



REAL ESTATE COMMISSION
STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

1743 10th Avenue

1743 10th Avenue
Honolulu, Hawaii

Registration No. 2461 (CONVERSION)

Issued: July 10, 1991
Expires: August 10, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of June 4, 19 91, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:**
(yellow) 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 when complete information is filed.
- FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued
[] Supersedes all prior public reports
[] Must be read together with _____
- SUPPLEMENTARY:**
(pink) Updates information contained in the
[] Prelim. Public Report dated _____
[] Final Public Report dated _____
[] Supp. Public Report dated _____
- And [] Supersedes all prior public reports
[] Must be read together with _____
- [] This report reactivates the _____
public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	7
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	9
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
EXHIBIT A: DEVELOPER'S RIGHT TO CHANGE DOCUMENTS	
EXHIBIT B: DESCRIPTION OF HOUSES	
EXHIBIT C: USE RESTRICTIONS	
EXHIBIT D: LIMITS OF HOUSES	
EXHIBIT E: PERMITTED ALTERATIONS	
EXHIBIT F: REPORT FROM ARCHITECT RE CONDITION AND USEFUL LIFE OF COMPONENTS AND INSTALLATIONS	
EXHIBIT G: LETTER FROM BUILDING DEPARTMENT	
EXHIBIT H: PERMIT NO. 88/EU-4	
EXHIBIT I: DESCRIPTION OF COMMON ELEMENTS	
EXHIBIT J: DESCRIPTION OF LIMITED COMMON ELEMENTS	
EXHIBIT K: ENCUMBRANCES AGAINST TITLE	
EXHIBIT L: ESTIMATE OF MAINTENANCE FEES	
EXHIBIT M: DEVELOPER'S DISCLAIMER OF WARRANTIES	
EXHIBIT N: SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT	

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 owner/tenant) 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. The 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 they 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 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 a vote of the owners. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion

2. Residential Commercial Ohana
 Mixed Residential and Commercial Agricultural
 Other _____

3. High Rise (5 stories or more) Low Rise

4. Single or Multiple Buildings

5. Apartment Description

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
1743-C	1	3/1½	983	-0-
1743-D	1	2/1	600	-0-
1743-E	1	2/1	500	-0-
1743-F	1	2/1	500	-0-
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 4

**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.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units) (Tandem)	8
Guest Stalls	0
Unassigned Stalls	0
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	8

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: 1743 Corporation Phone: 737-0911
Name Pauahi Tower, Suite 1110 (Business)
1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

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

Michael J. Coy - President
Clifford B. Terry, III - Vice President
Susan Marie Coy - Secretary
Rosalind K. Terry - Treasurer

Real Estate Broker: Suppa Corp. Phone: 533-2399
Name (Business)
1188 Bishop Street, Suite 1608
Business Address
Honolulu, Hawaii 96813

Escrow: Title Guaranty Escrow Services, Inc. Phone: 521-0211
Name (Business)
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813

General Contractor: Not applicable Phone: _____
Name (Business)
Business Address

Condominium Managing Agent: Project will be initially self-managed Phone: _____
Name (Business)
Business Address

Attorney for Developer: Cades Schutte Fleming & Wright Phone: 521-9200
Name Rene E. Ojiri (Business)
1000 Bishop Street, Suite 1000
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.

- 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. 91-071815
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) 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 Conveyance Condo Map No. 1507
 Filed - Land Court Condo Map No. _____

Amendment date(s) 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 way in which meetings will be conducted, 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. 91-071816
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

Amendment of Bylaws of the Association of House Owners of 1743 10th Avenue dated July 5, 1991, recorded as Document No. 91-091718

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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	---	The Board shall have the power to <u>adopt, amend or repeal the House Rules (Rules and Regulations).</u>

The percentages for individual condominium projects may be more than the minimum set by law.

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

Please see Exhibit "A" attached hereto.

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled 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 cancelled or foreclosed.

B. Underlying Land:

Address: 1743 10th Avenue Tax Map Key: (1) 3-3-34:23 and
Honolulu, Hawaii 96816 (TMK) (1) 3-3-24-por.18

Address TMK is expected to change because _____

Land Area: Approx. 24,760 square feet acre(s) Zoning: R-5

Fee Owner: 1743 Corporation
Name Pauahi Tower, Suite 1110
1001 Bishop Street
Address
Honolulu, Hawaii 96813

Sublessor: None
Name
Address

C Buildings and Other Improvements:

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

2. Buildings: 4 Floors Per Building 1

Exhibit "B" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>4</u>	<u>Residential</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____				_____	_____

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

Yes No

5. Special Use Restrictions:

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

Pets: Please see Exhibit "C" attached hereto

Number of Occupants: None

Other: Please see Exhibit "C" attached hereto

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators None Stairways Exterior stairs leading to each apartment Trash Chutes None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>1743-C</u>	<u>1</u>	<u>3/1½</u>	<u>983</u>	<u>-0-</u>
<u>1743-D</u>	<u>1</u>	<u>2/1</u>	<u>600</u>	<u>-0-</u>
<u>1743-E</u>	<u>1</u>	<u>2/1</u>	<u>500</u>	<u>-0-</u>
<u>1743-F</u>	<u>1</u>	<u>2/1</u>	<u>500</u>	<u>-0-</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 4

**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:

Section 5 of the Declaration, "Limits of Houses", is attached hereto as Exhibit "D".

Permitted Alterations to Apartments:

Please see Exhibit "E" attached hereto.

7. Parking Stalls:

Total Parking Stalls: 8

	<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 individual units)					8		8
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total							
Covered & Open					8		

Each apartment will have the exclusive use of at least two (2) 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 _____ 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
- Recreation Area
- Tennis Court
- Storage Area
- Laundry Area
- Trash Chute

Other: _____

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

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

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.

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

Based on the verified letter from the City and County of Honolulu dated April 8, 1991, attached hereto as Exhibit "G", the four houses on the subject property met all applicable code requirements at the time of construction.

The four houses have been approved as an existing use on June 9, 1988 by existing use permit No. 88/EU-4. A copy of permit No. 88/EU-4 is attached hereto as Exhibit "H".

No other variances or special permits were granted to allow deviation from any applicable codes. (See Exhibit "G")

10. 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 (See Exhibits "G" and "H" attached hereto)

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 intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit "I" describes the common elements.

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 may use them are:

described in Exhibit "J"

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 often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit _____ describes the common interests for each apartment.

As follows:

<u>HOUSE</u>	<u>COMMON INTEREST</u>
1743-C	38%
1743-D	23%
1743-E	20%
1743-F	19%
	<u>100%</u>

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit "K" describes the encumbrances against the title contained in the title report dated April 26, 1991 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It 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. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	Exhibit "K" describes one mortgage. The Buyer's interest under the Sales Contract is subject to the interests of the holder of the mortgage. Among other things, this means that if the Developer defaults, the mortgage lender could take over the project and either terminate the Sales Contract or recognize the Sales Contract. Before an apartment is conveyed by the Developer to the Buyer, the apartment must be free from the existing mortgage.

F. 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 managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial 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 managing agent for this condominium is:

[] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[X] self-managed by the Association of Apartment Owners.

[] other _____

G. 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 to each apartment.

Exhibit "L" contains a schedule of maintenance fees and maintenance fee disbursements.

H. 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:

- Not applicable
- Electricity Television Cable
- Gas Water & Sewer
- Other _____

I. 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:**
Please see Exhibit "M" attached hereto.

2. **Appliances:**
Please see Exhibit "M" attached hereto.

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

The apartments were constructed in 1962 and 1964.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

L. **Sales Documents Filed With the Real Estate Commission:**

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit "N" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated April 25, 1991

Exhibit "N" contains a summary of the pertinent provisions of the escrow contract.

