



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.

[X] Changes made are as follows:

The Declaration of Condominium Property Regime and the By-Laws have been recorded in the Bureau of Conveyances of the State of Hawaii as Document Nos. 92-03345 and 92-03346, respectively.

In the Declaration of Condominium Property Regime the Developer and the Fee Owner have reserved unto themselves and their respective successors and assigns, the right, notwithstanding the sale or conveyance of any apartment and without the joinder or consent or approval of any other owner of any apartment in the Property, to consolidate all or any two or more adjoining apartments into one or more apartments in Declarant's sole discretion, and if two or more adjoining apartments are consolidated, to remove or not install any common or party wall between such apartments; provided that the percentage common interest of the consolidated apartments shall be the sum of the percentage common interest of the individual apartments before they were consolidated.

\*\*\*\*\*  
\*  
\* SPECIAL ATTENTION:  
\*  
\* 1. Warranties. The Developer makes no warranties, expressed or implied,  
\* with respect to the apartment, the Property or consumer products or other  
\* things installed or contained in the apartment, the Property or the project  
\* including, but not limited to, warranties of merchantability, habitability,  
\* workmanlike construction or fitness for a particular use. (See Exhibit H)  
\*  
\* 2. Sales Contract Provides for Possible Price Increase. The purchase price  
\* may be increased due to unexpected events such as delays due to  
\* governmental actions or strike or labor disturbance, but the Buyer is given  
\* fifteen (15) days to affirm the price increase or terminate the Sales  
\* Contract and receive a refund of all sums paid toward the purchase price.  
\*  
\* 3. Apartment Definition. The words "apartment" or "condominium  
\* apartment", except where the context definitely prescribes another  
\* interpretation, are used interchangeably herein and shall have the same  
\* meaning as "apartment" in Chapter 514A, Hawaii Revised Statutes.  
\*  
\* The prospective purchaser is cautioned to carefully review the documents with  
\* regard to the information on the foregoing.  
\*  
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## TABLE OF CONTENTS

	page
Report Purpose .....	1
Type of Report .....	1
Summary of Changes from Earlier Public Reports .....	2
Table of Contents .....	3
General Information on Condominiums .....	4
Summary of the Condominium Project .....	5
I. PEOPLE CONNECTED WITH THE PROJECT .....	6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration .....	7
B. Condominium Map (File Plan) .....	7
C. Bylaws .....	7
D. House Rules .....	8
E. Changes to Condominium Documents .....	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer .....	9
B. Underlying Land .....	10
C. Buildings and Other Improvements .....	10
D. Common Elements, Limited Common Elements, Common Interest .....	14
E. Encumbrances Against Title .....	15
F. Management of the Common Elements .....	15
G. Maintenance Fees .....	16
H. Utility Charges .....	16
I. Construction Warranties .....	16
J. Status of Construction .....	17
K. Project Phases .....	17
L. Sales Documents Filed with the Real Estate Commission .....	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE .....	18
Buyer's Right to Cancel Sales Contract .....	19
Signature of Real Estate Commission Chairman .....	20
EXHIBIT A: Apartment Types and Descriptions	
EXHIBIT B: Lease Rent Schedule	
EXHIBIT C: Description of Building	
EXHIBIT D: Common Elements	
EXHIBIT E: Limited Common Elements	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Schedule of Maintenance Fees and Maintenance Fee Disbursements	
EXHIBIT H: Construction Warranties	
EXHIBIT I: Summary of Pertinent Provisions of Sales Contract	
EXHIBIT J: Summary of Pertinent Provisions of Escrow Agreement	

## GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

### **Operation of the Condominium Project**

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

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

## SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

**Types of Project:**

1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
2.  Residential  Commercial  Ohana  
 Mixed Residential and Commercial  Agricultural  
 Other \_\_\_\_\_
3.  High Rise (5 stories or more)  Low Rise
4.  Single or  Multiple Buildings
5. Apartment Description See attached Exhibit A.

