



**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**

PALOLO VALLEY GARDENS  
 2275, 2275A-E Palolo Avenue  
 Honolulu, Hawaii

Registration No. 2509 (Conversion)

Issued: SEP 18 1991  
 Expires: OCT 18 1992

**Report Purpose:**

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 6, 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:**      The developer may not as yet have created the condominium but has filed with the  
 (*yellow*)                      Real Estate Commission minimal information sufficient for a Preliminary Public Report.  
 A Final Public Report will be issued when complete information is filed.

  X   **FINAL:**                      The developer has legally created a condominium and has filed complete information  
 (*white*)                              with the Commission.  
   [ X ] No prior reports have been issued  
   [   ] Supersedes all prior public reports  
   [   ] Must be read together with \_\_\_\_\_  
   \_\_\_\_\_

       **SUPPLEMENTARY:**      Updates information contained in the  
 (*pink*)                              [   ] 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:**

[ X ] Required                      [   ] 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:

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## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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>
2275	1	3/1	780	---
2275A	1	2/1	576	---
2275B	1	2/1	768	---
2275C	1	2/1	588	---
2275D	1	2/1	624	---
2275E	1	2/1 & 2/1	1140	---

Total Apartments: 6

*\*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)	12
Guest Stalls	0
Unassigned Stalls	0
Extra Stalls Available for Purchase	0
Other: _____	0
<b>Total Parking Stalls</b>	<u>12</u>

**7. Recreational amenities: NONE**

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Savio Development Co., Inc.  
Name  
931 University Avenue, Suite 202  
Business Address  
Honolulu, Hawaii 96826

Phone: 942-7701  
(Business)

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

Peter B. Savio, Director, President and Treasurer  
Phyllis D. Savio, Secretary

Real Estate Broker: Savio Realty, Ltd.  
Name  
931 University Avenue, Suite 202  
Business Address  
Honolulu, Hawaii 96826

Phone: 942-7701  
(Business)

Escrow: Title Guaranty Escrow Services, Inc.  
Name  
235 Queen Street, 1st Floor  
Business Address  
Honolulu, Hawaii 96813

Phone: 521-0211  
(Business)

General Contractor: N/A  
Name  
Business Address

Phone:   
(Business)

Condominium Managing Agent: Professional Island Management, Ltd.  
Name  
560 N. Nimitz Highway, Suite 120  
Business Address  
Honolulu, Hawaii 96817

Phone: 526-3020  
(Business)

Attorney for Developer: Edward R. Brooks, Esq.  
Name  
Foley Maehara Judge Nip & Chang  
Business Address  
737 Bishop Street, Suite 2700  
Honolulu, Hawaii 96813

Phone: 526-3011  
(Business)

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- 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. 91-110956  
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. 1544  
 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. 91-110957  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court - Document No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

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	---	<u>approval by Board of Directors</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

See Exhibit A





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>6</u>	<u>Yes</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:

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

Number of Occupants: \_\_\_\_\_

Other: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0                      Stairways 0                      Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>2275</u>	<u>1</u>	<u>3/1</u>	<u>780</u>	<u>---</u>
<u>2275A</u>	<u>1</u>	<u>2/1</u>	<u>576</u>	<u>---</u>
<u>2275B</u>	<u>1</u>	<u>2/1</u>	<u>768</u>	<u>---</u>
<u>2275C</u>	<u>1</u>	<u>2/1</u>	<u>588</u>	<u>---</u>
<u>2275D</u>	<u>1</u>	<u>2/1</u>	<u>624</u>	<u>---</u>
<u>2275E</u>	<u>1</u>	<u>2/1 &amp; 2/1</u>	<u>1140</u>	<u>---</u>

Total Apartments: 6

*\*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:**

All of the walls and partitions within the perimeter walls of each apartment, all walls, floor slabs, footings, interior floors, ceilings and roofs, doors and door frames, windows and window frames, any appurtenant lanais and terraces, the appurtenant entry and stairway, any appurtenant decks, any appurtenant balcony or balconies, parking garage and carport.

**Permitted Alterations to Apartments:**

See Exhibit C

**7. Parking Stalls:**

Total Parking Stalls: 12

	<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)	<u>---</u>	<u>---</u>	<u>7</u>	<u>5</u>	<u>---</u>	<u>---</u>	<u>12</u>
Guest	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Unassigned	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Extra Available for Purchase	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Other:	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Covered & Open	<u>---</u>	<u>---</u>	<u>12</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

Each apartment will have the exclusive use of at least 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 D contains additional information on parking stalls for this condominium project.

**8. Recreational and Other Common Facilities:**

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: \_\_\_\_\_

\_\_\_\_\_

9. 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

No representations are made by the Developer regarding the condition or expected useful life of structural components, mechanical or electrical installations.

See Disclosure Abstract for more information on the conditions of the buildings.

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

See Exhibit E.

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

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>X*</u>	<u>                    </u>
Lot	<u>X</u>	<u>                    </u>	<u>                    </u>

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

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

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

\*Maids quarters in unit 2275E is non-conforming.

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 \_\_\_\_\_ F \_\_\_\_\_ 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 \_\_\_\_\_ F \_\_\_\_\_

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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 \_\_\_\_\_ G \_\_\_\_\_ describes the common interests for each apartment.

As follows:

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

Exhibit H describes the encumbrances against the title contained in the title report dated August 19, 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>
See Exhibit H (paragraphs 4 and 5)	The Mortgage and Security Agreement will be fully released and cancelled, respectively, upon Developer's sale of individual apartments in the Project.

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:

[X] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] 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   I   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: See Exhibit J.

2. Appliances: See Exhibit J.



#### **IV. ADDITIONAL INFORMATION NOT COVERED ABOVE**

Material information not provided in this Public Report is provided in the Disclosure Abstract, which must be provided to each purchaser of units in the project.

**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 \_\_\_\_\_

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. 2509 filed with the Real Estate Commission on August 29, 1991.

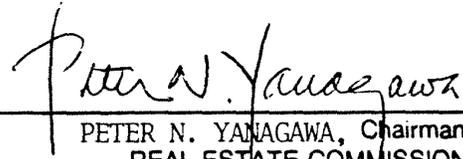
Reproduction of Report. When reproduced, this report must be on:

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 RESERVED RIGHTS  
TO CHANGE CONDOMINIUM DOCUMENTS

The following provisions in the Declaration, By-Laws and sales contract, as indicated, reflect those rights which the Developer has reserved to change the Declaration, Condominium File Plan, By-Laws and House Rules:

I. DECLARATION

Paragraph S. Except as otherwise provided herein or in the Act, this Declaration may be amended by a vote of the owners of seventy-five percent (75%) of the interests in the common elements effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such owners or by any two (2) officers of the Association; provided, that Developer may, at any time prior to the recordation of an apartment deed in the Bureau conveying an apartment to a party not a signatory hereto, amend this Declaration and the By-Laws in any manner as Developer may deem fit.

Paragraph U. In addition to any other rights reserved herein, Developer reserves the right for itself and its agents until the sale of the last apartment, to maintain development facilities and conduct sales of apartments on and at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales; provided, however, that Developer shall not use any apartment (or its limited common elements) with respect to which an apartment deed has been recorded (other than in the name of Developer as grantee); provided, further, that in exercising such right, Developer shall not interfere with the rights of any apartment owner to the use of, or access to, his apartment or any of the common elements or limited common elements appurtenant thereto.

II. BY-LAWS

Article II, Section 2. Developer shall be entitled to exercise the powers, vote and/or act for the Association and the Board on all matters until such time as the first conveyance of an apartment of the Project to a party not a signatory hereto. Thereafter, the Developer, as the owner of any unsold apartments, shall be entitled to vote the interest of each such apartment.

III. SALES CONTRACT

Paragraph 17. Seller shall have, and hereby reserves, the right to modify all documents related to the Project, including the Declaration, By-Laws, Condominium File Plan, the

Apartment Deed, the House Rules, the Disclosure Abstract, and any exhibits to any such document, to make alterations of the Project (and to modify any of said documents accordingly) to change the configurations of, or to alter the number of rooms of or to decrease or increase the size of, or to change the location of any apartment in accordance with complete plans and specifications therefor prepared by a licensed architect, and to make other changes in the Apartment and other apartments and in the common elements, and to increase or decrease the purchase price of the Apartment or any other apartment in the Project. Seller shall disclose to Buyer all material changes in the Project which directly, substantially and adversely affect the use or value of the Apartment or the common elements.