[X] Other Affidavit of Intent to Purchase a Unit Designated for
Owner-Occupants; Apartment Deed

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

SPECIAL NOTATION:

This Project is a conversion of four existing houses under single ownership into four condominium apartment ownership plan, and the Project is being sold in its present condition without any warranties by the Developer respective to the improvements or any contents placed therein.

Purchasers are advised to carefully examine the apartments as well as the supporting documents. Where necessary, purchasers are advised to seek outside advice, including but limited to matters pertaining to engineering, architectural, zoning and legal concerns.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report;
AND
 - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. 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:

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

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Apartment Deed

If these documents are not in final form, the buyer should ask to see the most recent draft.

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 Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2461 filed with the Real Estate Commission on
June 4, 1991.

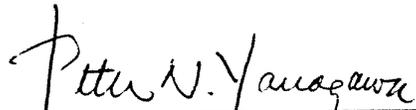
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

EXHIBIT "A"

DEVELOPER'S RIGHT TO CHANGE DOCUMENTS

The Developer acting as owner of all of the Apartments and as the Association of Apartment Owners may change all of the condominium documents at any time, including the Rules and Regulations. Under the Sales Contract, however, the Developer agrees to limit its rights to revise certain documents. Section E.18 of the Sales Contract provides as follows:

18. Seller's Right to Make Changes to Documents; Grant Easement and Exercise Rights as the Houseowners; Association and Board of Directors.

(a) Seller's Right to Change Documents.
Before the Effective Date, Seller shall have the right to make any and all changes which Seller wishes to make to all Project Documents, including any exhibits attached to them, without any need for my approval of or consent to those changes. After the Effective Date, Seller shall still have the right to make these changes without my approval or consent, except that unless these changes are permitted to be made by Seller in accordance with the provisions of the Project Documents, Seller may not without my consent, make any changes which will:

(a) Increase my House's percentage interest in the common elements of the Project;

(b) Result in a substantial physical change in my House or the Project;

(c) Substantially impair or modify any of the obligations given or undertaken by Seller;
or

(d) Make unenforceable any commitment for my Loan.

If my consent for any of these changes is required, I agree that I will not unreasonably withhold or delay giving my consent. If I for good reason do not consent to these changes, then I may cancel this Contract and get back all payments made by me, without interest.

(b) Seller's Right to Grant Easements.
Seller reserves and shall have the right to grant to the State of Hawaii, the City and County of

Honolulu, the Board of Water Supply, any other government agency, public utility or other public or private corporation, without notice to me or my consent, easements for water, sewer, drainage, flowage, communications (including microwave, radio and television antennas), electrical, gas, cable television, and other utility facilities and purposes, over, under, across or through the Project under the usual terms and conditions required by the entity receiving the easement rights.

(c) Seller's Right to Act as House Owner, the Association and Board of Directors. I authorize Seller as the present owner of all houses in the Project, to exercise all powers of the Association of Apartment Owners of the Project and the Board of Directors of the Project, including voting, until the first annual meeting of the Association. I further authorize Seller to exercise all of the rights and incidents of membership in the Association for my House until the recordation of the House Deed transferring to me title to my House.

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EXHIBIT "B"

DESCRIPTION OF BUILDINGS

The Project consists of four (4) separate building, each building consituting a House in the Project. The following is a description of each of the four (4) Houses in the Project (as set forth in Exhibit "G" of the Declaration):

House 1743C: House 1743C consists of a one-story raised building, without a basement. House 1743C is situated on posts and concrete footings, with an outdoor stairway leading from the ground level to the living area of House 1743C. House 1743C contains containing three (3) bedrooms, one and one-half (1½) bathrooms, a living/dining room and a kitchen. House 1743C contains a net living area of approximately 983 square feet.

House 1743D: House 1743D consists of a one-story raised building, without a basement. House 1743D is situated on posts and concrete footings, with an outdoor stairway leading from the ground level to the living area of House 1743D. House 1743D contains two (2) bedrooms, one (1) bathroom, a living/dining room and a kitchen. House 1743D contains a net living area of approximately 600 square feet.

House 1743E: House 1743E consists of a one-story building, without a basement. House 1743E is situated on posts and concrete footings, with an outdoor stairway leading from the ground level to the living area of House 1743E. The area under the living area of House 1743E contains four (4) parking stalls (two of which are limited common elements appurtenant to House 1743C and two of which are limited common elements appurtenant to House 1743E). House 1743E contains two (2) bedrooms, one (1) bathroom, a living/dining room and a kitchen. House 1743E contains a net living area of approximately 500 square feet.

House 1743F: House 1743F consists of a one-story raised building, without a basement. House 1743F is situated on posts and concrete footings, with an outdoor stairway leading from the ground level to the living area of House 1743F. The area under the living area of House 1743F contains four (4) parking stalls (two of which are limited common elements appurtenant to House 1743D and two of which are limited common elements appurtenant to House 1743F). House 1743F contains two (2) bedrooms, one (1) bathroom, a living/dining room and a kitchen. House 1743F contains a net living area of approximately 500 square feet.

EXHIBIT "C"

SPECIAL USE RESTRICTIONS

The condominium documents contain numerous Special Use Restrictions, including restrictions on pets, which cannot all be set out here. Section 10 of the Declaration limits use of the Apartments to residential purposes; however, under Subsection 8.g. the Developer is permitted to use the Project for sales purposes until all Apartments are initially sold. Time-sharing and transient rental activity are not permitted. The Rules and Regulations also contain considerable details concerning the operation and use of the common elements, which are Use Restrictions. The Rules and Regulations should be separately reviewed for this purpose. Section 8.4 of the Bylaws provides as follows:

(a) Each House in the Project shall be used only for the residential purposes set forth in the Declaration.

(b) All common elements of the Project shall be used only for their respective purposes as designed, subject to:

(i) The right of the Board, upon the approval of the Owners of seventy-five percent (75%) of the common interests, to change the use of the common elements;

(ii) The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those common elements which are not actually used by any of the House Owners for an originally intended special purpose, as determined by the Board; provided that unless the approval of the Owners of seventy-five percent (75%) of the common interest is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days written notice;

(iii) The right of the Board to lease or otherwise use for the benefit of the Association those common elements not falling with paragraph (ii) above, upon obtaining (A) the approval of seventy-five percent (75%) of the House Owners, including all directly affected Owners and all Owners of Houses to which such common elements are appurtenant in

the case of limited common elements, and (B) approval of all mortgagees of record on Houses with respect to which Owner approval is required by (A) above, if such lease or use would be in derogation of the interest of such mortgagees.

(c) No House Owner shall make or permit to be made any noise by himself or his tenants, employees, guests, customers, or invitees, which will unreasonably annoy or interfere with the rights, comfort or convenience of other Owners or occupants of the Project.

(d) Every House Owner and occupant shall at all times keep his House in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the Project.

(e) No garments, rugs or other objects shall be hung from the windows or facades of any House.

(f) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the Project outside of the disposal facilities provided for such purpose.

(g) No House Owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or other equipment, fixtures, appliances or appurtenances whatsoever on the exterior of any House or the Project or protruding through the walls, windows or roofs of any House.

(h) Nothing shall be allowed, done or kept in any House or common element of the Project which would overload or impair the floors, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(i) No House Owner or occupant shall place, store or maintain on walkways, roadways or other access areas any furniture, packages or objects of any kind or otherwise obstruct transit through such walkways, stairways, roadways or other access areas.

(j) No House Owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his House or the Project nor alter or remove any furniture, furnishings or equipment of the common elements.

Section 10.7 of the Bylaws and the Rules and Regulations regulate pets. Section 10.7 provides as follows:

SECTION 10.7 Restrictions on Pets. No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project except that dogs, cats and other household pets limited to a total of two (2) in number, except by written permission of the Board of Directors, may be kept by occupants in their respective Houses, but shall not be kept, bred, or used therein for any commercial purpose. Except for dogs used by visually impaired persons or hearing impaired persons, no animals shall be allowed on any common elements except in transit when carried or on leash and, no animals shall be allowed on any part of the parking areas. Any pet causing a nuisance or unreasonable disturbance to any occupant of the premises shall be promptly and permanently removed upon notice given by the Board or the managing agent. All pets must be registered immediately with the managing agent. The requirement of prior Board approval shall not apply to fish or to certain guide or signal dogs used by visually impaired or hearing impaired persons.