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
A	1	1/2 bath	2,655	---
B	1	1/2 bath	2,348	---
C, CR	2	1/2 bath	2,424	---
D	1	1/2 bath	1,818	---
E	1	1/2 bath	3,022	---
F	1	1/2 bath	4,477	---
G	1	1/2 bath	5,767	---
<b>Total Apartments:</b> <u>8</u>				

*\*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)	16
Guest Stalls	1
Unassigned Stalls	---
Extra Stalls Available for Purchase	2
Other: _____	---
<b>Total Parking Stalls</b>	<u>19</u>

7. Recreational amenities:

None.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Hi Ho Silva Partners Phone: 671-6460  
Name (Business)  
94-535 Ukee Street  
Business Address  
Waipahu, Hawaii 96797

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

Bert A. Kobayashi, General Partner      James H. Kobayashi, General Partner  
Ronald H. Kobayashi, General Partner      Melvyn T. Iwaki, General Partner

Real Estate Broker: Kauwe and Associates, Inc. Phone: 839-1945  
Name (Business)  
2828 Paa Street, Suite 1100  
Business Address  
Honolulu, Hawaii 96819

Escrow: Long & Melone Escrow, Ltd. Phone: 531-3189  
Name (Business)  
810 Richards Street, Suite 644  
Business Address  
Honolulu, Hawaii 96813

General Contractor: Albert C. Kobayashi, Inc. Phone: 671-6460  
Name (Business)  
94-535 Ukee Street  
Business Address  
Waipahu, Hawaii 96797

Condominium Managing Agent: Howard Nikaido, dba HN Management Services\* Phone: 836-1590  
Name (Business)  
2850 Paa Street, Suite 219  
Business Address  
Honolulu, Hawaii 96819

\*subject to compliance with the provisions of Section 514A-95, HRS.

Attorney for Developer: Tanaka & Kawata, Attorneys At Law Phone: 523-7581  
Name (Business)  
A Law Corporation  
Suite 1100, Pacific Tower, 1001 Bishop Street  
Business Address  
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances - Document No. 92-03345  
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. 1597  
 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. 92-03346  
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 (If adopted by Association-- of Apartment Owners)		<u>51% of Board</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

Developer reserves the right to amend the Declaration (including any Exhibits attached to the Declaration), the By-Laws and Condominium Map in any manner for any apartment which has not yet been conveyed. Developer also reserves the right to file the "as-built" certificate required by Section 514A-12, Hawaii Revised Statutes, including a verified statement of a registered architect or professional engineer.

See also Exhibit I for other Developer's easements and reservations.



For Subleaseholds:

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

**B. Underlying Land:**

Address: 220 Kalihi Street Tax Map Key: (1) 1-2-6: Parcels 35 & 77  
Honolulu, Hawaii 96819 (TMK)

Address       TMK is expected to change because the parcels have been consolidated

Land Area: 25,728  square feet       acre(s)      Zoning: Industrial - mixed use

Fee Owner: M. M. Fukuda, Inc.  
Name  
94-535 Ukee Street  
Address  
Waipahu, Hawaii 96797

Sublessor:  
Name  
Address

**C Buildings and Other Improvements:**

- New Building(s)       Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
- Buildings: one      Floors Per Building one, with mezzanine  
 Exhibit C contains further explanations.
- Principal Construction Material:  
 Concrete       Hollow Tile       Wood  
 Other steel, metal panels, aluminum and glass



**Boundaries of Each Apartment:**

The respective apartments shall be deemed to include the perimeter walls, all doors, door frames, windows and window frames, the floor, ceiling and roof of each apartment; any pipes, wires, conduits or other utility or service lines which serve only such apartment; except that any pipe, wire, conduit, driveway, walkway, drain or other utility or service line that serves more than one apartment is a common element and not part of an apartment.

**Permitted Alterations to Apartments:**

Apartment Owner can make non-structural alterations to interior of apartments; Apartments 1 to 6 have a location outside the building to locate air conditioning equipment so that air conditioning can be provided to each apartment, at the owner's expense, provided that the plans have the prior approval of the Board of Directors.