EXHIBIT B

DESCRIPTION OF BUILDINGS

The Project consists of six (6) separate condominium apartments (the "apartments") situated in seven (7) buildings and designated as Apartments 2275, 2275A through 2275E, respectively. The apartments are constructed principally of concrete, wood and related building materials. Each apartment has two (2) parking stalls within such apartment's carport or limited common area. Apartments 2275 and 2275D are the only apartments with basement areas. There are no guest parking stalls in the Project.

Apartment 2275 is a two-story structure situate adjacent to Palolo Avenue and consists of seven (7) rooms including a livingroom, kitchen, bathroom, three (3) bedrooms, and a basement laundry area. The upper level of such structure consists of six (6) rooms including a livingroom, kitchen, bathroom and three (3) bedrooms with a total living area of approximately 780 square feet. The lower level of such structure consists of a basement laundry area with an area of 300 square feet and a carport consisting of two (2) compact parking stalls with an area of 400 square feet.

Apartment 2275A is a one-story structure situate between Apartments 2275 and 2275B and consists of five (5) rooms including a livingroom, kitchen, bathroom and two (2) bedrooms with a total living area of approximately 576 square feet. Apartment 2275A has two (2) uncovered compact parking stalls.

Apartment 2275B consists of two (2) detached structures. The first structure is a one-story structure situate closest to Apartment 2275A and consists of five (5) rooms including a livingroom, kitchen, bathroom and two (2) bedrooms with a total living area of approximately 768 square feet. The second structure is a one-story structure situate immediately adjacent to the first structure and closest to Apartment 2275C and consists of a carport consisting of two (2) compact parking stalls with a total area of approximately 410 square feet.

Apartment 2275C is a one-story structure situate between Apartments 2275B and 2275D and consists of five (5) rooms including a livingroom, kitchen, bathroom and two (2) bedrooms with a total living area of approximately 588 square feet, and an attached carport consisting of one (1) compact parking stall with a total area of approximately 210 square feet. Apartment 2275C also has one uncovered compact parking stall.

Apartment 2275D consists of two (2) detached structures. The first structure is a one-story structure situate immediately adjacent to Apartment 2275C and consists of a covered storage area and carport consisting of two (2) compact parking stalls with a total area of approximately 680 square feet.

The second structure is a two-story structure situate adjacent to the first structure toward Pukele Stream and consists of six (6) rooms including a livingroom, kitchen, bathroom, two (2) bedrooms, and a basement area. The upper level of such structure consists of five (5) rooms including a livingroom, kitchen, bathroom and two (2) bedrooms with a total living area of approximately 624 square feet. The lower level of such structure consists of a basement with a total area of approximately 478 square feet.

Apartment 2275E consists of two (2) detached structures. The first structure (maid's quarters) is a one-story structure situate immediately next to Apartment 2275D and consists of four (4) rooms including a livingroom, bathroom and two (2) bedrooms with a total living area of approximately 480 square feet. The second structure is a one-story structure situate adjacent to the first structure and nearest Pukele Stream and consists of five (5) rooms including a livingroom, kitchen, bathroom and two (2) bedrooms with a total living area of approximately 660 square feet. Apartment 2275E has two (2) uncovered compact parking stalls.

## EXHIBIT C

### PERMITTED ALTERATIONS TO APARTMENTS

#### I. BYLAWS

Article VIII, Section 3(A). Additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board, except as provided for in the Declaration. No owner of an apartment may, except with the written consent of the Board, make any alteration, addition, repair or improvement to any of the common elements including, without limitation, common or limited common elements within, encompassing or adjacent to such owner's apartment, except as provided for in the Declaration or if such alteration, addition, repair or improvement shall be required by law.

Article VIII, Section 4. Except as provided in paragraph Q. of the Declaration, no apartment owner shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, or impair any easement or hereditament, nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the apartment owners, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained. Except as may be otherwise provided herein or in the Declaration, no owner shall install any solar energy devices or make any addition or alteration in or to such owner's apartment which may affect the common elements or change the exterior appearance of the Project, without the prior written consent thereto of the Board. The Board shall have the obligation to answer any written request by an apartment owner for approval of a proposed addition or alteration in such owner's apartment within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition or alteration.

#### II. DECLARATION

Paragraph Q. Restoration or replacement of any apartment or construction of any additional improvements or structural alterations or additions to any apartment different in any material respect from the Condominium File Plan of the Project shall be undertaken by an apartment owner, only pursuant to an amendment of the Declaration, duly executed by the owner and accompanied by the written consent of the holders of all liens affecting the apartment, and subject to the conditions set forth under paragraph V. herein as well as those set forth below:

1. All plans and specifications therefor shall be approved in writing by the Board, and shall comply with

applicable building and zoning codes and ordinances.

2. No apartment shall be changed so as to reduce the distance between improvements placed on each yard area to less than the distance shown on the Condominium File Plan (unless the affected owners consent) and no change to an apartment shall be made if the effect of such change would be to exceed the apartment's proportionate share of the allowable floor area or lot area coverage for the land on which the Project is located, pursuant to the then applicable zoning and building codes. The proportionate share for each apartment shall be the same as its percentage interest in the common elements.

3. All changes shall be at the sole expense of the apartment owner making such changes and shall be completed expeditiously and in a manner that will not unreasonably interfere with the other apartment owner's use of owner's apartment or yard area.

4. During construction, the apartment owner making such changes will obtain at its sole expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as additional insured and, upon the Association's request, evidence of such insurance shall be deposited with the Association or the Managing Agent, if any.

5. Promptly upon completion of such restoration, replacement or construction, the owner shall duly record or file of record such amendment together with a complete set of floor plans of the apartment as so altered, certified as built by a registered architect or professional engineer; provided, however, that notwithstanding any provision in this Declaration to the contrary, any alterations or additions within an apartment shall require the written consent thereto and the written approval of the apartment owner's plans therefor by only the holders of all liens affecting such apartment (if the lien holders require such consent and approval), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the apartment so altered. All present and future apartment owners and their mortgagees, by accepting an interest in an apartment in the Project, shall be deemed to have given each apartment owner a power of attorney to execute such an amendment to this Declaration, so that each apartment owner shall have a power of attorney from all other apartment owners to execute such an amendment. This power of attorney shall be deemed coupled with each owner's interest in his apartment and shall be irrevocable.

6. Each conveyance, lease and mortgage or other lien made or created on any apartment in the Project and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph Q.

EXHIBIT D

PARKING

The parking stalls are limited common elements or comprise part of the apartments in the Project. Each apartment has two (2) parking stalls within such apartment's carport or limited common area.

The House Rules contain specific provisions about vehicles and parking, which owners should thoroughly understand. The provisions concern requirements and restrictions on vehicle registration by residents with the Board of Directors, Managing Agent or Resident Manager, if any, washing vehicles, storage of personal items in parking stalls, and avoidance of access problems caused by vehicles. The House Rules also address particular problems such as tow-away for unauthorized parking and operation of vehicles while in the Project. Nuisances created by repairs, maintenance, noise and improper or unsafe vehicle operating conditions are prohibited. Owners will be held responsible for violations of parking rules by the lessees, renters or guests.

Parking space designations are as follows:

<u>Apartment No.</u>	<u>Designated Parking Stalls</u>
2275	*
2275A	1, 2
2275B	**
2275C	3
2275D	***
2275E	4, 5

\* Apartment 2275 contains a carport consisting of two (2) compact parking stalls with an area of 400 square feet.

\*\* Apartment 2275B contains a carport consisting of two (2) compact parking stalls with an area of approximately 410 square feet.

\*\*\* Apartment 2275D contains a carport consisting of two (2) compact parking stalls with a total area of approximately 680 square feet.

EXHIBIT E

COMPLIANCE WITH BUILDING CODE AND MUNICIPAL REGULATIONS

Paragraph V of the Declaration provides:

"The Department of Land Utilization of the City and County of Honolulu approved an existing use permit for the Project on June 14, 1990 for alterations, additions, repairs and reconstruction of existing dwelling units and accessory uses, subject to the following conditions:

1. The number of dwelling units of the Project shall not be increased;
2. All proposed improvements shall be subject to compliance with the Land Use Ordinance of the City and County of Honolulu, including, but not limited to, requirements as to yards, heights, parking, lot coverage, subdivision rules and regulations, building codes and other regulations;
3. A kitchen shall not be permitted in the maid's quarters of Apartment 2275E; and
4. For reconstruction of any of the dwelling units, the existing 12' wide access driveway shall be widened to a minimum 16' width for two-way vehicular ingress and egress to the reconstructed units, and a turnaround area shall be provided to accommodate emergency vehicles such as fire trucks.