EXHIBIT "D"

LIMITS OF HOUSES

Paragraph 5 of the Declaration provides as follows:

5. Limits of Houses.

(5.1) House 1743C shall be deemed to include the entire building (exterior and interior) comprising House 1743C, including, specifically, but not limited to:

(a) all perimeter walls, floors, stairways, porch areas, foundations and roofs of such building; and

(b) all pipes, wires, conduits or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one House.

(5.2) House 1743D shall be deemed to include the entire building (exterior and interior) comprising House 1743D, including, specifically, but not limited to:

(a) all perimeter walls, floors, stairways, porch areas, foundations and roofs of such building; and

(b) all pipes, wires, conduits or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one House.

(5.3) House 1743E shall be deemed to include the entire building (exterior and interior) comprising House 1743E, including, specifically, but not limited to:

(a) all perimeter walls, floors, stairways, porch areas, foundations (but not including finished surface of the foundation situated under the living area of House 1743E and designated as parking stalls numbered C-1 and C-2) and roofs of such building; and

(b) all pipes, wires, conduits, or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one House.

(5.4) House 1743F shall be deemed to include the entire building (exterior and interior) comprising House 1743F, including, specifically, but not limited to:

(a) all perimeter walls, floors, stairways, porch areas, foundations (but not including the finished surface of the foundation situated under the living area of House 1743F and designated as parking stalls numbered D-1 and D-2) and roofs of such building; and

(b) all pipes, wires, conduits, or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one House.

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EXHIBIT "E"

PERMITTED ALTERATIONS

The Declaration and Bylaws contain a number of provisions dealing with alterations including special provisions dealing with alterations arising as a result of damage, destruction or condemnation of the Project (see Sections 16 and 17 of the Declaration and Article VIII of the Bylaws. In addition, Sections 8.5 and 8.6 of the Bylaws provide the following:

SECTION 8.5 Alteration of the Project.

(a) Additions, alterations, repairs or improvements to the common elements (which do not constitute limited common elements appurtenant to a House) of the Project may be made only by or at the direction of the Board of Directors, except as provided for in the Declaration. Subject to the provisions of the Declaration and of the Act, no Owner may, except with the written permission of the Board of Directors, any alteration, addition, repair or improvement to (i) his House which may affect the common elements (which do not constitute limited common elements appurtenant to a House); or (ii) any of the common elements including, without limitation, common elements (which do not constitute limited common elements appurtenant to a House) within, encompassing or adjacent to his House.

(b) Whenever in the judgment of the Board, the common (which do not constitute limited common elements) shall require additions, alterations, repairs or improvements with a total cost of less than TEN THOUSAND DOLLARS (\$10,000.00), the Board may proceed with such additions, alterations, repairs or improvements and shall assess the cost thereof as a common expense. Any additions, alterations, repairs or improvements costing in excess of TEN THOUSAND DOLLARS (\$10,000.00) may be made by the Board only after obtaining approval of all of the Owners; except that such approval shall not be required for any additions, alterations, repairs or improvements required by law or in the event of an emergency threatening immediate and substantial damage to person or

property. If such approval shall be obtained, the cost thereof shall constitute part of the common expense.

(c) Unless otherwise prohibited by the provisions of the Declaration or these Bylaws, and subject to the provisions contained in this Section 8.5(c) and Section 8.6 of these Bylaws, a House Owner may make additions, alterations or improvements to his House or the limited common elements appurtenant to and for the exclusive use of his House at his sole cost and expense. Any alterations or additions to a House or the limited common elements appurtenant to and for the exclusive use of such House shall be undertaken by the Owner of such House only pursuant to an amendment of the Declaration, duly executed by such Owner and accompanied by the written consent of the holders of all liens affecting such House (if the lien holders require such consent), and any other House Owner thereby directly affected. Alterations or additions to a House shall be undertaken in accordance with complete plans and specifications first approved by holders of liens affecting such House (if the lien holders require such approval). Promptly upon completion of such alterations or additions, the House Owner shall duly record such amendment together with a complete set of floor plans reflecting such alteration certified by a registered architect or professional engineer which accurately depicts the layout, location, House number and dimensions of the House, as built (and altered).

(d) Restoration or replacement of any common element (which does not constitute a limited common element) or construction or structural alteration or addition to any such structure different in any material respect from the Condominium Map, shall be undertaken by the Association only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of all the House Owners and accompanied by the written consent of the holders of all liens affecting any of the Houses, and in accordance with complete plans and specifications therefore first

approved in writing by the Board; and promptly upon completion of such restoration, replacement or construction, the Association shall duly record such amendment together with a complete set of floor plans reflecting such alteration certified by a registered architect or professional engineer to accurately depict the layout, location, House numbers and dimensions of the Houses as built.

SECTION 8.6 Certain Work Prohibited. Anything herein to the contrary notwithstanding, no House Owner shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, nor may any House Owner add any material structure or excavate any basement or cellar without in every such case the consent of seventy-five percent (75%) of the House Owners, together with the consent of all House Owners whose Houses or limited common elements appurtenant thereto are directly affected, being first obtained; provided that nonmaterial structural additions to the common elements which do not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting Owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting Owner shall require approval only by the Board and the House Owners directly affected thereby.

EXHIBIT "F"

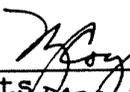
PRESENT CONDITION OF STRUCTURAL COMPONENTS
AND MECHANICAL AND ELECTRICAL INSTALLATIONS

NO REPRESENTATIONS REGARDING EXPECTED USEFUL LIFE

The Developer states that the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the Project are as described in the reports attached to this Exhibit "F" prepared by Nick H. Huddleston, AIA dated as of May 15, 1991, and May 28, 1991.

The Developer makes no representations regarding the expected useful life of each item reported in the reports attached to this Exhibit "F" and made a part hereof.

1743 10TH AVENUE

By 
Its PRESIDENT

By 
Its Treasurer



NICK H. HUDDLESTON, AIA
 Architecture, Planning and Urban Design

May 15, 1991

To Whom It May Concern,

The attached assessment of a residence located at 1743-C 10th Avenue, Honolulu, Hawaii is based on a site visit and inspection conducted on April 17, 1991. The inspection of the property was limited in scope. Approximately one hour was spent in inspecting the condition of the building. No tests were conducted to determine whether appliances were in working order. Comments on the structural support systems for the building are based on observed conditions and informed opinion. Consultation with a licensed Structural Engineer is recommended if an analysis of structural systems is desired. The following evaluation of the property includes a listing of building systems and their observed condition and additional detailed commentary.

Unit : 1743-C 10th Avenue, Honolulu, Hawaii 96816

Structure & Finishes

Component	Type(s)	Condition & Comments
Roof		
Framing	1x8 fir ship lap over 2x4 at 24" O.C.	Appears to be in good condition.
Roofing	Asphalt Shingles	Medium to poor condition. Estimated age is 10 years plus.
Ceilings		
Framing	2x4 at 24" O.C.	Appears to be in good condition.
Finish	Canec	Fair condition. Some water damage and mildew as noted in the detailed comments.
Walls	Single wall construction of 1x8 redwood	1. Walls appear to be in good condition throughout except as noted in the detailed commentary. 2. Wall boards at the exterior wall behind the tub in bath #2 are rotted and need to be replaced.
Floors		
Finish	2 1/4" Oak T&G Flooring	Appears sound with minor termite damage at one corner of the living room. Finish condition is poor.
	Vinyl floor tile at the kitchen and Bath #2 appear to be vinyl asbestos tile	Poor Condition - recommend plywood overlay and new finish to avoid removal cost.