**7. Parking Stalls:**

Total Parking Stalls: 19

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>7</u>	<u>          </u>	<u>3</u>	<u>          </u>	<u>          </u>	<u>6</u>	<u>16</u>
Guest	<u>1</u>	<u>          </u>	<u>1</u>				
Unassigned	<u>          </u>						
Extra Available for Purchase	<u>          </u>	<u>          </u>	<u>          </u>	<u>2</u>	<u>          </u>	<u>          </u>	<u>2</u>
Other:	<u>          </u>						
Total	<u>          </u>						
Covered & Open	<u>8</u>	<u>          </u>	<u>5</u>	<u>          </u>	<u>6</u>	<u>          </u>	<u>          </u>

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

- Commercial parking garage permitted in condominium project.
- Exhibit                      contains additional information on parking stalls for this condominium project.

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

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Storage Area
- Laundry Area
- Trash Chute
- Other: planters and planting strips; air conditioning equipment location;  
parking areas

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

N/A

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

N/A

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	X		
Structures	X		
Lot	X		

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit     D     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     E    

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit \_\_\_\_\_ describes the common interests for each apartment.

As follows:

<u>Apartment Number</u>	<u>Percentage Common Interest</u>
1	10.6477
2	9.4165
3	9.7213
4	9.7213
5	7.2910
6	12.1195
7	17.9547
8	23.1280
	<u>100.0000%</u>

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

Exhibit  F  describes the encumbrances against the title contained in the title report dated  November 14, 1991  and issued by  Long & Melone, Ltd. .

**Blanket Liens:**

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	<p>The Project is presently subject to a mortgage loan. The Buyer's interest is subject to the interest of the holder of the mortgage. Among other things, this means that if the Developer defaults, the mortgage lender may take over the Project, the Buyer's deposit may not be returned and the Buyer may lose all rights to acquire the apartment.</p> <p>The mortgage will be 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 mortgage.</p>

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   G   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 (common elements)

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 H.

**2. Appliances:**

None.



#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

##### OPTION TO PURCHASE FEE SIMPLE INTEREST

Each apartment owner/lessee shall have the exclusive option to purchase the Lessor's fee simple interest in the Property on the following terms and conditions:

1. the purchase price for each of the eight apartments, if the option to purchase is exercised after the 10th anniversary and before the 15th anniversary year of the lease, shall be fixed as follows:

Apartment 1	\$ 358,425
2	316,980
3	327,240
4	327,240
5	245,430
6	407,970
7	604,395
8	<u>778,545</u>
Total	\$3,366,225

provided that the purchase price for and during the 15th anniversary year of the lease shall be the higher of the above dollar amounts or the fair market value of the land submitted to the condominium property regime determined as provided in the lease multiplied by the percentage common interest of the respective apartment.

2. the option must be exercised by each Lessee only after March 1, 2002, and before February 28, 2007.
3. the purchase price shall be paid in cash on the Closing Date which date shall be not more than ninety (90) days after the exercise of an option.
4. the option terminates after February 28, 2007, if not exercised prior thereto.

**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. 2555 filed with the Real Estate Commission on November 27, 1991.

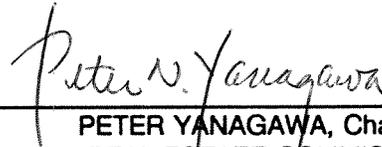
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Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the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



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PETER YANAGAWA, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

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

## EXHIBIT A

### Apartment Types and Descriptions

There shall be seven types of apartments, located in a one-story building with a mezzanine level, designated as Types "A", "B", "C", "CR", "D", "E", "F" and "G". An "R" in the designation indicates the reverse of the apartment type designated by the letter preceding the "R".

Type "A". Three-room apartment consisting of a warehouse/auxiliary office space and a one-half bathroom on the ground floor and a limited warehouse/auxiliary office space on the mezzanine level. The Type "A" apartment contains an area of 2,655 square feet.

Type "B". Three-room apartment consisting of a warehouse/auxiliary space and a one-half bathroom on the ground floor and a limited warehouse/auxiliary office space on the mezzanine level. Each Type "B" apartment contains an area of 2,348 square feet.