Developer does not give any assurances that the apartments can be expanded and Developer does not give any assurances that variances are obtainable from the City and County of Honolulu for any proposed improvements.

The Project may also consist of other nonconforming uses or structures for reasons which Developer is not presently aware of. Therefore, a variance may be required to rebuild in the event of a major casualty. However, to Developer's knowledge, information and belief, except as otherwise disclosed herein, the Project is in compliance with all zoning and building ordinances and codes of the City and County of Honolulu in force at the time of its construction. To Developer's knowledge, information and belief, based upon a letter from the Department of Land Utilization of the City and County of Honolulu, the land use is conforming and the parcel is conforming."

Developer makes no representations regarding the cost required to cure any violations of the building code or municipal regulations.

EXHIBIT F

DESCRIPTION OF COMMON ELEMENTS  
AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph E of the Declaration provides:

"One freehold estate is hereby designated in all of the remaining portions of the Project (the "common elements"), which shall include the limited common elements described in paragraph F hereinbelow and all portions of the land and improvements other than the apartments, the land on which the apartments are located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements shall include, but shall not be limited to the following:

1. The land described in Exhibit "A".
2. All yards, grounds and landscaping.
3. All roads and driveways.
4. All central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all tanks, pumps, motors, fans, ducts and other apparatus and installations existing for common use.
5. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment."

II. LIMITED COMMON ELEMENTS

Paragraph F of the Declaration provides:

"Certain parts of the common elements (the "limited common elements") are hereby set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. Parking Stall Nos. 1 and 2 shall be limited common elements appurtenant to and for the exclusive use of Apartment 2275A.
2. Parking Stall No. 3 shall be a limited common element appurtenant to and for the exclusive use of Apartment 2275C.

3. Parking Stall Nos. 4 and 5 shall be limited common elements appurtenant to and for the exclusive use of Apartment 2275E.

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

5. The site of each apartment and the private yard area, as shown and delineated on Sheet No. 1 of said Condominium File Plan, which sheet is incorporated solely for purposes of delineating each of said apartments and the boundaries of the private yard areas thereof, shall be a limited common element for the exclusive use of the apartment to which it is appurtenant; provided that each such apartment owner shall be responsible for and shall bear the expense of installing and maintaining all landscaping within such limited common element area, and of repairing, restoring or reinstating any walkways, stairways, fences, walls, pavement, water lines, and other improvements located within such designated limited common element area; provided, further, that in the event of any sewer stoppage which affects any individual apartment, the owner of such apartment shall be responsible for and shall bear the expense of cleaning any sewer line which connects to any main sewer line running beneath the streets of the Project. The limited common element area appurtenant to each apartment is indicated in the boundaries designated on the Condominium File Plan. For convenience, the boundaries have been roughly outlined as follows:

- a. Apartment 2275: 
- b. Apartment 2275A: 
- c. Apartment 2275B: 
- d. Apartment 2275C: 
- e. Apartment 2275D: 
- f. Apartment 2275E: 

Notwithstanding anything herein to the contrary, all apartment owners acknowledge and understand that the total area of the private yard areas appurtenant to each of their apartments may decrease at such time when the Association of Apartment Owners widens the existing driveway of the Project to sixteen (16) feet and creates a turnaround area for emergency vehicles pursuant to the provisions of paragraph V. herein. All apartment owners fully understand the consequences of the loss of a portion of the private yard areas appurtenant to each of their apartments and agree to hold Developer harmless for the loss of such property.

Notwithstanding any provision herein or in the By-Laws to the contrary, all costs of every kind pertaining to each limited common element, including but not limited to, costs of maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner(s) of the apartment(s) to which it is appurtenant. Expenses which are attributable to more than one (1) parking stall, mailbox or yard

area shall be allocated among the affected parking stalls, mailboxes or yard areas on a per parking stall, mailbox or yard area basis. Any expense which cannot be separately identified or attributed to a limited common element shall be charged as a common expense."

EXHIBIT G

DESCRIPTION OF COMMON INTERESTS

Each apartment shall have appurtenant thereto an undivided percentage interest (the "common interest") in all common elements of the Project and in all common profits and expenses of the Project and for all other purposes including voting.

The common interest and easements shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Act; and, without limiting the provisions of Section 514A-21 of the Act, any such partition or division shall be subject to the prior written consent thereto by the holders of any first mortgage filed of record of any apartment of the Project.

Each apartment has an undivided 16.66% common interest, except for Apartment No. 2275E, which has an undivided 16.70% common interest.

EXHIBIT H

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Grant for an easement for sewer pipeline or pipelines purposes to the City and County of Honolulu dated February 1, 1949, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 2211 at Page 64.

3. Grant for an easement for drainage ditch purposes to the City and County of Honolulu dated March 22, 1965, recorded as aforesaid in Liber 5027 at Page 58.

4. Mortgage, Security Agreement and Financing Statement dated July 10, 1991, by and between Savio Development Company, Inc., a Hawaii corporation, as mortgagor, and American Savings Bank, F.S.B., a federal savings bank, as mortgagee, recorded as aforesaid as Document No. 91-103132.

5. Security Agreement and Financing Statement (Assignment of Sales Agreements and Escrow Deposits) dated July 10, 1991, by and between Savio Development Company, Inc., a Hawaii corporation, in favor of, and American Savings Bank, F.S.B., a federal savings bank, recorded as aforesaid as Document No. 91-103133.

6. Declaration of Condominium Property Regime for Palolo Valley Gardens, dated August 13, 1991, recorded as aforesaid as Document No. 91-110956. (Condominium Map No. 1544)

7. By-Laws of the Association of Apartment Owners of Palolo Valley Gardens, dated August 13, 1991, recorded as aforesaid as Document No. 91-110957.

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

EXHIBIT I

PALOLO VALLEY GARDENS  
ESTIMATED MAINTENANCE BUDGET

Insurance- Liability	\$1,047.00
Insurance- D & O	900.00
Water	848.64
Sewer	3,040.44
Refuse	0.00
Management Fee	3,744.00
Reserve	1,000.00
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	\$10,580.08 Year's Amount
	\$881.67 Monthly Amount

Project has a total of six units. Thus the Yearly Maintenance Fee (Estimated) is (\$147.00 X 6 units X 12 Months = \$10,584.00)

Monthly Maintenance Fee Estimated at \$147.00

PROFESSIONAL ISLAND MANAGEMENT, LTD., as managing agent for the Palolo condominium project, here by certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

DATED: JUNE 27, 1991

PROFESSIONAL ISLAND MANAGEMENT, LTD.

BY: *Clemente Lopez*  
Its President

EXHIBIT J

CONSTRUCTION WARRANTIES

Paragraph 9(a) of the Sales Contract, entitled "SELLER'S DISCLAIMER OF WARRANTIES" provides as follows:

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

EXHIBIT K

SUMMARY OF PERTINENT PROVISIONS  
OF SALES CONTRACT

Developer has filed a specimens sales contract with the Hawaii Real Estate commission. Among other provisions contained therein, the sales contract (hereinafter referred to as the "Agreement") contains the following pertinent provisions:

"4. SELLER'S CANCELLATION RIGHTS. In addition to any other rights of cancellation or termination reserved to Seller herein, if (a) Buyer's initial deposit check is returned for insufficient funds, (b) Buyer (or any one (1) of them if Buyer is more than one (1) person) should die prior to closing, (c) Seller is not able, using its best efforts, to complete the conversion of the Project for any reason, or (d) Seller, using its best efforts, is unable to sell at least three (3) of the apartments in the Project on or before November 1, 1991, THEN, in any such event, Seller reserves the right to instruct Escrow Agent to return Buyer's check or deposits, without interest, and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of this Agreement. Until Seller so elects to cancel this Agreement, it shall remain in full force and effect.

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

7. BUYER'S ACKNOWLEDGEMENTS.

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

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Buyer's Initials

(b) Buyer acknowledges the reservation by Seller of the right for Seller and its agents, until the sale of the last apartment, to maintain development facilities and conduct sales of apartments on and at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales; provided, however, that Seller shall not use any apartment (or the limited common elements thereof) with respect to which an apartment deed or condominium conveyance document has been recorded (other than in the name of Seller as grantee); provided, further, that in exercising such right, Seller shall not interfere with the rights of any apartment owner to the use of, or access to, such owner's apartment or any of the common elements or limited common elements appurtenant thereto.