Component	Type(s)	Condition & Comments
Framing	2x6 @ 24" O.C. over grid of 4x8 beams at approx. 6'-0" O.C.	Floor framing appears sound except as noted in the detailed commentary.
Underpinning*	4x6 posts in a 6' x 6' grid run to footing blocks at grade. Height from floor to grade is in excess of 20' at the point of greatest height. Posts are cross braced with 2x4's.	<ol style="list-style-type: none"> 1. Most of the structural members seem sound except as noted below. 2. Several of the longer members have some termite damage. One long post is bent and cracked at the bend. One cross brace is bent under compression stress indicating some shifting of the house downslope. 3. None of the posts seem to be tied to their footing blocks.
Component	Type(s)	Condition & Comments
Foundation*	16"x16"x8" conc. footing blocks placed variously on rock, concr. reinforced masonry & dirt	<ol style="list-style-type: none"> 4. The underpinning system is typical for the period of construction of the house, but the height of the structure above grade at the downslope side is unusual. The underpinning system should be evaluated by a licensed Structural Engineer to assess the significance of the problems noted and to determine appropriate corrective measures. 1. Good to poor. Many of the blocks have settled or tilted and a good number of the posts are resting on shims, or concrete bricks to compensate for settling. A good number of blocks need to be reset. 2. Shifting of the foundation blocks has left a several posts floating above their footing blocks.
	Concrete reinforced masonry retaining wall at the up slope (Koko Head) side of the building.	<ol style="list-style-type: none"> 1. This wall is in failure. It has no visible foundation and the stones of the wall have separated and moved significantly down slope at the base of the wall. This wall supports the piers under the Koko Head wall of the building which have settled with the wall. 2. The footing blocks & C.R.M. wall have serious inadequacies and need remedial work. A review by a qualified structural engineer and prompt repair are recommended.

- * Note: It is my present understanding that the owner's have had the property looked at by a Structural Engineer and that they are working with him to assess the condition of the underpinning and foundation elements and to determine any remedial measures that may be required. It is my further understanding that the owner's intend to proceed with appropriate repairs to the foundation and underpinning systems in the immediate future

Component Site Conditions	Type(s)	Condition & Comments
Drainage	Run off needs to be controlled to avoid undermining of foundation elements.	Run-off from the hillside appears to be a critical factor in footing block settling and in the failure of the ret. wall. Erosion of the soil at the Ewa Makai corner has a potential to undermine footings in this area.
Electrical System		
Panel	Not inspected.	Probably 100 amp. w/ limited circuit breaker capacity similar to other houses on the lot. 100 amp main disconnect circuit breaker @ meter. Accessibility is poor.
Wiring	Wire is plastic clad type.	Appears to be in servicable condition.
GFI Circuits	None.	Out door laundry equipment should be GFI protected.
Plumbing Systems:		
Waste lines	Cast Iron	<ol style="list-style-type: none"> 1. General condition appears sound. 2. Duct Tape at a joint below Bath # 2 indicates a leaky joint that should be repaired. 3. The waste line below Bath # 1 is supported by a 2x4 cradle. A more solid support is desirable.
Water lines	Galvanized Iron	One leak noted below kitchen sink. Eventual replacement of all lines with copper is desirable
Water Heater	Electric	Fair condition, exterior location, some rust in evidence on the casing.
Fixtures	See detailed comments.	Fair to poor condition. Condition is obvious on visual inspection.

Detailed Commentary and Recommended Repairs

General Note: The major inadequacy of the structure is the underpinning and foundation conditions which require substantial remedial work.

Exterior

1. Ewa entry stair - 2x4 tread material laid flat spans 40" between stringers. Material appears sound, but is springy, tying tread pieces together with a central cleat is recommended. The rail at the up slope side of the intermediate landing needs to be reinforced.
2. Back door stair. The landing is pulling away from the concrete slab. The support post on the Makai-Ewa corner of the landing needs its footing reset. The rail needs to be reinforced.
3. Gutters at Koko Head Eave. Gutters are loose at both ends and without downspouts, repair and addition of downspouts is recommended.
4. Fiberglass patio cover. The framing is inadequate and flimsy. Removal or rebuilding is recommended.
5. Wall boards between the tub shower and the exterior laundry area are rotten and need to be replaced.
6. Windows. Typically mill finish aluminum strip jalousies in fair condition. Defects are obvious on visual inspection where they occur.

Interior

Living Room

1. The front door is in poor condition.
2. Canec at ceiling near kitchen entry shows evidence of water damage.

Kitchen

1. The vinyl tile appears to be vinyl asbestos type. Covering with new sheathing and new finish are recommended to avoid removal costs.
2. Appliances are older models and appear to be in fair condition.
3. Cabinets are in poor condition. The base of the sink cabinet is rotted particle board. An existing plumbing leak has deteriorated the cabinet base and underlying floor boards and rotted the 4x6 perimeter beam supporting the floor joists below the sink area. Settling along the Koko Head side of the house has racked the cabinet doors out of line by about 3/8" per foot of run. Leveling of the house and repair of faulty footing conditions is recommended.

Bedroom #1 (Ewa)

1. There is no closet door.
2. The entry door is in poor condition.
3. New piece of canec in the ceiling indicates possible water at some point.

Bedroom #2 (Middle)

1. There is no closet door.

Bedroom #3 (Koko Head) & Half Bath

1. There is no closet door at one closet, the veneer on the sliding closet doors is in poor condition.
2. The floor boards below the toilet are water stained and show some evidence of rot. Repair is recommended.

Report on 1743-C 10th Avenue, Honolulu, Hawaii 96816 - 5/15/91

3. Mildew on the ceiling canec indicates moisture or ventilation problems.

Hall

1. Mildew on ceiling canec indicates ventilation problems. Bleaching of the mildew and painting recommended.

Bath

1. Floor finish is sheet vinyl over tile that appears to be vinyl asbestos type. Removal and replacement are recommended.
2. Significant areas of the floor are rotted under the tub and the toilet. There is some deterioration of the floor joists under the toilet and the wall boards behind the shower surround are rotted. Removal of the tub, shower surround, and toilet are recommended to allow replacement and repair of rotted material.

This report was prepared by,



Nick Huddleston, AIA



NICK H. HUDDLESTON, AIA
Architecture, Planning and Urban Design

May 28, 1991

To Whom It May Concern,

The attached assessment of a residence located at 1743-D 10th Avenue, Honolulu, Hawaii is based on a site visit and inspection conducted on April 17 and May 26, 1991. The inspection of the property was limited in scope. Approximately one hour was spent in inspecting the condition of the building. No tests were conducted to determine whether appliances were in working order. Comments on the structural support systems for the building are based on observed conditions and informed opinion. Consultation with a licensed Structural Engineer is recommended if an analysis of structural systems is desired. The following evaluation of the property includes a listing of building systems and their observed condition and additional detailed commentary.

Unit : 1743-D 10th Avenue, Honolulu, Hawaii 96816

Structure & Finishes

Component	Type(s)	Condition & Comments
Roof		
Framing	1x8 fir ship lap over 2x4 at 24" O.C.	Appears to be in good condition.
Roofing	Asphalt Shingles	Medium to poor condition. Estimated age is 10 years plus.
Ceilings		
Framing	2x4 at 24" O.C.	Appears to be in good condition.
Finish	Canec	Fair condition. Some water damage and mildew as noted in the detailed comments.
Walls	Single wall construction of 1x8 redwood	1. Walls appear to be in good condition throughout.
Floors		
Finish	2 1/4" Oak T&G Flooring	Appears sound through most of the house, except for some termite damage at the Ewa-Makai corner of the L.Rm., Termite Damage in the kitchen floor, and rot in the bathroom floor.
	Vinyl floor tile at the kitchen and Bath #2	Poor Condition - plywood overlay and new finish are recommended.
Framing	2x6 @ 24" O.C. over grid of 4x8 beams at approx. 6'-0" O.C.	Floor framing appears sound except as noted in the detailed commentary.