Type "C" and "CR". Three-room apartment consisting of a warehouse/auxiliary office space and a one-half bathroom on the ground floor and a limited warehouse/auxiliary office space on the mezzanine level. The Type "C" and "CR" apartments contain an area of 2,424 square feet each.

Type "D". Three-room apartment consisting of a warehouse/auxiliary office space and a one-half bathroom on the ground floor and a limited warehouse/auxiliary office space on the mezzanine level. The Type "D" apartment contains an area of 1,818 square feet.

Type "E". Three-room apartment consisting of a warehouse/auxiliary office space and a one-half bathroom on the ground floor and a limited warehouse/auxiliary office space on the mezzanine level. The Type "E" apartment contains an area of 3,022 square feet.

Type "F". Three-room apartment consisting of a warehouse/auxiliary office space and a one-half bathroom on the ground floor and a warehouse/auxiliary office space on the mezzanine level. The Type "F" apartment contains an area of 4,477 square feet.

Type "G". Three-room apartment consisting of a warehouse/auxiliary office space and a one-half bathroom on the ground floor and a warehouse/auxiliary office space on the mezzanine level. The Type "G" apartment contains an area of 5,767 square feet.

Auxiliary office space is limited to ten percent (10%) of the floor area of each level in the apartment. The mezzanine level of apartment types A to E, inclusive, are "limited" warehouse use because these levels have a design "live" load capacity of sixty (60) pounds per square foot.

In accordance with local architectural practice, the net area of each apartment is measured from the inside wall of each apartment to the opposite inside wall. THE AREAS SHOWN ABOVE ARE APPROXIMATE ONLY, AND THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE AREA OF ANY PARTICULAR APARTMENT.

The apartment types and descriptions are subject to modification when two or more adjoining apartments are consolidated.

EXHIBIT B

**LEASEHOLD DISCLOSURE**

1. Lease Rent - March 1, 1992 to February 28, 2002. The Lessee shall have the option to select a fixed lease rent schedule or an annual adjustable lease rent schedule for the first ten (10) years of the lease.

2. Rent Renegotiations. The annual rental due under the Lease shall be renegotiated as of March 1, 2002, and each five years thereafter (March 1, 2007; March 1, 2012 and March 1, 2017). The annual rental shall be each apartment owner's proportionate share (based upon his percentage common interest) of the higher of (a) nine percent (9%) or (b) the prevailing rate of return charged or earned by other lessors for the same or similar properties with the same zoning as the demised premises located in the general area, including but not limited to Kakaako, Mapunapuna, Sand Island Access Road, and Airport Industrial area, times the fair market value, in fee simple, as of the date of commencement of such periods, of the Land upon which the Project is located, which fair market value shall be determined by written agreement of the Lessor and the Lessee, acting by and through the Board of Directors of the Association of Apartment Owners of the Project as its sole agent, or if they fail to reach such agreement at least ninety (90) days prior to the commencement of each such period, as determined by three appraisers appointed one each by Lessor and Lessee and the third appraiser appointed by the two appraisers. The fair market value of the Land shall be determined based upon the highest and best use of the Land as if the Land were vacant and unimproved except for infrastructure improvements, such as sewer, water, electric power, telephone, drainage, cable television and roads.

3. Surrender. After 30 years have passed the Lease will end. The Lease may also end earlier than 30 years if, for example, a large portion of the Land and building is condemned by the government and the remainder of the Land is not suitable for the intended purpose. Whenever the Lease ends, all apartment owners can choose to remove the building from the Land or leave the building as is where it is. If all apartment owners choose to leave the building as is where it is, then each apartment owner must sign an apartment deed conveying his interest in the building to the Lessor who will pay a total of \$50,000 to all apartment owners who shall share the \$50,000 based on each apartment owner's percentage common interest in the Project.

The \$50,000 may or may not be the fair market value of the building at that time.

4. Term. The term of the Lease is for 30 years from March 1, 1992. Any apartment lessee or owner does not have any right to extend the term of the Lease beyond 30 years.