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Buyer's Initials

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

Excerpts from said Exhibit "B" indicate that the apartments have not been maintained over an extended period of time, as indicated by unrepaired eave damage, rusting roofs, termite infestation, soil touching wood posts and walls, unrepaired rot damage, unrepaired termite damage, etc. All

apartments also have structural damage, which is common for older wooden residences which have had low maintenance efforts. Apartments 2275, 2275B, 2275C, 2275D and 2275E (maid's quarters only) have damage to the extent that some structural members are considered potentially unsafe. Repair or replacement of all damaged members is recommended by the structural engineer. The detached carport adjacent to Apartment 2275D should be strengthened or replaced. Specific problems in each apartment are listed in the structural engineer's letter attached as part of said Exhibit "B".

According to the electrical engineer, no common area security lighting or fire alarm system is provided, although some units are provided with smoke detectors. The existing electrical service is adequately sized for the present loads. However, any significant additions to the present loads, such as air conditioning units will require an upgrading of the service. The general condition of the buildings of the Project is fair to poor and they are nearly at the end of their useful life. Some minor electrical repairs are required. Specific problems in each apartment are listed in the electrical engineer's letter attached as part of said Exhibit "B".

According to the mechanical engineer, all of the plumbing fixtures are generally old and obsolete. The galvanized water piping is rusted and should be repaired or replaced. The cast iron sewer pipe is also rusted and should be replaced. Many of the electric water heaters had no T&P drain pipe or shut-off valves. The plumbing systems were generally in usable condition and functional for the intended purpose, but not without constant repair and maintenance. With proper and constant maintenance and replacement, the plumbing system could provide a minimum of 10 years of additional service. The mechanical engineer's letter is attached as part of said Exhibit "B".

According to the architect, the sidewalk and driveway curb are not of the latest standards and have cracks that may cause tripping. The non-slip finish of the driveway is not consistent. The retaining walls have slipped in some locations. Site drainage for the Project is handled by swales that may cause tripping. The walkways are uneven and have cracks that may cause tripping. Wood members may not be adequately separated from finish grade. Termite damage is visibly apparent at numerous locations including structural elements. All finishes have weathered and require maintenance and repair. The woodrot and termite damage items must be replaced. The steps for some of the apartments are not consistent in rise and thread and many handrails are wobbly and require better anchoring and are not in conformance to the most current building code.

Guardrails are not present at floor and site elevation changes. There is no night lighting of the driveway. Not all of the units have smoke detectors. Unit 2275 needs a guardrail at the mauka patio. Roof leaks are highly probably as the metal roofs are rusted and the composition roofs are worn. Replacement

material for canec ceilings will be difficult to find. There was no comparison made of the flood level of Palolo Stream and the footings of Unit 2275E.

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

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Buyer's Initials

(d) Seller agrees to deposit with Escrow Agent, before the Closing Date of the conveyance of the last apartment in the Project, the sum of FORTY-SIX THOUSAND AND NO/100 DOLLARS (\$46,000.00) as a capital improvement fund for the Association. As provided in the Declaration and the Apartment Deed, the Association is obligated to widen the existing roadway of the Project to a minimum of sixteen (16) feet for two-way vehicular ingress and egress and to create a turnaround area for emergency vehicles. The Association shall use \$40,000.00 of the \$46,000.00 for such purpose. The balance of the proceeds of the capital improvement fund shall be used by the Association only for capital improvements to the Project. In consideration of Seller's contribution of the foregoing sum, Buyer hereby releases Seller from any continuing or further obligation to the Project.

Buyer acknowledges and understands that the total area of the private yard areas appurtenant to the Apartment may decrease at such time when the Association widens the existing driveway of the Project to sixteen (16) feet and creates a turnaround area for emergency vehicles pursuant to the foregoing paragraph. Buyer fully understands the consequences of the loss of a portion of the private yard appurtenant to the Apartment and agrees to hold Seller harmless from the loss of such property.

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Buyer's Initials

(e) Buyer acknowledges that Buyer has been informed that Apartment 2275A is built on filled ground and 2275B, 2275C and 2275D may have drainage problems with respect to standing water. Buyer also acknowledges that Buyer has also been informed of the suicide in the maid's quarters, which is part of apartment 2275E.

8. APARTMENT BEING SOLD "AS IS" WITH "ALL FAULTS". The Apartments and the structures which are located at 2275, 2275A thru 2275E Palolo Avenue were constructed between 1948 and 1963. The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

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Buyer's Initials

9. SELLER'S DISCLAIMER OF WARRANTIES.

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

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Buyer's Initials

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

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Buyer's Initials

(c) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer and the Association should have the Apartment and the Project inspected to determine the extent of such contamination and any necessary remedial action. This means that Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and that Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

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Buyer's Initials

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

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Buyer's Initials

13. ACTUAL POSSESSION. Delivery of actual possession of the Apartment to Buyer under this Agreement shall be made on or after the Closing Date, subject to the right of Seller to delay Buyer's moving-in for a reasonable time to promote the orderly occupation of the Project. Buyer acknowledges that Buyer has been informed that Buyer may not receive actual possession of the Apartment until Buyer has made all the aforementioned deposits and until after Buyer has commenced to pay maintenance fees, real property taxes and monthly payments with respect to Buyer's mortgage, if any. The delivery of actual possession shall, at Seller's option, be made to apartment purchasers in the order of and according to the dates on which they executed their respective sales contracts. If Buyer fails to confirm the date of delivery of actual possession within five (5) days after notification thereof, Seller, at Seller's sole election, may assign the date for Buyer's taking actual possession to the purchaser next in order of preference.

Notwithstanding anything contained herein to the contrary, Buyer acknowledges that the Apartment may be occupied by tenants and that Seller cannot ensure that such tenants quit the Apartment on or before the Closing Date. Buyer hereby expressly releases Seller from any responsibility to evict any tenant from the Apartment.

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Buyer's Initials

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

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

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

19. DEFAULT.

(a) Time is of the essence of this Agreement, and if Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer hereunder and shall fail to cure such default within ten (10) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate this Agreement by written notice to Buyer. In the event of such default, the parties hereto

understand and agree that in view of (i) Seller's financial commitments with respect to the Project, (ii) the connection between sales, cancellation or default with respect to one (1) apartment and the sale, cancellation or default with respect to other apartments in the Project, and (iii) the nature of the real estate market in Hawaii, the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such default, the parties agree that the sums deposited by Buyer hereunder prior to such default shall belong to Seller as liquidated damages. At Seller's option, Seller may also pursue any other remedy at law or in equity for specific performance, damages or otherwise. All costs, including reasonable attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

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

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

22. SUBORDINATION. Buyer acknowledges that Seller has entered into a loan with American Savings Bank, F.S.B. (the "Lender") in the amount of ONE MILLION FOUR HUNDRED FORTY-FIVE

THOUSAND AND NO/100 DOLLARS (\$1,445,000.00) with interest at a floating interest rate per annum of ONE AND ONE-HALF PERCENT (1.5%) higher than the Bank of Hawaii Base Rate in effect from time to time during the term of the loan. To secure the loan, Seller has granted to Lender security interests covering Seller's interest in the Project land, the Project and the property covered by this Agreement. Seller has also agreed to grant to Lender, as security for said loan, Seller's interest in this Agreement. Buyer acknowledges and agrees that all security interests obtained by Lender in connection with such loan as well as any extensions, renewals and modifications thereof, shall be and remain at all times a lien or charge on the Project, including the property covered by this Agreement, prior to and superior to any and all liens or charges on the Project arising from this Agreement. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under this Agreement in favor of the lien or charge on the Project of the security interests of Lender. In confirmation of such subordination, Buyer further undertakes and agrees to execute and deliver promptly any further instrument required by Lender or its successor in interest to evidence such subordination and hereby appoints Seller as Buyer's attorney-in-fact to execute and deliver any such instrument on behalf of Buyer should Buyer refuse or fail to do so within five (5) days after request is made. Buyer consents to Seller's assignment by way of security of Seller's interests in this Agreement and Buyer's escrow deposits to Lender and agrees that in the event of passage of Seller's interests therein to Lender, Buyer shall attorn to and recognize Lender or its successor in interest as the Seller hereunder, with all of the rights of the Seller hereunder, as if Lender were the original Seller hereunder.

23. CONDITION TO BINDING EFFECT OF AGREEMENT.

(a) Anything herein to the contrary notwithstanding, this Agreement shall not be binding upon Buyer and any obligation to purchase the Apartment under this Agreement shall not be enforceable against Buyer until:

(1) A true copy of the Commission's Final Public Report on the Project has been delivered to Buyer, either personally or by certified mail with return receipt requested, together with a true copy of all other public reports on the Project, if any, issued prior to the date of such delivery and not previously delivered to Buyer (unless the Final Public Report supersedes all prior public reports or a supplementary public report has been issued which supersedes the Final Public Report and any other public reports, in which case a true copy of the Commission's supplementary public report shall be delivered instead);

(2) Buyer has been given an opportunity to read the aforementioned reports; and

(3) Two (2) copies of the form of the

receipt and notice set forth in Section 514A-62 of the Hawaii Revised Statutes, as amended, have been delivered to Buyer and Buyer (i) executes the receipt and notice, and (ii) waives Buyer's right to cancel; provided, however, that if Buyer does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the Apartment is conveyed to Buyer prior to the expiration of such thirty-day period, Buyer shall be deemed to have receipted for the reports and to have waived Buyer's right to cancel.