Component	Type(s)	Condition & Comments
Underpinning	4x6 posts in a 6' x 6' grid run to footing blocks at grade. Height from floor to grade is in excess of 10' at the point of greatest height. Posts are cross braced with 2x4's.	1. Most of the structural members seem sound. A fair number of posts have been tied to their footing blocks with post base connectors. This is an improvement over the usual construction for the period.
Foundation	16"x16"x8" conc. footing blocks placed variously on rock, concr. reinforced masonry & dirt Concrete masonry unit retaining wall and concrete walk at the Koko Head side of the building.	1. Generally in good condition. A number of footing blocks have been reset with posts tied to their footing blocks as noted above. 1. The wall has some cracking. The walk is founded on masonry rubble. Both of these elements pose some risk to adjacent footings if erosion or settling continue. Installation of a curb to control run off is desirable.
Site Conditions		
Drainage	Run off needs to be controlled to avoid undermining of foundation elements.	1. Control of run off is important to protect foundation elements.
Electrical System		
Panel	100 amp, circuit breaker type	6 circuits, 1 - 30 amp, 1 - 50 amp, & 4 - 15 and 20 amp circuits.
Component	Type(s)	Condition & Comments
	No Main Disconnect	
Wiring	Wire is plastic clad type.	Appears to be in servicable condition.
GFI Circuits	None.	Out door laundry equipment should be GFI protected.
Plumbing Systems:		
Waste lines	Cast Iron	1. General condition appears sound.
Water lines	Galvanized Iron	No leaks noticed. Eventual replacement with copper is desirable.
Water Heater	Electric	New, 50 gallon unit
Fixtures	See detailed comments.	Fair to poor condition. Condition is obvious on visual inspection.

Detailed Commentary and Recommended Repairs

Exterior

1. Koko Head entry stair - The rail needs to be reinforced.
2. Back door walk area. Two pipes run from a retaining wall into the walk at different points posing a trip hazard.
3. Front entry stair. The rail at the Koko Head side of the stair needs to be reinforced.
4. Windows. Typically mill finish aluminum strip jalousies in fair condition. Defects are obvious on visual inspection where they occur.

Interior

Living Room

1. Termite damage in floor boards at the Makai-Ewa corner of the room. Some minor termite damage at the Makai window sill area.

Kitchen

1. Appliances are old to fairly new and appear to be in fair to good condition.
3. Cabinets are in fair condition.
4. The kitchen floor has substantial areas of termite damaged. Repair is recommended.

Bedroom #1 (Ewa)

1. There is no closet door.

Bedroom #2 (Koko Head) & Half Bath

1. There is no closet door.
2. The floor boards at the Koko Head-Makai corner are rotted by leakage from the adjacent shower. Repair is recommended.
3. Stain on the ceiling canec indicates moisture or ventilation problems.

Hall

1. Particle board closet door is in poor condition.

Bath

1. Floor finish is sheet vinyl over tile that appears to be vinyl asbestos type. Removal and replacement are recommended.
2. Significant areas of the floor are rotted under the shower and there is some deterioration of the floor joists under the shower area. Removal and reconstruction of the shower are recommended to allow replacement and repair of rotted material.
3. The wall hung porcelain lavatory is cracked. Replacement is recommended.

This report was prepared by,



Nick Huddleston, AIA



NICK H. HUDDLESTON, AIA
 Architecture, Planning and Urban Design

May 28, 1991

To Whom It May Concern,

The attached assessment of a residence located at 1743-E 10th Avenue, Honolulu, Hawaii is based on a site visit and inspection conducted on April 17 and May 26, 1991. The inspection of the property was limited in scope. Approximately one hour was spent in inspecting the condition of the building. No tests were conducted to determine whether appliances were in working order. Comments on the structural support systems for the building are based on observed conditions and informed opinion. Consultation with a licensed Structural Engineer is recommended if an analysis of structural systems is desired. The following evaluation of the property includes a listing of building systems and their observed condition and additional detailed commentary.

Unit : 1743-E 10th Avenue, Honolulu, Hawaii 96816

Component	Type(s)	Condition & Comments
Roof		
Framing	2x4 at 4' O.C. over 2x4 at 32" O.C.	Appears to be in good condition.
Roofing	Galvanized Iron	Fair condition. Estimated age is 10 years plus.
Ceilings		
Framing	2x4 at 24" O.C.	Appears to be in good condition.
Finish	Canec	Fair condition. Some water damage and mildew as noted in the detailed comments.
Walls	Single wall construction of 1x8 redwood	1. Walls appear to be in good condition throughout except for minor termite damage at Makai-Koko Head side of structure, near bottom of boards. Water table strip missing along Koko Head side of structure.
Floors		
Finish	2 1/4" Fir T&G Flooring	Appears sound through most of the house, except for rot in the bath floor area. The floors are covered with carpet and visual inspection of the upper flooring surface was not possible.
	Vinyl floor tile at the kitchen and Bath #2	Fair Condition.
Framing	2x12 @ 16" O.C. spanning between 4x8 perimeter beams	1. Floor framing appears sound except for termite damage at the perimeter beam at the Makai-Koko Head Corner of the garage.

Component	Type(s)	Condition & Comments
		2. No fire separation between parking area and structure above.
Underpinning	4x6 posts at 5' O.C. along the bearing sides. One post at the middle of the Ewa wall. No posts at mid span along the Makai (entry) side of the parking area below the house. Bracing consists of metal "el" brackets and 2x4 braces bolted to posts at 3' below the floor joists and to floor joists 3' into the garage span.	<p>1. The structural members appear to be sound.</p> <p>2. Posts are tied to their footing blocks with post base connectors. This is an improvement over the usual practice for the period of construction.</p> <p>3. Lateral bracing of the house consists of 2x4 cross bracing, toenailed to the perimeter posts typical for the period of construction. Knee braces bolted to support posts and floor joists have been added. These elements are an improvement on the usual construction practice of the time.</p>
Foundation	16"x16"x8" conc. footing blocks.	Bearing appears to be sound.
Site Conditions		
Paving	Asphalt cement paving.	Fair condition.
Electrical System		
Panel	100 amp, circuit breaker type	6 circuits, 1 - 30 amp, 1 - 50 amp, & 4 - 15 and 20 amp circuits.
	No Main Disconnect	
Wiring	Wire is plastic clad.	Appears to be in servicable condition.
GFI Circuits	None.	Out door laundry equipment should be GFI protected.
Plumbing Systems:		
Waste lines	Cast Iron	General condition appears sound.
Water lines	Galvanized Iron	No leaks noticed. Eventual replacement with copper is desirable.
Water Heater	Electric	Poor condition. Bottom rusted out.
Fixtures	See detailed comments.	Fair to poor condition. Condition is obvious on visual inspection.

Detailed Commentary and Recommended Repairs

Exterior

1. Ewa entry stair - The rail needs to be reinforced.
2. Back door walk area. Termite damage of wall boards and framing at landing area.
3. Windows. Typically mill finish aluminum strip jalousies in fair condition. Defects are obvious on visual inspection where they occur.

Interior

Living Room

1. Termite damage at window surround areas.
2. Floors covered with carpet and not accessible for visual inspection.

Kitchen

1. Appliances are old models and appear to be in fair to poor condition.
3. Cabinets are in fair condition.
4. The kitchen floor has substantial areas of termite damaged. Repair is recommended.

Bedroom #1 (Ewa)

1. No problems noted.

Bedroom #2 (Koko Head) & Half Bath

1. No problems noted.

Hall

1. No problems noted.

Bath

1. Floor finish is vinyl over tile what appears to be vinyl asbestos tile. Removal and replacement are recommended.
2. The wall plate of the plumbing wall is rotted, and there is some rot of the exterior wall boards behind the tub shower area. Replacement &/or patching of rotted material is recommended along with recaulking or replacement of the tub and shower surround.

