd.
41 S. Beretania St.
Suite B-101
Honolulu, Hawaii 96813

Attention: Mr. Peter B. Savio

Subject: Structural Inspection Report
Pauhi Gardens
617 & 623 McNeil St.
Honolulu, Hawaii

Dear Mr. Savio:

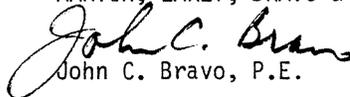
Enclosed please find the "Structural Inspection Report" on the abovenamed project as requested by Umemoto & Nakano Associates, your architects.

The buildings were inspected in your presence on March 29th and the existing drawings dated March 1, 1960, were reviewed by our office. In general we found the three-story concrete and masonry buildings to be in excellent structural condition. Cracks observed in the corridor floor slabs should be sealed, but cause no impairment to the structural integrity of the buildings. There is some deterioration of the non-structural elements that a normal maintenance program should be able to correct.

If you need further information or require clarification on this report, please feel free to contact us.

Very truly yours,

MARTIN, EARLY, BRAVO & BRANCHER


John C. Bravo, P.E.

JCB/pd

cc: Umemoto & Nakano Associates
3536 Harding Ave, Suite 501
Honolulu, Hawaii 96816

JOHN A. MARTIN
and ASSOCIATES
Structural Engineers



Honolulu, Hawaii; Houston, Texas; Las Vegas, Nevada; Los Angeles, California;
Newport Beach, California; Rockville, Maryland; Tucson, Arizona; Miami, Florida.

STRUCTURAL INSPECTION REPORT
PAUHI GARDENS, 617 AND 623 McNEIL
HONOLULU, HAWAII

The apartment project consists of two 30-unit three story reinforced masonry and concrete buildings facing each other across driveway and parking areas. The original plans dated March 1, 1960, stamped by Tyler Harr, Structural Engineer, were reviewed but no structural analysis or design check was performed. In addition a visual survey of the structures was made on March 29, 1982, by John C. Bravo with Mr. Peter Savio.

The plans indicate a structural system consisting of 5" reinforced concrete floor slabs and 4" reinforced concrete roof slab spanning a maximum of 12 feet, utilizing the exterior corridor walls and an interior bearing wall for support. The corridors on each side of the living units are cantilevered 5 feet. The ground floor is a 4" concrete slab on-grade. The bearing walls are 8" reinforced masonry support on 24" wide continuous shallow footings. Six inch (6") masonry party walls at approximately 26 feet on center combine with the end walls (which are 8" masonry) to provide the transverse lateral stability of the structure.

There are three reinforced concrete stair exits, one on each end of the building and one located near the middle of the building. The latter stair exit is not indicated on the drawings. Access to the roof is provided by wall-mounted ladder through a locked roof hatch. The roof was not inspected.

In general the structural condition of the two buildings is excellent. No evidence of foundation settlements were observed. No cracking of the

masonry walls was observed. Extensive cracks in the 2nd & 3rd floor corridor slab were evident, but all of the cracks were transverse to the cantilever action of the slabs. The cracks were consistently at a 6 to 10 foot spacing across the walkway and have been caused by shrinkage and temperature movements rather than structural loadings. Most of these cracks extend completely through the floor slab. The first floor corridor slabs on grade also show extensive cracking, but this is not unusual in sidewalk type construction.

The handrails on the project consists of steel pipe with wood infill panels and the wood railing. There is substantial deterioration and termite damage on the wood portion of these handrails. Some top rail connections have already been repaired, but there are others that need attention. Also on some of the end walls of the building the paint is peeling and should be maintained. -No evidence of water infiltration of the exterior masonry walls was observed, but this is certainly a possibility with this type of construction. A good waterproofing coating on the masonry is essential.

In conclusion it is our opinion that the two buildings show no basic structural distress. The cracking in the corridor floor slabs mentioned previously should be sealed to prevent possible corrosion of the reinforcing steel. The handrails and the exterior walls need some attention as mentioned, but other than that the buildings should provide good service for many years to come.