(b) Unless such right has previously been waived pursuant to subparagraph (a) hereinabove, Buyer shall have the right to cancel this Agreement at any time prior to the earlier of (1) the conveyance of the Apartment to Buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of said Final Public Report to Buyer, and, upon any such cancellation, shall be entitled to a prompt and full refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase up to a maximum of TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$250.00).

24. BUYER'S RECOGNITION OF PERMITTED APARTMENT USES. Buyer acknowledges that the apartments in the Project shall be used only for residential purposes and may not be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The apartments shall not be rented for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty (30) days, or (ii) any rental in which the occupants of the apartment are provided customary hotel services. The apartments shall not be sold, leased, rented or used for any "timesharing" or related or similar purpose.

Seller and all entities, persons and agents related to or affiliated with Seller, have no program at this time, nor is any program planned or contemplated, to offer a rental service of any kind to the owners of apartments, either individually or in any form of pooling arrangement, nor have any representations been made by Seller or its agents as to the feasibility of renting the apartments. Purchasers of apartments who desire to rent their apartments must therefore make their own rental arrangements. Buyer hereby acknowledges receipt of written notice that use of the apartments for time-sharing is specifically prohibited in the Project.

Neither Seller nor its agents have made any representation regarding either economic benefits to be derived from rentals or tax treatment of any purchaser of an apartment. The tax treatment and economic benefits may vary with individual circumstances and Seller, and its agents, recommend that Buyer consult Buyer's own attorney, accountant or other tax counsel for advice regarding appropriate tax treatment.

Buyer hereby acknowledges receipt of written notice that Seller has not authorized any agents, salesmen or brokers

for the Project to make any representations as to rentals of an apartment, income from an apartment or any other economic benefit to be derived from the rental of an apartment in said Project, and if any such representations are made, they are hereby expressly disclaimed by Seller.

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Buyer's Initials

25. OWNER-OCCUPANT BUYER ON RESERVATION LIST. If, in accordance with Section 514A-104 of the Hawaii Revised Statutes, as amended, Buyer has executed an affidavit of intent to become an owner-occupant of the Apartment and has deposited ONE HUNDRED AND NO/100 DOLLARS (\$100.00) or other acceptable consideration with Seller to permit Buyer to be put on a reservation list compiled by Seller's broker, the following provisions shall be incorporated into this Agreement:

(a) Notwithstanding anything contained herein to the contrary, this Agreement shall be conditioned upon Buyer obtaining adequate financing, or a commitment for adequate financing, within forty-five (45) calendar days following the end of the ten (10) calendar day period during which Seller is limited to selling to owner-occupants, and if such financing or commitment is not obtained, this Agreement shall be cancelled.

(b) If during the ten (10) calendar day period following the issuance of the first public report for the Project by the Commission, Buyer indicates by written notice to Seller that Buyer desires to cancel this Agreement on account of hardship circumstances such as serious illness of Buyer or a member of Buyer's family, job or military transfer, unforeseeable change in marital status, or the birth of a child, which causes Buyer to be unable to occupy the Apartment, or if Buyer indicates an intent not to become an owner-occupant of such Apartment, Seller shall cancel this Agreement.

(c) Upon the cancellation of this Agreement as provided in this paragraph 25, Seller shall cause Escrow Agent to refund to Buyer all monies paid without interest, less any escrow cancellation fee and other costs incurred by Seller in processing this Agreement; provided, however, that the cancellation shall be approved by any lender financing the Project.

27. AGENCY DISCLOSURE. Savio Realty, Ltd. (the "Broker") and all licensees employed by or associated with Broker represent Seller. Buyer acknowledges that oral or written disclosure of such representation was provided to Buyer prior to

the execution hereof. In the event that Buyer is represented by a cooperating broker or salesperson, Buyer agrees and acknowledges that Broker is not an agent or sub-agent of Buyer's cooperating broker or salesperson.

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Buyer's Initials"

EXHIBIT L

SUMMARY OF PERTINENT PROVISIONS  
OF ESCROW AGREEMENT

Among other provisions, the Condominium Escrow Agreement dated June 10, 1991, by and between Title Guaranty Escrow Services, Inc., as Escrow, and Developer, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

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

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

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

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

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within forty-five (45) calendar days following the end of the ten (10) calendar day period during which the Developer is limited to selling to owner-occupants; or

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

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

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

PALOLO VALLEY GARDENS CONDOMINIUM PROJECT  
REGISTRATION NO. 2509  
DISCLOSURE ABSTRACT AS OF August 28, 1991

1. Name and Address of Project:

Palolo Valley Gardens  
2275, 2275A thru 2275E Palolo Avenue  
Honolulu, Hawaii 96816

2. Name, Address and Telephone Number of Developer:

Savio Development Co., Inc.  
931 University Avenue, Suite 202  
Honolulu, Hawaii 96826  
(808) 942-7701

3. Name, Address and Telephone Number of Managing Agent of Project:

Professional Island Management, Ltd.  
560 North Nimitz Highway  
Suite 120  
Honolulu, Hawaii 96817  
(808) 526-3020

4. Maintenance Fees: The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein.

Notwithstanding the foregoing, each apartment owner shall not be obligated for the payment of such apartment owner's monthly maintenance fees until the Developer files an amended Disclosure Abstract with the Hawaii Real Estate Commission providing for a specific date on which such apartment owner must commence payment of such apartment owner's respective monthly maintenance fees, which amended Disclosure Abstract shall be filed with the Hawaii Real Estate Commission at least thirty (30) days prior to the date on which each apartment owner must assume

responsibility for payment of such apartment owner's respective monthly maintenance fees. Developer will furnish each apartment owner with a copy of such amended Disclosure Abstract.

5. Warranties: The Project consists of six (6) apartments consisting of one and two-story single family residences. Two (2) of the apartments have basements. The apartments were constructed between 1948 and 1963. The Project, the apartments and anything installed or contained therein are being sold on an "AS IS" with "ALL FAULTS" basis, without any warranties whatsoever, express or implied. Paragraphs 8 and 9 of the Deposit Receipt and Sales Contract used in connection with the Project provide as follows:

"8. Apartment Being Sold "AS IS" With "ALL FAULTS". The Apartments and the structures which are located at 2275, 2275A thru 2275E Palolo Avenue were constructed between 1948 and 1963. The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

9. Seller's Disclaimer of Warranties.

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

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

(c) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer and the Association should have the Apartment and the Project inspected to determine the extent of such contamination and any necessary remedial action. This means that Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and that Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered."

6. Number of Apartments. The Project includes six (6) residential apartments. Each apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the apartment owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period

less than thirty (30) days; or (ii) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing restrictions, the apartment owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws.

7. Extent of Non-Residential Development. The Declaration of Condominium Property Regime for the Project does not authorize commercial or non-residential use in the Project of any of the apartments.

8. Existing Structures. The present condition of the structural components and mechanical and electrical installations material to the use and enjoyment of the Project are described in letters from a structural engineer, electrical engineer, mechanical engineer and architect attached hereto as Exhibit "B". As required by law, Developer has asked the engineers and the architect to give opinions about the condition of the Project. However, Developer does not represent or warrant that the letters are correct or complete. The letters should not be relied upon as the opinion of Developer. No representations are made by Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the Project.

Excerpts from Exhibit "B" indicate that the apartments have not been maintained over an extended period of time, as indicated by unrepaired eave damage, rusting roofs, termite infestation, soil touching wood posts and walls, unrepaired rot damage, unrepaired termite damage, etc. All apartments also have structural damage, which is common for older wood residences which have had low maintenance efforts. Apartments 2275, 2275B, 2275C, 2275D and 2275E (maid's quarters only) have damage to the extent that some structural members are considered potentially

unsafe. Repair or replacement of all damaged members is recommended by the structural engineer. The detached carport adjacent to Apartment 2275D should be strengthened or replaced. Specific problems in each apartment are listed in the structural engineer's letter included in Exhibit "B".