5. Mandatory Leasehold Commercial Condominium Conversion. There are currently no statutory provisions for the mandatory conversion of leasehold commercial condominiums and there are no assurances that such measures will be enacted in the future.

ALTERNATE #1 - FIXED RENT SCHEDULE

Apartment	Fixed Monthly Lease Rent Until February 28, 2002	Annual Lease Rent Until February 28, 2002
1	\$3,235.96	\$ 38,831.57
2	2,861.79	34,341.45
3	2,954.42	35,453.04
4	2,954.42	35,453.03
5	2,215.82	26,589.87
6	3,683.26	44,199.14
7	5,456.65	65,479.78
8	7,028.88	<u>84,346.52</u>
	Total	\$364,694.40

ALTERNATE #2 - ADJUSTABLE RENT SCHEDULE

The lease rental under this Alternate #2 shall be subject to adjustment annually during the first ten (10) years of the lease according to the following formula:

<u>Land Area</u>	×	<u>Land Value</u>	×	<u>apartment percentage common interest</u>	×	<u>prime rate of interest charged by Bank of Hawaii as of the last day of the previous calendar year plus two percentage points</u>
25,728		\$135/sq.ft.		10.6477 (Apt. 1)		8.5%*

\*The prime rate as of 12/31/91 was 6.5% and the annual lease rent for the lease period starting March 1, 1992 to February 28, 1993 for each Apartment is provided below. The lease rent for each of the remaining nine (9) years shall be determined annually based upon the above formula. The rents for the balance of the term of the lease shall be renegotiated as provided in Section 2 above.

Apartment	Adjustable Monthly Lease Rent (Fixed Until February 28, 1993)	Adjustable Annual Lease Rent (Fixed Until February 28, 1993)
1	\$2,619.59	\$31,435.08
2	2,316.68	27,800.22
3	2,391.67	28,700.08
4	2,391.67	28,700.08
5	1,793.76	21,525.13
6	2,981.69	35,780.25
7	4,417.29	53,007.45
8	5,690.04	<u>68,280.52</u>
		Total
		\$295,228.81

EXHIBIT C

Description of Building

The project consists of one building constructed principally of steel, metal panels, aluminum, glass, concrete block and gypsum board. The building shall contain eight (8) apartments. The building does not have a basement.

EXHIBIT D

Common Elements

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

(a) the Land described in Exhibit "A" attached to the Declaration, subject to the development agreement in favor of Developer which permits Developer to require the Fee Owner to issue 30-year leases to others, which leases shall include an option to purchase the fee simple interest, prorata of Fee Owner;

(b) Drainage ditches, channels, pipes, swales or fences serving more than one apartment;

(c) Any driveway providing ingress and egress to and from Hoe Street, Kalihi Street or Silva Street to the Property and any sidewalk, walkway, sign or mailbox located on any outside wall of the building or on top of the building; all planters and planting areas;

(d) All common premises for the use of maintenance personnel or other persons employed for operation of the Property, if any;

(e) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under, or across the Property which serve more than one apartment for services such as power, light, gas, sewage, drainage, telephone, air conditioning, radio and television signal distribution, if any, that is not owned by the governmental agency or electric, telephone or cable television company; provided, however, that ownership of any common element by the Association shall end at the meter box or other measuring device within the apartment or attached to any outside wall of any apartment; subject, however, to ownership in case of any governmental agency, or electric, telephone or television signal improvements as provided in the laws, rules or regulations applicable to the governmental agency or utility company providing such services;

(f) All other parts of the Property necessary or convenient to its existence, maintenance, and safety or normally in common use.

## EXHIBIT E

### Limited Common Elements

(a) Certain parts of the common elements, herein called the "limited common elements", are designated and set aside for the exclusive use of a specified apartment, and such apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows: Each apartment shall have for its exclusive use (i) the mailbox bearing the same number or street address of such apartment; subject to the right of Declarant to determine the type, size, color, materials, construction method, and exact location of the mailbox for each apartment; (ii) the parking stall or stalls as shown on Exhibit "B" attached to the Declaration as being appurtenant to the designated apartment, subject to Developer's right to convert an "unassigned" parking stall to an "assigned" parking stall as provided in Section 5.07 of the Declaration; (iii) any meter box or measuring device for the exclusive use of an apartment which is not owned by any governmental agency or electric, telephone or cable television company.

