

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer ABE LEE DEVELOPMENT, INC.

Address 2752 Woodlawn Dr., Ste. 5-205, Honolulu, HI 96822

Project Name(*): KAIHEE KAI

Address: 1329 & 1337 Kaihee Street, Honolulu, HI

Registration No. 2815 (Conversion)

Effective date: March 18, 1993

Expiration date: April 18, 1994

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission nor any other government agency. Neither the Commission or any other government agency has judged or approved the merits or value, if any, of the project or of purchasing of an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of any apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

X **PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

 FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with _____

 SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] Preliminary Public Report dated: _____
[] Final Public Report dated: _____
[] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports
[] Must be read together with _____
[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Abe Lee Development, Inc. Phone: 988-8077
Name (Business)
2752 Woodlawn Drive
Business Address
Honolulu, HI 96822

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

Abraham Lee, President
Sally Lee, Vice-President

Real Estate
Broker: Abraham W.H. Lee d.b.a. Abe Lee Realty Phone: 988-8077
Name (Business)
2752 Woodlawn Drive, Ste. 5-205
Business Address
Honolulu, HI 96813

Escrow: Island Title Corporation of Hawaii Phone: 526-9171
Name (Business)
1132 Bishop St., Ste. 400
Business Address
Honolulu, HI 96813

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

Business Address

Condominium
Managing
Agent: Hawaiiana Management Company, Ltd. Phone: 528-3800
Name (Business)
1270 Ala Moana Blvd.
Business Address
Honolulu, HI 96814

Attorney for
Developer: Glenn M. Adachi Phone: 526-3880
Name (Business)
841 Bishop St., Ste. 1601
Business Address
Honolulu, HI 96813

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. _____

Book _____ Page _____

Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. _____

Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. _____

Book _____ Page _____

Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, dated and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	75% _____
Bylaws	65%	65% _____
House Rules	---	<u>Bd. of Directors</u>

*The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of a unit.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date: _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor; often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 1329 & 1337 Kaihee St. Tax Map Key: (1) 2-4-21: 11 & 12
Honolulu, HI 96822 (TMK)

Address TMK is expected to change because _____

Land Area: 16,461 square feet acre(s) Zoning: A2

Lessor

(Fee Owner): Takashima Shoji Yugen Kaisha

Name

1221 Kapiolani Blvd., #720

Address

Honolulu, HI 96814

Sublessor: _____

Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 3 & 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>20</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: No livestock or poultry, except animals customarily kept for pets

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers): See Exhibit A

Elevators: 0 Stairways: 3 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>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 20

***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 the those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

Each apartment shall be deemed to include all the walls and partitions, which are not load bearing within its perimeter walls, doors and door frames, window and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

Permitted Alterations to Apartments:

No apartment shall be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to the Declaration duly recorded, consented thereto by any mortgage holders of such apartment.

7. Parking Stalls:

Total Parking Stalls: 21

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each units)	<u> </u>	<u>11</u>	<u> </u>	<u>10</u>	<u> </u>	<u> </u>	<u>21</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>11</u>		<u>10</u>		<u>0</u>		

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit 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. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____

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

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

See Visual Inspection Report. Exhibit B

11. Conformance to Present Zoning Code See Letter from the City and County of Honolulu, Building Department. Exhibit C

- 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>	_____	_____
Structures	<u>X</u>	_____	_____
Lot	<u>X</u>	_____	_____

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit D.

as follows:

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit _____.

as follows:

1. Parking stall assigned to the each apartment.
2. Each apartment will be assigned one mailbox.

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

described in Exhibit E .

as follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated December 8, 1992 and issued by Island Title Corporation .

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

- There are no blanket liens affecting title to the individual apartments.
- There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest may be terminated and Buyer may have to sue Developer for breach of contract and for return of any deposits paid.

F. Construction Warranties: None

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:

2. Appliances:

G. Status of Construction and Estimated Completion Date:

The building containing Apartments A, B, C and D was constructed in 1957. An additional wing containing Apartments E, F, G and H was constructed in 1961.