According to the electrical engineer, no common area security lighting or fire alarm system is provided; although some apartments are provided with smoke detectors. The existing electrical service is adequately sized for the present loads. However, any significant additions to the present loads, such as air conditioning units will require an upgrading of the electrical service. The general condition of the buildings is fair to poor and they are nearly at the end of their useful life. Some minor electrical repairs are required. Specific problems in each apartment are listed in the electrical engineer's letter included in Exhibit "B".

According to the mechanical engineer, all of the plumbing fixtures are generally old and obsolete. The galvanized water piping is rusted and should be repaired or replaced. The cast iron sewer pipe is also rusted and should be replaced. Many of the electric water heaters had no T&P drain pipe or shut-off valves. The plumbing systems were generally in usable condition and functional for the intended purpose, but not without constant repair and maintenance. With proper and constant maintenance and replacement, the plumbing system could provide a minimum of 10 years of additional service. The mechanical engineer's letter is included in Exhibit "B".

According to the architect, the sidewalk and driveway curb are not of latest standards and have cracks that may cause tripping. The non-slip finish of the driveway is not consistent. The retaining walls have slipped in some locations. Site drainage for the Project is handled by swales that may cause tripping. The walkways are uneven and have cracks that may cause tripping. Wood members may not be adequately separated from finish grade. Termite damage is visibly apparent at numerous locations including structural elements. All finishes have weathered and require maintenance and repair. The woodrot and termite damaged items must be replaced. The steps for some of the apartments are not consistent in rise and thread and many handrails are wobbly and require better anchoring and are not in conformance to the most current building code.

Guardrails are not present at floor and site elevation changes. There is no night lighting of the driveway. Not all of the apartments have smoke detectors. Apartment 2275 needs a guardrail at the mauka patio. Roof leaks are highly probably as the metal roofs are rusted and the composition roofs are worn. Replacement material for canec ceilings will be difficult to

find. There was no comparison made of the flood level of Palolo Stream and the footings of Apartment 2275E.

The information set forth in this paragraph 8 is only a summary of the specific data and recommendations made by the engineers and the architect in Exhibit "B" and is not intended, nor should it be construed by its incorporation herein, to be a representation or warranty of Developer or more important than any other data or recommendation contained in Exhibit "B" and not contained herein. Because the Project is being sold by Developer in "AS IS" condition with "ALL FAULTS", each buyer should carefully review Exhibit "B" in its entirety. Furthermore, each buyer should have the Project and the apartment buyer desires to purchase inspected by buyer or buyer's own experts to buyer's complete satisfaction.

9. Notices. Developer is aware of no outstanding notices of uncured violations of building code or other municipal regulations.

10. Nonconforming Structure; Conforming Land Use and Parcel. The Department of Land Utilization of the City and County of Honolulu approved an existing use permit for the Project on June 14, 1990 (a copy of the letter is included in Exhibit "B") for alterations, additions, repairs and reconstruction of existing dwelling units and accessory uses, subject to the following conditions:

(a) The number of dwelling apartments of the Project shall not be increased;

(b) All proposed improvements shall be subject to compliance with the Land Use Ordinance of the City and County of Honolulu, including, but not limited to, requirements as to yards, heights, parking, lot coverage, subdivision rules and regulations, building codes and other regulations;

(c) A kitchen shall not be permitted in the maid's quarters of apartment 2275E; and

(d) For reconstruction of any of the dwelling apartments, the existing 12' wide access driveway shall be widened to a minimum 16' width for two-way vehicular ingress and egress to the reconstructed apartments, and a turnaround area shall be provided to accommodate emergency vehicles such as fire trucks.

Developer does not give any assurances that the apartments can be expanded and Developer does not give any assurances that variances are obtainable from the City and County of Honolulu for any proposed improvements.

The Project may also consist of other nonconforming uses or structures for reasons which Developer is not presently aware of. Therefore, a variance may be required to rebuild in the event of a major casualty. However, to Developer's knowledge, information and belief, except as otherwise disclosed herein, the Project is in compliance with all zoning and building ordinances and codes of the City and County of Honolulu in force at the time of its construction. To Developer's knowledge, information and belief, based upon a letter from the Department of Land Utilization of the City and County of Honolulu attached as part of Exhibit "B", the land use is conforming and the parcel is conforming.

11. Handicap Accessibility. None of the apartments are handicap accessible.

12. Other Disclosures. To the Developer's knowledge, apartment 2275A is built on filled ground and apartments 2275B, 2275C and 2275D may have drainage problems with respect to standing water.

With respect to the maid's quarters which is part of apartment 2275E, Developer was informed that there was a suicide in the maid's quarters approximately five (5) years ago in 1986.

Dated: \_\_\_\_\_, Hawaii, \_\_\_\_\_, 19\_\_.

SAVIO DEVELOPMENT CO., INC.,  
a Hawaii corporation

By  \_\_\_\_\_

Its President

Developer

EXHIBIT "A"

PALOLO VALLEY GARDENS  
ESTIMATED MAINTENANCE BUDGET

Insurance- Liability	\$1,047.00
Insurance- D & O	900.00
Water	848.64
Sewer	3,040.44
Refuse	0.00
Management Fee	3,744.00
Reserve	1,000.00
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	\$10,580.08 Year's Amount
	\$881.67 Monthly Amount

Project has a total of six units. Thus the Yearly Maintenance Fee (Estimated) is (\$147.00 X 6 units X 12 Months = \$10,584.00)

Monthly Maintenance Fee Estimated at \$147.00

PROFESSIONAL ISLAND MANAGEMENT, LTD., as managing agent for the Palolo condominium project, here by certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

DATED: JUNE 27, 1991

PROFESSIONAL ISLAND MANAGEMENT, LTD.

BY: \_\_\_\_\_

*Clarence B. Boush*  
Its President

EXHIBIT "B"

# MARTIN & BRAVO, INC.

CONSULTING STRUCTURAL ENGINEERS

Pacific Tower, Suite 2660  
1001 Bishop Street  
HONOLULU, Hawaii 96813  
(808) 521-4513

PO Box 6142  
KAMUELA, Hawaii 96743  
(808) 885-5811

John C. Bravo, S.E.  
John A. Martin, S.E.  
Fred L. Rynders  
Gary Y.K. Chock, S.E.  
Norman K. Nagamine, S.E.  
Clayton J. Hayes, S.E.  
Afaq Sarwar, S.E.  
Brian M. Ide, S.E.

August 20, 1991

Savio Development Co., Inc.  
931 University Avenue, Suite 202  
Honolulu, Hawaii 96826

Attention: Peter Savio

Subject: STRUCTURAL INSPECTION FOR APARTMENTS AT  
PALOLO VALLEY GARDENS  
2275 PALOLO AVENUE  
HONOLULU, HAWAII 96816

Dear Peter:

Cursory structural inspections for the 6 apartments were performed on January 16, 1991. The address of each unit was: 2275, 2275 A, 2275 B, 2275 C, 2275 D, and 2275 E. Our inspection included visual observations of the interior and exterior of each unit, except for the interior of Unit 2275 A only. The levelness of the floors was checked for each unit (at least one location) where access to the interior was available. No other tests or calculations were performed. No comments are made on non-structural items such as site drainage, architecture, mechanical or electrical items.

This project consists of 4-one story and 2-two story single family units and a free standing maids quarters belonging to 2275 E. Units 2275 and 2275 C have carports connected to the units, while Unit 2275 D has a detached carport and 2275 B has a detached carport/storage building. The other units have no carports. A one story storage shed is located east of Unit 2275 B. All units have floor areas of less than 900 square feet except Unit 2275 E, which has 1140 square feet. The structures were constructed between 1948 and 1963.

The structures have post and beam floors and roofs with single wall wood framing. The wood posts below the floors are supported on blocks of concrete, often referred to as "tofu blocks". The one story shed was constructed using steel columns, wood walls, and a wood roof, and has no crawl space.

Our observation and comments are as follows:

<u>No.</u>	<u>Location</u>	<u>Observation and Comment</u>
1.	All units except for 2275	1.1 Termite damage observed on posts, walls, stairs, and floors.
2.	All units	2.1 Soil is in contact with the posts or wall. This condition makes the structure very susceptible to termite entry.
3.	Unit 2275	3.1 Wood rot observed at eave in front of living room and kitchen.  3.2 The entry sidewalk to the front door appears to have cracked and shifted leaving an uneven and potentially unsafe walking surface.  3.3 The Northeast bedroom floor slopes to the west 1/4" in two feet. The kitchen slopes to the east 1/8" in two feet.  3.4 A wood post in the crawl space appears to have been replaced. It is possible that the floor in this area had settled unevenly before or during this post replacement.
4.	Unit 2275 A	4.1 The corrugated metal roof has rust.  4.2 The 7' high rock retaining wall to the south has two cracks, up to 1/2" wide at the top of the walls. This is probably due to differential settlement of the wall.
5.	Unit 2275 B	5.1 The southwest corner post has extensive termite damage. A 2" gap occurs between the bottom of the post and the concrete footing. This is potentially an unsafe condition.  5.2 Shims 1/2" high were observed between the posts and concrete footing below the front stairs. This may indicate differential settlement.