(b) In addition, the following apartments shall have the exclusive easement for the use of the following limited common elements: (i) the driveway and the parking area in front of Apartment 7 shall be appurtenant to and for the exclusive use of and in common with Apartment 7 and those other apartments to which parking stalls 11, 12 and 13 shall be appurtenant; (ii) the driveway and the parking area in front of Apartment 1 shall be appurtenant to and for the exclusive use of and in common with Apartment 1 and those other apartments to which parking stalls 1 to 10 shall be appurtenant; (iii) the driveway and the parking area in front of Apartment 8 shall be appurtenant to and for the exclusive use of and in common with Apartment 8 and those other apartments to which parking stalls 14 to 19, inclusive, shall be appurtenant; (iv) Apartments 7 and 8 shall have the right to install wall air conditioning units in the common element exterior wall that is not a fire wall on the ground floor adjacent to the parking area or on the mezzanine level wall that is on the warehouse side of the apartment with the prior written approval of the majority of the Board of Directors and provided that if the wall unit is removed, then the wall shall be repaired to its original condition fair wear and tear excepted; (v) Apartments 1 to 6, inclusive, have the right to install, at their respective expense and with the prior written approval of the majority of the Board of Directors, air conditioning condenser units in the spaces set aside for such use (along Kalihi Street in case of Apartments 1 to 3 and along Silva Street in case of Apartments 4 to 6) and such lines, channels, ducts and equipment necessary or appropriate to provide air conditioning to their respective apartments (which equipment, lines, channels, and ducts shall be appurtenant to the apartment it services).

Each apartment shall also have the obligation to keep and maintain the limited common elements appurtenant to such apartment in good condition, fair wear and tear being excepted.

EXHIBIT F

Encumbrances Against Title

The Preliminary Report by Long & Melone, Ltd. dated November 14, 1991, reflects that fee simple title to the land is held by M. M. Fukuda, Inc., a Hawaii corporation.

Said Preliminary Report and Developer's report show title to the property to be subject to the following encumbrances:

1. Grant of Easement in favor of the City and County of Honolulu, dated November 2, 1973, recorded in said Bureau of Conveyances in Liber 9596, Page 232, for sanitary sewer purpose over, under and across said Lots and particularly described as follows:

Sewer easement over, under and across Lots 24, 25, 26 and 27 of Block 29 of Kapiolani Tract, Section "B", File Plan 117.

Being portion of Land Patent 8194 on a portion of Land Commission Award 6450, Apana 1 to Kaunuohua for W. L. Moehonua, conveyed to the Territory of Hawaii (now State of Hawaii) by A. Lewis Jr. and Alice J. Lewis by grant of easement dated March 2, 1907 and recorded in said Bureau of Conveyances in Liber 291, Page 223 (Land Office Deed 1129).

Beginning at the Northeast corner of this easement, on the Northwest side of Kalihi Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Hauiki" being 8,305.32 feet South and 2,882.15 feet West, thence running by azimuths measured clockwise from true South:

- |    |      |         |        |   |
|----|------|---------|--------|---|
| 1. | 42°  | 20'     | 12.76  | feet along the northwest side of Kalihi Street;   |
| 2. | 93°  | 54' 30" | 243.40 | feet along the remainder of Land Patent 8194, on a portion of Land Commission Award 6450, Apana 1 to Kaunuohua for W. L. Moehonua;  |
| 3. | 132° | 20'     | 16.00  | feet along the northeast side of Hoe Street;  |
| 4. | 273° | 54' 30" | 263.93 | feet along the remainder of Land Patent 8194, on a portion of Land Commission Award 6450, Apana 1 to Kaunuohua for W. L. Moehonua, to the point of beginning and containing an area of 2,587 square feet. |

Said easement was granted to the Territory of Hawaii (now State of Hawaii) by instrument dated March 2, 1907, recorded in said Bureau of Conveyances in Liber 291, Page 223.