RE: PAUHI GARDEN APARTMENTS (60 Units Total)

617 and 623 McNeil Street Apartments
Honolulu, Hawaii

MECHANICAL SCOPE OBSERVATIONS

Lange Motonaga, Inc. has conducted an on-site observation for the subject project's existing conditions.

We offer the following observations and comments for your use:

A. GENERAL:

1. Plumbing system reference drawings used were prepared by TYLER HARR.
2. Generally all piping are concealed within the structure or under ground. Only fixture piping is visible from fixture to rough-in point.
3. A common cold water piping system supplies each of the buildings and is commonly metered. The plans indicate one meter per building. The plans indicate a shut-off valve for each set of three vertical apartments in the wall next to the first floor lavatory.
4. Each apartment has its own gas water heater and individual hot water piping system. Each apartment is individually metered for gas and electricity.
5. The range is a four burner gas type. Looks in good condition but is 22 years old and may need replacement soon.
6. Fire hose cabinets are provided three on each floor. One on each end and one in the middle. A 10 lb. ABC fire extinguisher is also provided in each Fire Hose Cabinet.
7. A sewer clean-out is provided on the first floor for the back to back kitchen sink riser.

B. BUILDING 617:

1. Hot water piping was installed exposed during piping repair for apartment 101 and 108 per apartment manager.
2. Shower piping was re-piped for apartment no. 303.
3. Fire Hose Cabinet metal door frames show rust and needs painting other wise looks good.
4. Apartment no. 110 kitchen sink and lavatory had chipped enamel.
5. Apartment no. 206 kitchen sink enamel chipped, shower diverter valve eschutcheon plate missing.
Gas heater looked new: Rheem model 22-2 and 30,000 BTU input.
6. Apartment no 310 kitchen sink faucet does not shut off good. Laundry tray faucet drips. Gas water heater looks ok but label not readable.

C. BUILDING NO. 627:

1. Apartment no. 113 shower piping was re-done per manager.
2. Fire Hose Cabinet metal door frames show rust and needs painting otherwise looks good.
3. Apartment no. 119 kitchen sink enamel chipped.
4. Apartment no. 220 kitchen sink enamel worn out. Disposal was frozen which seem to be from non use. Lavatory tail piece piping corroded.
5. Apartment no. 320 kitchen sink faucet leaks and enamel chipped.
Shower faucet leaks.
Gas heater looks new: Rheem model 22-30-2, 30 gal, 44,000 BTU input.
Corroded at hot water flex fitting to galvanized pipe.

D. GENERAL COMMENTS:

1. General observation of apartments indicated that all the plumbing fixtures, faucets, and visible drain piping needs replacement soon, otherwise constant maintenance will be required.
2. The age of the buildings being about 22 years old shows its wear and tear mostly in the visible fixtures.
3. Whatever visible system piping observed for water and sewer generally looked good.
4. Observation of all units were not possible due to occupancy by tenants.

Submitted by: LANGE MOTONAGA, INC.



George Y. Motonaga, PE

GYM:km

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

EILEEN R. ANDERSON
MAYOR



ROY H. TANJI
DIRECTOR AND BUILDING SUPERINTENDENT

Ex81-137

August 7, 1981

Mr. Peter B. Savio
700 Bishop Street
Suite 908
Honolulu, Hawaii 96813

Dear Mr. Savio:

Subject: Pauahi Apartments
617 & 627 McNeil Street
Tax Map Key: 1-5-27: 42

This is in reply to your letter dated May 21, 1981, requesting confirmation that the Pauahi Apartments located at 617 and 627 McNeil Street met all code requirements at the time of construction.

Investigation revealed that the two 3-story, 30-dwelling-unit apartment buildings having a total of 60 dwelling units and 64 off-street parking spaces met the code requirements when they were constructed.

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

If you have any questions regarding this matter, please contact Mr. Noboru Taketa or Mr. Robert Yakabe of this office at telephone number 523-4573.

Very truly yours,

A handwritten signature in cursive script that reads "Roy H. Tanji".

ROY H. TANJI
Director and Building Superintendent

RO:fk

Subscribed and sworn to
before me this 11th day of
August 1981

Claude Hakalia
Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: 2/1/85