<u>No.</u>	<u>Location</u>	<u>Observation and Comment</u>
6.	Unit 2275B storage shed.	6.1 Eave on north side appears to have damage from either bees or termites.
7.	Unit 2275 C	7.1 The corner of a concrete post base at the carport has spalled, exposing the metal tie down. This tie down has rust. This may be an unsafe condition.  7.2 The post supporting the kitchen door step has been damaged by termite and/or rot to the extent that less than half of the post cross section at the base remains. This is an unsafe condition.  7.3 Eaves at the kitchen & living room have damage from bees.  7.4 The living room floor slopes to the south 1/2" in 2 feet.  7.5 The post supporting the south corner of the living room has been eaten away by termites. A 1" gap occurs between the post bottom and the concrete footing. This is probably the cause for the living room floor sloping. This is potentially an unsafe condition.  7.6 The front stair railing appears shaky. This is potentially an unsafe condition.
8.	Unit 2275 D	8.1 At the northeast corner, the post appears to have been extended 4" and a second concrete block 4" high was placed below the post. This might indicate that the ground level had settled 8" here.  8.2 In the unfinished ground level space, a sill plate below the wall in the center of the room appears to have severe rot. This is potentially an unsafe condition.

<u>No.</u>	<u>Location</u>	<u>Observation and Comment</u>
		8.3 The railing for the front stairs appears to shaky. This is potentially an unsafe condition.
		8.4 The main beams for the carport appear to be sagging. All structural members (beams, joists, walls) appear deficient. This is potentially an unsafe condition.
9.	Unit 2275 E	9.1 Maid's Quarters: All wood posts bear on metal termite shields. There is no connection to resist lateral forces and to connect the structure to the foundation. The local building department allows the practice of placing termite shields between the foundation blocks and the wood post, however, structural engineering calculations would generally indicate a need for a positive connection to resist code specified wind forces.
		9.2 Maid's Quarters: The northeast corner eave has bee damage or rot.
		9.3 Main Building: At the northeast corner, there appears to be wood rot and termite damage on the horizontal slats at the crawl space.
		9.4 Main Building: The eaves at the kitchen have bee damage or wood rot.
		9.5 Main Building: The metal roof has rust on it.

In general, all structures on this project did not appear to have had maintenance and upkeep over an extended period of time. This is indicated by the unrepaired eave damage, rusting roofs, termite infestation and soil touching wood posts and walls, unrepaired rot damage, unrepaired termite damage, etc. All structures also have structural damage, which is common for older wood residences which have had low maintenance efforts. Units 2275, 2275 B, 2275 C, 2275 D, and 2275 E (Maid's Quarters Only) have damage to the extent that some observed structural members are considered potentially unsafe. We recommend that all damaged members be repaired or replaced. The detached carport adjacent to Unit 2275 D, should be strengthened

Savio Development Co., Inc.  
August 20, 1991  
Page 5

or replaced. After these repairs are made, the structures would appear to conform with the structural aspects of the building code.

If you have any comments or questions regarding this report, please feel free to call.

Very truly yours,

MARTIN & BRAVO, INC.

*Norman Nagamine*

Norman Nagamine, S.E.

NN:dm

Savio Development Co., Inc.  
931 University Avenue, Suite 202  
Honolulu, Hawaii 96826

Project: PALOLO VALLEY GARDENS  
2275 Palolo Avenue  
Honolulu, Hawaii

\*\*\*\*\*  
MECHANICAL OBSERVATION REPORT  
\*\*\*\*\*

A cursory site observation for each of the apartments for the above project was conducted on January 16, 1991 specifically for the mechanical plumbing systems as requested. The following observations and comments are offered:

This complex consists of six apartments built approximately from 1948 to 1963 on a 33,674 sq.ft parcel of land. The apartments are typically built of wood frame and elevated on post on a steeply sloped lot. Only apartment 2275E had a maid's quarters which had similar plumbing to the rest of the apartments.

A typical apartment unit plumbing system generally consists of a single compartment stainless steel kitchen sink, lavatory, water closet, tub/shower or shower, clothes washer drain pipe or laundry tray, and electric water heater. Apartment D had no laundry tray or clothes washer drain box.

The water piping was typically galvanized steel and sewer piping was generally cast iron. Plumbing fixtures were generally old and obsolete unless replaced with new. The galvanized water piping was generally rusted and will be needing a lot of replacements/repairs. The cast iron sewer pipe generally is rusted and will be requiring replacements. Some repairs to the sewer pipe was noted to be made of ABS plastic pipes.

Many electric water heaters had no T&P drain pipe or shut-off valves. Water heaters were generally 30 gallon size.

The plumbing systems observed were in usable condition and functional for the intended purpose but not without constant repair and maintenance. Overall the mechanical system maintenance for these buildings have been fair but due to its age and normal use, higher maintenance and replacements should be anticipated. Some of these homes are reaching its economic building life. With proper and constant maintenance and replacements these plumbing systems could provide a minimum of at least 10 years more of service.

Submitted by: George Y. Motonaga, P.E.  
LANGE MOTONAGA, INC., Consulting Mechanical Engineers

RS Engineering  
1210 Queen Street, Suite 14  
Honolulu, Hawaii 96814  
April 25, 1991

Savio Development Company, Inc.  
931 University Ave., Suite 202  
Honolulu, Hawaii 96826

Attn: Mr. Peter Savio

Subject: Palolo Valley Gardens  
2275 Palolo Avenue  
Honolulu, Hawaii 96816

Gentlemen:

On Wednesday, January 16, 1991, a cursory inspection was performed on the subject property to evaluate the condition of its electrical system.

The property consists of 6 apartment units. Other items included are an access road, parking areas and lawn areas.

There are one 2-bedroom unit, three 3-bedroom units, one 4-bedroom unit and one 3-bedroom unit with a 2-bedroom maid's quarters.

#### POWER SYSTEMS

The building units are fed by overhead power lines. The power poles and lines appear to be in good condition.

#### TELEPHONE/TV SYSTEM

The telephone and TV services are fed to the units by cables mounted on the power poles.

#### SECURITY LIGHTING

No common area security lighting is provided.

## FIRE ALARM SYSTEM

No common area fire alarm system is provided. Some units are provided with smoke detectors as described below.

## BUILDING UNITS

None of the units were similar to another, although some common features were noted. The common features will first be described, followed by descriptions of the individual units.

In all units, there were no GFI electrical outlets in the bathrooms. Also there was an insufficient number of outlets on the counters next to the kitchen sinks and were not GFI when they were provided.

All units have a range, refrigerator and water heater as electrical loads. Each bedroom, the kitchen and the living room all have overhead lights with the required switches.

All units had telephone and cable TV service to them.

### 2275 Palolo Avenue

The panelboard is located in the basement of the unit and appears to be in fair condition. The wiring is generally in fair condition.

The number of existing outlets is inadequate to meet current standards. Each bedroom requires two additional outlets.

No smoke detector was observed in the unit.

### 2275 A Palolo Avenue

The meter/panelboard is located on the exterior of the building. The panelboard includes three 1P20A circuit breakers, one 2P60A circuit breaker and one 2P40A circuit breaker. The wiring is in fair condition.

The number of existing outlets is inadequate to meet current standards. Two of the bedrooms require an additional outlet and the other requires two additional outlets. The living room requires an additional outlet.

There is a washer on the exterior of the unit.

A smoke detector is located in the hallway common to the bedrooms.

2275 B Palolo Avenue

The panelboard is located on the exterior of the building, next to the meter, and is in fair condition. The wiring is in fair condition although the insulation is brittle in parts and needs to be replaced.

Both bedrooms need two additional outlets to meet current code standards.

No smoke detector was found in this unit.

There is an adjacent garage which receives its electrical power from this unit. The wiring in the garage does not meet current code requirements.

2275 C Palolo Avenue

The meter and panelboard are located on the building exterior in the adjacent carport and appear to be in fair condition. The panelboard has 8 circuits with four 1P20A, one 2P40 A and one 2P60A circuit breakers. The wiring is in fair condition but the insulation is brittle in parts and needs to be replaced.