This report was prepared by,



Nick Huddleston, AIA

NH

NICK H. HUDDLESTON, AIA

Architecture, Planning and Urban Design

May 28, 1991

To Whom It May Concern,

The attached assessment of a residence located at 1743-F 10th Avenue, Honolulu, Hawaii is based on a site visit and inspection conducted on April 17 and May 26, 1991. The inspection of the property was limited in scope. Approximately one hour was spent in inspecting the condition of the building. No tests were conducted to determine whether appliances were in working order. Comments on the structural support systems for the building are based on observed conditions and informed opinion. Consultation with a licensed Structural Engineer is recommended if an analysis of structural systems is desired. The following evaluation of the property includes a listing of building systems and their observed condition and additional detailed commentary.

Unit : 1743-F 10th Avenue, Honolulu, Hawaii 96816

Component	Type(s)	Condition & Comments
Roof		
Framing	2x4 at 4' O.C. over 2x4 at 32" O.C.	Appears to be in good condition.
Roofing	Galvanized Iron	Fair condition. Estimated age is 10 years plus.
Ceilings		
Framing	2x4 at 24" O.C.	Appears to be in good condition.
Finish	Canec	Fair condition. Some water damage and mildew as noted in the detailed comments.
Walls	Single wall construction of 1x8 redwood	1. Walls appear to be in good condition throughout.
Floors		
Finish	2 1/4" Fir T&G Flooring	Appears sound through most of the house, except for rot in the bath floor area. The floors are covered with carpet and visual inspection was not possible.
	Vinyl floor tile at the kitchen	Good Condition.
	Tile at bath appears to be vinyl asbestos	Poor condition.
Framing	2x12 @ 16" O.C. spanning between 4x8 perimeter beams	1. Floor framing appears sound. 2. No fire separation between parking area and structure above.

Component	Type(s)	Condition & Comments
Underpinning	4x6 at 5' to 6' O.C.	1. Posts along the Ewa side of the building are tied to their footing blocks with post base connectors. This is an improvement over the usual construction practice for the period.
Foundation	16"x16"x8" conc. footing blocks.	1. Bearing appears to be sound. 2. The post at the center of the Makai end of the parking area bears on a concrete reinforced masonry wall that is in poor condition. The post acts mostly as a lateral brace rather than in bearing. 3. The concrete masonry unit retaining wall at the Ewa side of the house is leaning down slope & is 4" out of plumb in 8' of height. No cracks were evident in the wall, which appears sound. Failure of the wall would undermine the house.

Site Conditions

Paving	Asphalt cement paving.	Fair condition.
Guard Rails	Missing where noted, need repair as noted.	1. A new guard rail is recommended along the top of the retaining wall at the garage entry. 2. The guard rail along the Ewa drive retaining wall is flimsy and needs reinforcement.

Electrical System

Panel	100 amp, circuit breaker type No Main Disconnect	7 circuits, 2 - 30 amp, 1 - 50 amp, & 4 - 15 and 20 amp circuits.
Wiring	Wire is plastic clad type.	Appears to be in servicable condition.
GFI Circuits	None.	Out door laundry equipment should be GFI protected.

Plumbing Systems:

Waste lines	Cast Iron	1. General condition appears sound.
Water lines	Galvanized Iron	No leaks noticed. Some new copper pipe.
Water Heater	Electric	Fair condition. Some rust on casing.
Fixtures	See detailed comments.	Fair to poor condition. Condition is obvious on visual inspection.

Detailed Commentary and Recommended Repairs

Exterior

1. Ewa entry stair - The new rail needs to be reinforced.
2. Back yard area. A guard rail is recommended at the retaining wall above the drive. Reinforcement of the guard rail above the lower drive is recommended.
3. Windows. Typically mill finish aluminum strip jalousies in fair condition. Defects are obvious on visual inspection where they occur.

Interior

Living Room

1. Floors covered with carpet and not accessible for visual inspection.

Kitchen

1. Appliances are new appear to be in good condition.
2. Cabinets are in good condition.
3. The kitchen floor has new vinyl flooring in good condition.

Bedroom #1 (Ewa)

1. Poorly patched hole in cane ceiling.
2. Entry door in poor condition.

Bedroom #2 (Koko Head)

1. Some mildew at ceiling boards recommend bleach and paint.

Hall

1. No problems noted.

Bath

1. Floor finish appears to be vinyl asbestos type. Overlayment with new sheathing & new finish are recommended.

This report was prepared by,



Nick Huddleston, AIA

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

FRANK F. FASI
MAYOR



HERBERT K. MURAOKA
DIRECTOR AND BUILDING SUPERINTENDENT

Ex91-36

April 8, 1991

Ms. Rene E. Ojiri
Cades Schutte Fleming & Wright
Attorneys at Law
P.O. Box 939
Honolulu, Hawaii 96808

Dear Ms. Ojiri:

Subject: Condominium Conversion Project
1743 10th Avenue
Tax Map Key: 3-3-34: 23

This is in response to your letters dated March 8 and 11, 1991 requesting verification that the four dwellings on the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the four single-family dwellings with off-street parking for at least four cars met all applicable code requirements when they were constructed in 1962 and 1964. These dwellings were approved as an existing use on June 9, 1988 by existing use permit No. 88/EU-4.

For your information, no improvements were started and no building permits were issued on the date of inspection.

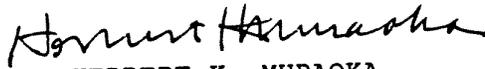
No other variances or special permits were granted to allow deviations from any applicable codes.

EXHIBIT "G"
1 of 2

Ms. Rene E. Ojiri
April 8, 1991
Page Two

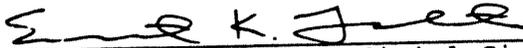
If you have any questions regarding this matter,
please contact Mr. Ivan Matsumoto of this office at
telephone number 527-6341.

Very truly yours,



HERBERT K. MURAOKA
Director and Building
Superintendent

Subscribed and sworn to
before me this 10th day of
April, 1991.



Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: June 21, 1991

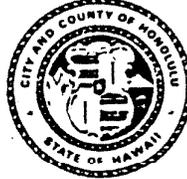
EXHIBIT "G"

2 of 2

DEPARTMENT OF LAND UTILIZATION
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET
HONOLULU, HAWAII 96813 • (808) 523 4432

FRANK F FASI
MAYOR



JOHN P. WHALEN
DIRECTOR

BENJAMIN B. LEE
DEPUTY DIRECTOR

88/EU-4 (GH)

June 9, 1988

Mr. Robert F. Walden
P.O. Box 1319
Honolulu, Hawaii 96807

Dear Mr. Walden:

Subject: Section 3.130 Existing Use (LUO)
Project Name: Robert Walden Existing Use
Location: 1743 C, D, E & F 10th Avenue
Tax Map Key: 3-3-34: 23
Owner: Robert F. Walden

The application for the subject development is approved as an existing use under Section 3.130 of the Land Use Ordinance in accordance with the application plans (4 sheets) dated May 5, 1988, subject to the following conditions:

1. Approval is only for alterations, additions, repairs and reconstruction of the existing dwelling units and accessory uses. All proposed improvements shall be subject to compliance with the Land Use Ordinance such as yards, heights, parking and lot coverage, Subdivision Rules and Regulations, Building Code, and other regulations. Reconstruction shall be compatible in design with the existing and surrounding structures and in the same general location and size. Final plans shall be approved by the Department of Land Utilization prior to issuance of building permits;
2. The number of dwelling units (4) on the subject property shall not be increased; and
3. This existing use approval does not certify that the existing structures and improvements comply with the requirements of the zoning code or other regulations. They are subject to separate review and approval.