The building containing Apartments 1 through 12 was constructed in 1965.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. **Estimate of Initial Maintenance Fees:**

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

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

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None
- Electricity
- Gas
- Water
- Sewer
- Television Cable
- Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated November 27, 1992

Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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

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

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:

1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

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

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map
- F) Escrow Agreement
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

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

This Public Report is a part of Registration No. 2815 filed with the Real Estate Commission on February 12, 1993.

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C. Additional Information Not Covered Above

The Developer had a Phase I Environmental Hazard Assessment conducted on the property and the improvements. The environmental consultant found:

1. there were no environmental hazards that would require a Phase II assessment.
2. all asbestos found is in sound condition and if left undisturbed should not be considered a gross hazard. The ceiling tiles in Units 1-12 will be encapsulated.

A complete copy of the consultant's report is attached as Exhibit J.

EXHIBIT A
BUILDING INTERIOR

Elevators: None Stairways: 3 Trash Chutes: None

<u>Apt.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)</u>	<u>Lanai/Patio (sf)</u>
1, 5 and 9	3	2/1	684.58	115.48
4, 8 and 12	3	1/1	459.42	77.94
2, 3, 6, 7, 10 and 11	6	1/1	459.42	76.51
A	1	1/1	514.79	None
B	1	2/1	714.14	None
C	1	Studio/1	270.40	None
D	1	2/1	469.75	None
E, F, G and H	4	1/1	498.60	75.04

Total Apartments: 20

VISUAL INSPECTION REPORT

December 17, 1992

Abe Lee Development
2752 Woodlawn Drive
Unit #5-205
Honolulu, Hawaii 96822

Dear Mr. Abe Lee:

Re: Kaihee Kai CPR
1329 Kaihee Street
Honolulu, Hawaii

As per your instructions, a visual observation was made on subject property on November 24, 1992.

The purpose of the visitation was to visually examine and comment on the present condition of the building. Observation was conducted by Ms. Jean Dozier (Property Management with Yacht Harbor Real-estate), Ms. Cookie Kim (Abe Lee Development), Wayne Date (Architect), and myself. Information was obtained through a visual walkthru of each unit and verbal communication with several tenants who were present at time of visitation and information from Ms. Jean Dozier. According to the Realtor, there are no existing drawings available for review.

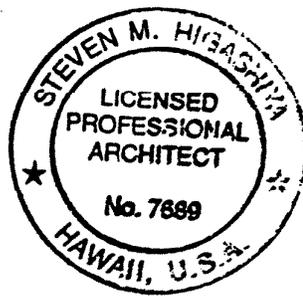
The building is three stories high with 4 units per floor. Access is via two walk-up stairs. The exterior of the building is constructed of 8" cmu wall. All floors and roof deck is constructed of poured in place concrete. Partition wall separating individual units are constructed of 8" cmu blocks. Interior partitions are stud walls constructed of what appears to be gypsum board and metal studs. The units are ventilated via jalousie louver windows and doors. Existing roofing material is built-up with gravel ballast. We noted that the roofing material has shown signs of weathering. The Developer has indicated that he will reroof the structure. At the time of our visitation, we did not visually see any major structural cracks and/or faults in the concrete slabs nor cmu walls. According to a fact sheet provided by Junko Yamada (Realtor), the building was constructed in 1965.

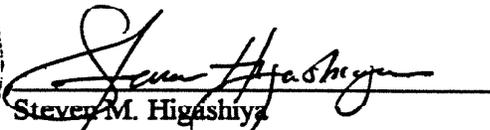
In general, existing electrical outlets do not appear to be grounded, no GFI outlets were noted, and exterior lanai outlets were not water protected (WPI), which is typical of buildings constructed at that time. Existing electrical panels for 1 bedroom units were located in pantry and 2 bedroom units were located in the linen closet. Existing light and plumbing fixtures were in working order commensurate with its age. Generally, each unit is equipped with a battery operated smoke detector. However, we noted that many were either inoperative, had batteries missing and/or contained batteries that were dead.

Generally, the overall condition of the structure is in good shape considering the age of the building. The owner should maintain a scheduled maintenance program (such as; termite

treatment, painting, reroofing etc..) to enhance the life expectancy of the building. The City and County of Honolulu, Building Department, has indicated in a letter that the building has met all applicable code requirements when they were constructed.