One bedroom needs two additional outlets and the living room and other bedroom needs an additional outlet each.

A smoke detector is located in the hallway adjacent to the bedrooms.

2275 D Palolo Avenue

The panelboard is located in the basement of the unit on an exterior wall and is opposite the meter, located on the outside of the building. The 8-circuit panelboard is in poor condition and has three 1P20A, one 1P15A and two 2P20A circuit breakers. The wiring is in poor condition and needs to be replaced.

Each bedroom needs two outlets to meet current standards.

No smoke detector was found in this unit.

2275 E Palolo Avenue

This unit consists of a three bedroom unit and a two bedroom maid's quarters.

A. Main Unit:

The panelboard is located in a closet in the kitchen. The meter is located on the outside, opposite the panelboard. Both appear in fair condition.

To meet current codes, the living room requires two additional outlets and each bedroom requires an additional outlet.

No smoke detector was found in this unit.

B. Maid's Quarters:

The panelboard is located below the meter and is in fair condition. The building wiring is also in fair condition.

The 8-circuit panelboard has four 1P20A, one 2P30A and one 2P50A circuit breakers. In addition, a tap on the service side of the panel feeds a 2P30A enclosed circuit breaker which in turn feeds a weather-proof outlet for a dryer. At the time of the inspection, there was no dryer at the building.

An outlet adjacent to the dryer outlet does not have a cover as required by code. This should be repaired or replaced.

To meet current codes, each bedroom requires two additional outlets. The living room requires an additional outlet.

No smoke detector was found in the unit.

#### CONCLUSIONS

The existing electrical service is adequately sized for the present loads. Any significant additions to the present loads such as air conditioning units will require an upgrading of the service.

The general condition of the buildings is fair to poor and they are nearly at the end of their useful life. No estimate of useful life can be made for these buildings.

The project complies with electrical codes in effect at the time of its installation. Some minor electrical repairs are required.

Very truly yours,

  
Samuel S. Matsuo

**3329 Sierra Drive  
Honolulu, Hawaii 96816  
phone 7374448**

May 3, 1991

Peter Savio  
Savio Development Co., Ltd.  
931 University Avenue, Suite 202  
Honolulu, Hawaii 96826

Subject: Palolo Valley Gardens, 2275 Palolo Avenue

Dear Peter:

A Site Observation visit was made to Palolo Valley Gardens, 2275 Palolo Avenue, TMK:3-4-05:16, on January 16, 1991. The units were found to be of typical residential construction found in the neighborhood, and suitable for the intended use as single family dwellings. The structures were not tested by laboratory investigations and the findings are visual surface observations only. The structures do not meet current Building Code and Zoning requirements.

The following tests were not performed:

- a. Hazardous wastes, asbestos and other toxic substances.
- b. Site soil conditions and settlement.
- c. Site drainage flows and flood problems.
- d. Termite infestation and damage.
- e. Structural rigidity and design.
- f. Plumbing condition and design.
- g. Electrical condition and design.

The following observations were made:

- a. The sidewalk and driveway curb are not of latest standards and have cracks that may cause tripping.
- b. The non-slip finish of the driveway is not consistent.
- c. The retaining walls have slipped at some locations.
- d. Site drainage is handled by swales that may cause tripping.
- e. Walkways are uneven and have cracks that may cause tripping.
- f. Wood members may not be adequately separated from finish grade.
- g. Termite damage are visibly apparent at numerous locations including structural elements.
- h. All finishes have weathered (to be expected) and require maintenance and repair. Woodrot and termite damage items must be replaced.
- i. Steps are not consistent in rise and thread and handrails are not in conformance to the latest Building Code.
- j. Many handrails are wobbly and require better anchoring.

**ERNEST M. UMEMOTO AIA**

Architecture / Interior Design / Space Planning / Planning / Graphics

 **Architect**

Peter Savio  
Palolo Valley Gardens  
May 3, 1991  
Page 2 of 2

- k. Guardrails are not present at floor and site elevation changes.
- l. There is no night lighting of the driveway.
- m. Smoke detectors are not provided in the units.
- n. Unit 2275 (closest to Palolo Avenue) needs a guardrail at mauka patio.
- o. Metal roofs rusted and composition roofs worn, making leaks highly probable.
- p. Use of canec ceiling will find lack of replacement material in today's marketplace.
- q. The flood level of Palolo Stream was not compared to the footings of Unit 2275E. This is a very important structural matter.

Very truly yours,

  
Ernest M. Umemoto, AIA  
Architect

cc: Randy Brooks, Attorney-At-Law

**3329 Sierra Drive  
Honolulu, Hawaii 96816  
phone 7374448**

June 6, 1991

Randy Brooks  
Foley, Maehara, Judge, Nip & Cheng  
737 Bishop Street, Suite 2700  
Honolulu, Hawaii 96813

Subject: Palolo Valley Gardens

Dear Randy:

The Honolulu Fire Dept. requires a 20ft. fire access lane with a hammerhead turn-around of R=35ft.

The City Dept. of Transportation Services has no details for sub-standard roads -- the smallest standard road being 24ft. wide. On such a road the City requires a turnaround radius of R=23ft. or T-type turnaround with curb distance of 24ft. on both sides of the T and a back-up space of 64ft. perpendicular to the road.

We are showing a 16ft. wide common-area roadway with a T of smaller depth and radius and uphill slope.

Very truly yours,

  
Ernest M. Umemoto, AIA

copy: Peter Savio

**ERNEST M. UMEMOTO AIA**

Architecture / Interior Design / Space Planning / Planning / Graphics

 **Architect**

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

Ex90-146

December 17, 1990

Mr. Peter Savio, President  
Savio Development Co., Inc.  
931 University Avenue, Suite 202  
Honolulu, Hawaii 96826

Dear Mr. Savio:

Subject: Condominium Conversion Project  
2275 Palolo Avenue  
Tax Map Key: 3-4-05: 16

This is in response to your letter dated September 21, 1990 requesting confirmation that the dwellings located at 2275 Palolo Avenue met all code requirements at the time of construction.

Investigation revealed that the six single-family detached dwellings and one maid's quarters with off-street parking for at least three cars met all code requirements when they were constructed prior to 1963.

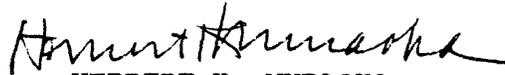
However, inspection revealed that an illegal kitchen was added to the maid's quarters, converting it to a single-family dwelling. Only six single-family dwellings are allowed on this R-5-zoned lot with the maid's quarters being utilized only as an accessory structure.

An existing use permit (90-EU-4(BN)) was approved on June 14, 1990 for alterations, additions, repairs and reconstruction of the existing dwelling units and accessory uses, provided that the number of dwelling units (6) on the subject property shall not be increased. No other variances or special permits were granted to allow deviations from any applicable codes.

Mr. Peter Savio  
December 17, 1990  
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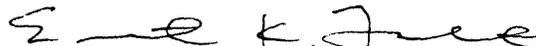
If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at telephone number 527-6341.

Very truly yours,



HERBERT K. MURAOKA  
Director and Building  
Superintendent

Subscribed and sworn to  
before me this 18th day of  
December, 1990.

---

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

DEPARTMENT OF LAND UTILIZATION  
**CITY AND COUNTY OF HONOLULU**

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

FRANK F. FASI  
MAYOR



DONALD A. CLEGG  
DIRECTOR

LORETTA K. CHEE  
DEPUTY DIRECTOR

90/EU-4(BN)

June 14, 1990

Ms. Hazel Twelker  
2275-F Palolo Avenue  
Honolulu, Hawaii 96813

Dear Ms. Twelker:

Subject: Section 3.130 Existing Use (LUO)  
Project Name: Twelker Residences  
Location: 2275 Palolo Avenue  
Tax Map Key: 3-4-05: 16  
Owner: Hazel Twelker

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 DLU time stamped March 22, 1990, 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 (6) on the subject property shall not be increased;
3. Existing Unit 2275-E previously constructed as an accessory maid's quarters is a nonconforming use and shall comply with Section 3.120C of the Land Use Ordinance, and a kitchen shall not be permitted in this maid's quarters.

Ms. Hazel Twelker  
Page 2

4. For reconstruction of any of the dwelling units, the existing 12' wide access driveway shall be widened to a minimum 16' width for 2-way vehicular ingress and egress to the reconstructed units, and a turnaround area shall be provided to accommodate emergency vehicles such as fire trucks.
5. 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 Bruce Nagao of our staff at 527-5354.

Very truly yours,



DONALD A. CLEGG  
Director of Land Utilization

DAC:ra  
0002M

cc: Building Department