Should you have any questions, please contact Mr. Gerald Henniger of our staff at 527-5837.

Very truly yours,

A handwritten signature in black ink, appearing to read "Benjamin B. Lee", is written over the typed name.

BENJAMIN B. LEE, AIA
Deputy Director

BBL:ra

cc: Building Dept.

EXHIBIT "H"

EXHIBIT "I"

DESCRIPTION OF COMMON ELEMENTS

Paragraph 6 of the Declaration describes the common elements as follows:

6. Common Elements. The common elements will include the limited common elements described below, and all other portions of the Project, other than the Houses, including, but not limited to:

- (a) The Land, in fee simple.
- (b) The limited common elements described in paragraph 7 below.
- (c) All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Houses and which are utilized for or serve more than one House.
- (d) The driveway area shaded in green on Sheet C1 of the Condominium Map.
- (e) All retaining walls within the area shaded in green on Sheet C1 of the Condominium Map.
- (f) The six (6) foot wide strip of the driveway running along the lots identified as tax map key numbers (1) 3-3-34:19 and 20 (being a portion of the Land described in Exhibit "A"), used for access purposes to and from 10th Avenue.

EXHIBIT "J"

DESCRIPTION OF LIMITED COMMON ELEMENTS

Paragraph 7 of the Declaration describes the limited common elements as follows:

7. Limited Common Elements.

(7.1) Certain of the common elements are hereby designated as "limited common elements" and are set aside and reserved for the use of certain Houses and such Houses shall have appurtenant thereto an exclusive easement for the use of such limited common element as follows:

(a) The mailbox assigned to a House by box address shall be appurtenant to and for the exclusive use of such House. Each House shall have at all times at least one mailbox appurtenant to it.

(b) The yard area shaded in blue on Sheet C1 of the Condominium Map, and all stairways, walkways and retaining walls located within such yard area, shall be a limited common element appurtenant to House 1743C.

(c) The yard area shaded in red on Sheet C1 of the Condominium Map, and all stairways, walkways and retaining walls located within such yard area, shall be a limited common element appurtenant to House 1743D.

(d) The yard area shaded in brown on Sheet C1 of the Condominium Map, and all stairways, walkways, retaining walls and driveway areas located within such yard area, shall be a limited common element appurtenant to House 1743E.

(e) The yard area shaded in yellow on Sheet C1 of the Condominium Map, and all stairways, walkways, retaining walls and driveway areas located within such yard area,

shall be a limited common element appurtenant to House 1743F.

(f) The tandem parking stalls identified as numbers C1 and C2 situated under the living area of House 1743E shall be appurtenant to and for the exclusive use of House 1743C.

(g) The tandem parking stalls identified as numbers D1 and D2 situated under the living area of House 1743F shall be appurtenant to and for the exclusive use of House 1743D.

(h) The tandem parking stalls identified as numbers E1 and E2 situated under the living area of House 1743E shall be appurtenant to and for the exclusive use of House 1743E.

(i) The tandem parking stalls identified as numbers F1 and F2 situated under the living area of House 1743F shall be appurtenant to and for the exclusive use of House 1743F.

(7.2) Each House owner, at his expense, shall maintain the limited common elements appurtenant to his House in good order and repair and in a neat and attractive condition. All costs and expenses, including, but not limited to, maintenance, repair, replacement, additions and improvements to, and landscaping of, any of the limited common elements of the Project shall be charged to the owner of the House to which such limited common element is appurtenant. Any expense which cannot be separately identified or attributed to a limited common element shall be charged as a common expense.

EXHIBIT "K"

ENCUMBRANCES AGAINST TITLE

The following is a list of the encumbrances affecting the land upon which the Project is situated (source: Statutes Report dated April 26, 1991, prepared by Title Guaranty of Hawaii, Incorporated):

1. Real property taxes that may be due and owing, refer to Director of Finance, City and County of Honolulu.

2. -As to that portion of Parcel First which comprises one-half of that certain 12-foot right-of-way used for access purposes to and from 10th Avenue, more particularly described as follows:

A perpetual easement for all purposes in favor of Tomio Hara and Toshiko Nakamoto Hara, husband and wife, over, across and along the following parcel of land being a portion of Lot 10 of the Palolo Hillside Lots, File Plan 50, recorded in the Bureau of Conveyances at Honolulu, Hawaii, and being also a portion of L. C. Aw. 8559-B, Apana 32 to W. C. Lunalilo.

Situated on the southeast side of 10th Avenue at Palolo Valley, Honolulu, Hawaii.

Beginning at the west corner of this strip of land, being also the north corner of Lot 9 and the west corner of Lot 10 of the Palolo Hillside Lots (File Plan 50) and on the southeast side of 10th Avenue, and thence running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|--------|--|
| 1. | 208° | 31' | 30" | 6.00 | feet along the southeast side of 10th Avenue; |
| 2. | 298° | 30' | 30" | 200.00 | feet along the remainder of Lot 10 of the Palolo Hillside Lots (File Plan 50); |
| 3. | 328° | 30' | 30" | 12.00 | feet along the remainder of Lot 10 of the Palolo Hillside Lots (File Plan 50); |

4. 118° 30' 30" 210.39 feet along Lot 9 of the Palolo Hillside Lots (File Plan 50) to the point of beginning and containing an area of 1,262 square feet;

as granted by instrument dated May 8, 1950, recorded in Liber 2339 at Page 87.

Excepting and reserving from the above described parcel all that portion thereof (3' x 6') conveyed to the City and County of Honolulu, by Deed dated February 1, 1963, recorded in Liber 4474 at Page 487, for the widening of 10th Avenue.

3. Grant in favor of George Shuichi Iida, husband of Bernice Hisako Iida, dated July 23, 1956, recorded in Liber 3142 at Page 262; granting a perpetual easement for all purposes over, across and along the following described parcel of land being a portion of L. P. 8165 Part B on L. C. Aw. 8559-B Apana 32 to Wm. C. Lunalilo, being more particularly portions of Lots 9 and 10 of Palolo Hillside Lots, File Plan 50, situated on the southeasterly side of 10th Avenue at Palolo Valley, Honolulu, T. H., now state of Hawaii.

Beginning at the northwesterly corner of this piece of land on the southeasterly side of 10th Avenue, being 28° 30' 30" 6.00 feet from the common corner of said Lots 9 and 10 of Palolo Hillside Lots, File Plan 50, and running by azimuths measured clockwise from true South:

- | | | | |
|----|--------------|--------|---|
| 1. | 208° 30' 30" | 12.00 | feet, along the southeasterly side of 10th Avenue; |
| 2. | 298° 30' 30" | 200.00 | feet, along the remainder of Lot 10 of the Palolo Hillside Lots (File Plan 50); |
| 3. | 328° 30' 30" | 12.00 | feet, along the remainder of Lot 10 of the Palolo Hillside Lots (File Plan 50); |

4. 88° 30' 30" 12.00 feet, along remainder of Lot 9 of Palolo Hillside Lots, File Plan 50;
5. 118° 30' 30" 200.00 feet, along remainder of Lot 9 of Palolo Hillside Lots, File Plan 50, to the point of beginning of 2462 square feet.

Excepting and reserving from the above described parcel all that portion thereof (3' x 12') conveyed to the City and County of Honolulu, by Deed dated February 1, 1963, recorded in Liber 4474 at Page 487, for the widening of 10th Avenue.

4. Possible easements in favor of others entitled thereto, over and across that right-of-way described hereinabove as Encumbrance No. 2.

5. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : CLIFFORD B. TERRY, III and ROSALIND K. TERRY, husband and wife, and MICHAEL J. COY and SUSAN MARIE COY, husband and wife

MORTGAGEE : BANCORP FINANCE OF HAWAII, INC., a Hawaii corporation

DATED : November 28, 1990
RECORDED : Document No. 90-183036
AMOUNT : \$600,000.00

ABOVE MORTGAGE ASSIGNED

TO : FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF AMERICA, a federally chartered savings and loan association

DATED : January 4, 1991, to be effective as of the opening of business on January 1, 1991
RECORDED : Document No. 91-003478

By ASSUMPTION AGREEMENT AND AMENDMENT TO NOTE, AND
MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT dated
April 26, 1991, recorded as Document No. 91-053238, 1743
CORPORATION, a Hawaii corporation, agrees to assume and
perform all of the obligations under said Note.

EXHIBIT "L"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
1743-C	\$136.96	\$1,643.50
1743-D	\$ 82.90	\$ 994.75
1743-E	\$ 72.08	\$ 865.00
1743-F	\$ 68.48	\$ 821.75
Total		<u>\$4,325.00</u>

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[] common elements only

[] common elements
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer

\$ 96.00

\$1,152.00

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Fire

\$138.00

\$1,656.00

Liability

\$ 42.00

\$ 509.00

Reserves

\$ 84.00

\$1,008.00

Taxes and Government Assessments

Audit Fees

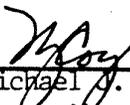
Other

TOTAL

\$360.00

\$4,325.00

~~Mr.~~ Michael J. Coy, ~~xxx~~
~~managing agents for the condominium project,~~ hereby certify that the above estimates of initial
maintenance fee assessments and maintenance fee disbursements were prepared in accordance
with generally accepted accounting principles.



Michael J. Coy

Date: May 15, 1991

EXHIBIT "M"

DISCLAIMER OF WARRANTIES

Sections H.12, H.13 and H.14 contains disclaimers of warranties by the Developer:

12. House Being Sold "As Is". THE HOUSES AND OTHER IMPROVEMENTS WHICH ARE SITUATED AT 1743 10TH AVENUE WERE INITIALLY CONSTRUCTED IN 1962 and 1964. THE HOUSES, THE OTHER IMPROVEMENTS AND THE LAND, CONSTITUTING THE PROJECT, ARE NOW BEING SOLD IN "AS IS" CONDITION. THIS MEANS THAT SELLER SHALL NOT CORRECT ANY DEFECTS IN THE PROJECT, THE HOUSE, THE OTHER IMPROVEMENTS, OR ANYTHING INSTALLED OR CONTAINED IN THEM. THE EXISTENCE OF ANY DEFECT IN THE PROJECT, THE HOUSE, THE OTHER IMPROVEMENTS, OR ANYTHING INSTALLED OR CONTAINED IN THEM SHALL NOT EXCUSE MY OBLIGATION TO PERFORM ALL OF MY OBLIGATIONS UNDER THIS CONTRACT.

13. Seller's Disclaimer of Warranties.

(a) No Warranties of Seller. I UNDERSTAND AND AGREE 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, MY HOUSE, THE OTHER IMPROVEMENTS, OR ANYTHING CONTAINED IN THEM. EACH HOUSE IS SOLD "AS IS", AND SELLER WILL NOT BE LIABLE TO ME FOR ANY CONSTRUCTION OR OTHER DEFECTS, INCLUDING ANY LATENT OR HIDDEN DEFECTS IN THE PROJECT, MY HOUSE, THE OTHER IMPROVEMENTS, OR ANYTHING INSTALLED OR CONTAINED IN THEM. THIS MEANS THAT I WILL NOT HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST SELLER FOR ANY DEFECTS LATER DISCOVERED BY ME. I AGREE TO INDEMNIFY AND PAY SELLER FOR ALL COSTS, EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BY SELLER IF I BREAK THIS AGREEMENT AND SUE SELLER FOR ANY DEFECTS I LATER DISCOVER.

(b) Seller's Disclaimer as Essential Factor for Low Purchase Price. I ACKNOWLEDGE AND AGREE THAT SELLER'S DISCLAIMER OF WARRANTIES IS AN ESSENTIAL ELEMENT IN THE DETERMINATION OF THE PURCHASE PRICE FOR THE HOUSE BEING SOLD TO ME. THIS MEANS THAT THE HOUSE WOULD NOT HAVE BEEN SOLD TO ME FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS CONTRACT WITHOUT SELLER'S DISCLAIMER OF WARRANTIES.

14. Right of Inspection. I SHALL INSPECT THE HOUSE AT THE TIME AND ON THE DATE AS SHALL BE SPECIFIED BY SELLER IN A WRITTEN NOTICE TO ME. BECAUSE THE HOUSE MAY BE OCCUPIED BY TENANTS, I MIGHT NOT BE ABLE TO CHANGE THE DATE SELLER SPECIFIES. I ACKNOWLEDGE THAT THE HOUSE IS BEING SOLD IN "AS IS" CONDITION, AND SELLER WILL NOT CORRECT ANY DEFECTS OR DEFICIENCIES THAT I DISCOVER IN THE HOUSE. I AGREE TO INDEMNIFY AND PAY SELLER FOR DAMAGES OR LOSSES, INCLUDING INTEREST AND ATTORNEYS' FEES, RESULTING FROM MY REFUSAL TO ACCEPT THE HOUSE FROM SELLER.

reo/06828/0001/condodocs/fpr.exM

EXHIBIT "N"

SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

The Sales Contract provides for the sale of House by the Developer to the Buyer. The Escrow Agreement provides how the funds paid by the Buyer under the Sales Contract to Escrow are to be held and released. Both the Sales and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Both documents have been written in language intended to be easier for Buyers to read than used in traditional legal documents. Some of the important provisions of the Sales Contract are described elsewhere in this report (for example, Exhibits "C" and "M").

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Developer under the Sales Contract and Escrow Agreement gets to keep all interest that may be earned on the funds with Escrow. The Sales Contract may be cancelled by the Developer, among other reasons, if the Buyer is obtaining financing and fails to obtain a lender commitment within certain time limitations or if the Buyer is a cash buyer and fails to furnish satisfactory evidence of ability to pay within other time periods, if the Buyer's deposit check bounces, or if one of the Buyers dies. The Buyer may cancel the Sales Contract, among other reasons, before the issuance and acceptance of a Final Public Report on the Project; however, Hawaii law provides that under certain conditions the Buyer may be deemed to "accept" the Final Public Report, even if the Buyer has not signed a receipt for it. In certain cases, the Buyer may be responsible for cancellation fees.

The Escrow Agreement provides for the closing or settlement of the sale. Under certain conditions set out in the Escrow Agreement after a Final Public Report is issued and before the Project is complete, funds may be released by Escrow to pay certain costs of developing the Project as permitted by Hawaii law. The Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and the Buyer as set forth in the Sales Contract.

If the Buyer defaults under the Sales Contract after the Final Public Report is issued and "accepted" by the Buyer, the Buyer may lose all of the deposits with Escrow (up to 15% of the purchase price) and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract after the Final Public Report is issued and "accepted" by the Buyer, the Buyer shall be entitled to all funds paid under the Sales Contract to the Escrow or the

Developer, as well as \$500 in liquidated damages but shall have no further remedy.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws and Rules and Regulations. The Sales Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of the Buyer under the Sales Contract.

The Sales Contract limits the Buyer's right to assign the Sales Contract and provides for a consent fee to any transfer.

After all documents have been signed, Escrow will handle the closing, the transfer of title in accordance with the Escrow Agreement. The Apartment must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one Apartment.

The Sales Contract provides that certain disputes between the Buyer and the Developer or certain parties involved in development of the Project must be arbitrated. The Buyer acknowledges that sales activity at the Project by the Developer may continue after closing of the Buyer's purchase.

The Escrow Agreement provides certain protections to the Escrow in the event of a dispute between the Buyer and the Developer, these rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

This summary is not complete and will not control in the event of any conflict with a provision in the Sales Contract or the Escrow Agreement. Prospective Buyers are cautioned and encouraged to carefully read the Sales Contract and Escrow Agreement.