2. Rights of parties in possession under unrecorded leases, subleases and/or tenancy agreements.
3. That certain Mortgage, Security Agreement and Financing Statement dated November 20, 1990, in favor of Bank of Hawaii, a Hawaii banking corporation, recorded in said Bureau of Conveyances as Document No. 91-001340.
4. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated January 8, 1992, recorded in said Bureau of Conveyances as Document No. 92-03345, as the same are or may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1597).
5. By-Laws of the Association of Apartment Owners of the condominium project known as "KALIHI KAI INDUSTRIAL CENTER", dated January 8, 1992, recorded in said Bureau of Conveyances as Document No. 92-03346, as the same may hereafter be amended.
6. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.

EXHIBIT          G

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
1	\$ 442.23		\$5,306.81
2	391.10		4,693.19
3	403.76		4,845.10
4	403.76		4,845.10
5	302.82		3,633.83
6	503.36		6,040.35
7	745.72		8,948.61
8	960.58		11,527.01
		<u>\$4,153.33</u>	<u>\$49,840.00</u>

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

\$ 350.00

\$ 4,200.00

common elements  
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer

1,250.00

15,000.00

Maintenance, Repairs and Supplies

Building /Grounds

100.00

1,200.00

Grounds

Management

Management Fee

1,368.75

16,425.00

Payroll and Payroll Taxes

Office Expenses

10.00

120.00

Insurance

500.00

6,000.00

Reserves (See Attached Replacement  
Reserve Worksheet Computation)

427.08

5,125.00

Taxes and Government Assessments

Audit Fees

Other Legal/audit fees

100.00

1,200.00

Fire alarm service

37.50

450.00

Miscellaneous

10.00

120.00

TOTAL

\$4,153.33

\$49,840.00

HOWARD H. NIKAIIDO, dba  
I/We, HN MANAGEMENT SERVICES, as  
managing agents for the condominium project, hereby certify that the above estimates of initial  
maintenance fee assessments and maintenance fee disbursements were prepared in accordance  
with generally accepted accounting principles.

HOWARD H. NIKAIIDO, dba  
HN MANAGEMENT SERVICES

By Howard H. Nikaido

Date: 12-17-91

KALIHI KAI INDUSTRIAL CENTER - REPLACEMENT RESERVE WORKSHEET COMPUTATION

Apartment No.	Square Footage	Common Interest-%	Annual Replacement Reserve Fund Metal Roof	Annual Painting Reserve Fund Painting	Annual Total Reserve Fund Accumulation	Monthly Reserve Fund Accumulation
Unit #1	2,655	10.6477%	\$332.74	\$212.95	\$545.69	\$45.47
Unit #2	2,348	9.4165%	\$294.27	\$188.33	\$482.60	\$40.22
Unit #3	2,424	9.7213%	\$303.79	\$194.43	\$498.22	\$41.52
Unit #4	2,424	9.7213%	\$303.79	\$194.43	\$498.22	\$41.52
Unit #5	1,818	7.2910%	\$227.84	\$145.82	\$373.66	\$31.14
Unit #6	3,022	12.1195%	\$378.73	\$242.39	\$621.12	\$51.76
Unit #7	4,477	17.9547%	\$561.08	\$359.09	\$920.17	\$76.68
Unit #8	5,767	23.1280%	\$722.76	\$462.56	\$1,185.32	\$98.77
Totals	24,935	100.0000%	\$3,125.00	\$2,000.00	\$5,125.00	\$427.08

KALIHI KAI INDUSTRIAL CENTER - PROPOSED REPLACEMENT RESERVE WORKSHEET FOR 1992

Reserve Replacement Item	Estimated Replacement Cost	Estimated Normal Life Cycle	Current Age	Estimated Remaining Life	Present Funds Available	Annual Reserve Contribution
Metal Roof	\$62,500.00	20.00	0.00	20.00	\$0.00	\$3,125.00
Painting	\$10,000.00	5.00	0.00	5.00	\$0.00	\$2,000.00

Projected Replacement Reserves on: 31-Dec-92 \$0.00

Proposed Annual Accumulation to Replacement Reserves: \$5,125.00

Proposed Monthly Accumulation to Replacement Reserves: \$427.08

Prepared By: Howard H. Nikaido Date: 12-16-91  
 dba H N MANAGEMENT SERVICES

Title: Principal Broker

EXHIBIT H

Construction Warranties

The developer shall require that the construction contract with the contractor for the project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If, within one year after the Date of Substantial Completion of the Work or designated portion thereof or within one year after acceptance by the Owner of designated equipment or within such longer period of time as may be prescribed by law or by the terms of any applicable special warranty required by the Contract Documents, any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition. This obligation shall survive termination of the Contract. The Owner shall give such notice promptly after discovery of the condition.

Developer agrees that if the purchaser shall give developer written notice of any such condition promptly after discovery thereof during the unexpired term of such contractor's warranty, developer shall forward such notice together with a written notice to the contractor to correct such condition. Developer shall assign to purchaser the unexpired term of the general contractor's warranty and of any manufacturer's or dealer's warranties (which may by their terms be so assigned) covering the apartment or any fixtures or consumer products in the apartment. Purchaser acknowledges and agrees that developer is not acting as co-warrantor, but is agreeing to pass through to the purchaser the benefit of any such warranties. The terms of the manufacturer's or dealer's written warranties will be available for purchaser's inspection at the developer's sales office. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS INSTALLED OR CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

\*\*\*\*\*  
THE ATTENTION OF THE PURCHASER IS DIRECTED TO ARTICLE IV OF THE RESERVATION AND SALES AGREEMENT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT, ESTIMATED MAINTENANCE FEES AND RENTAL OF THE APARTMENT.  
\*\*\*\*\*

EXHIBIT I

Summary of Pertinent Provisions of Sales Contract

The Sales Contract sets forth the terms and conditions concerning the sale of an apartment in the project for the stated purchase price.

Some of the salient areas of the Sales Contract are:

1. The purchase price may be increased due to unexpected events such as delays due to governmental actions or strike or other labor disturbance, but the Buyer is given fifteen (15) days to affirm the price increase or terminate the Sales Contract and receive a refund of all sums paid toward the purchase price.

2. Developer retains certain reserved rights, some of which are:

a. Developer's construction and sales activities may continue in the Project after Buyer has occupied the residence so Developer and its sales representatives and customers may use on-street parking and the common elements and limited common elements for sales purposes;

b. Developer may cancel the Sales Contract if a Buyer does not have the resources to pay the purchase price or does not diligently follow through with an application to finance the purchase price.

3. Information concerning any contractor's warranties and dealer's or manufacturer's warranties.

4. Seller shall provide at least ten (10) days' prior notice of the estimated closing date. The closing date shall be sixty (60) days from the effective date (which is when the Seller signs the Sales Contract) or if the architect has not certified the substantial completion of the apartment, then the closing date shall be three (3) days after the date on which the architect shall issue the certificate.

This is a summary of selected portions of the Sales Contract and may be incomplete or inadvertently incorrect. The Buyer is requested to read and understand the terms and conditions of the Sales Contract before executing the Sales Contract.

EXHIBIT J

Summary of Pertinent Provisions of Escrow Agreement

The executed escrow agreement dated November 27, 1991, identifies Long & Melone Escrow, Ltd., as the "Escrow" and provides that a purchaser shall be entitled to a return of his funds, 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 under the Escrow Agreement by Escrow; or

(b) Purchaser's entitlement to a refund pursuant to Hawaii Revised Statutes Sections 514A-62, 514A-63 or 514A-65 is established to the satisfaction of Escrow.

In either of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (b) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee and costs associated with the purchase up to a maximum of \$250.00), and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held under the Escrow Agreement.

The escrow agreement also provides that Escrow may disburse funds held by it to pay for construction costs of the project as certified by a financially disinterested person.