Sincerely,



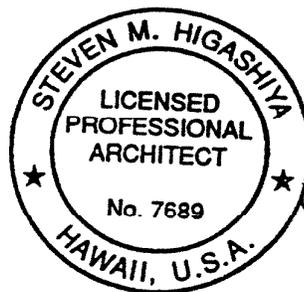

Steven M. Higashiya
Licensed Professional Architect
Hawaii Reg. No. 7689

December 17, 1992

Abe Lee Development
2752 Woodlawn Drive
Unit #5-205
Honolulu, Hawaii 96822

ARCHITECT'S CERTIFICATION

I certify that Dwelling Unit numbers A, B, C, D, E, F, G, and H on City and County of Honolulu, tax records, which corresponds with Units A, B, C, D, E, F, G, and H on the CPR map for the condominium project named "Kaihee Kai" located at 1337 Kaihee Street in Honolulu, Oahu, Hawaii, conforms to the Building Codes in force at the time of their construction.



Signed:

Steven M. Higashiya
Steven M. Higashiya
No. 7689

December 17, 1992

Abe Lee Development
2752 Woodlawn Drive
Unit #5-205
Honolulu, Hawaii 96822

Dear Mr. Abe Lee:

Re: Kaihee Kai CPR
1337 Kaihee Street
Honolulu, Hawaii

As per your instructions, a visual observation was made on subject property on November 24, 1992.

The purpose of the visitation was to visually examine and comment on the present condition of the building. Observation was conducted by Ms. Jean Dozier (Property Management with Yacht Harbor Real-estate), Ms. Cookie Kim (Abe Lee Development), Wayne Date (Architect), and myself. Information was obtained through a visual walkthru of each unit and verbal communication with several tenants who were present at time of visitation and information from Ms. Jean Dozier. According to the Realtor, there are no existing drawings available for review.

The building is comprised of two separate wings that are attached by a 8" cmu wall. According to a fact sheet provided by Junko Yamada (Realtor), Wing 1 which comprises of Units A, B, C, and D was constructed in 1957. Wing 2 which comprises of Units E, F, G, and H was constructed in 1961.

WING 1

The exterior walls are constructed of 8" cmu blocks with aluminum jalousie windows. Interior walls are constructed of 1X8 T&G redwood siding. Party walls between Unit A & D and B & C appears to be a constructed of studs with masonite panel sheathing. Second floor framing appears to be wooden floor joists with plywood or wood planks. Ceiling sheathing material is canec. Roof framing appears to be wood trusses with 1X sheathing and composition roof shingles. In the rear of Wing 1 is an attached wooden structure that is presently housing several washers and dryers. It is presently unknown when the structure was constructed nor if the structure has obtained proper permits.

At the time of our visitation, we did not visually see any structural cracks and/or faults in the concrete slab nor cmu walls. Due to the floor sheathing and canec ceiling, we were unable to determine the condition of the floor joists. In general, existing electrical outlets were not grounded nor any GFI outlet noted which is typical of buildings constructed at that time. Existing electrical panels were located in closets. Existing light and plumbing

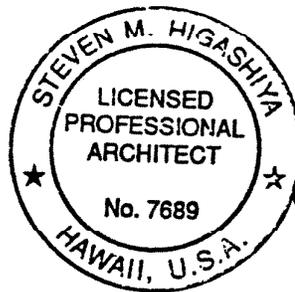
fixtures were in working order commensurate with its age. Generally, the overall condition of the structure is in fair shape considering the age of the building. Dry rot damaged was noted on the left/front eave sheathing. The Developer has indicated that they will repair the damaged area. The owner should maintain a scheduled maintenance program (such as termite treatment, painting, reroofing etc..) to enhance the life expectancy of the building.

WING 2

The building is constructed of 8" cmu exterior walls with aluminum jalousie windows. Interior walls constructed of 1 X 8 redwood T&G. The wall separating units is constructed of 8" cmu blocks. Subflooring for both levels and roof deck were constructed of poured in place concrete. Roofing material is built up roofing. At the time of visitation, we did not visually see any major structural cracks and/or faults in the concrete slabs nor cmu walls.

In general, existing electrical panels were located in hall storage cabinet. Existing light and plumbing fixtures were in working order commensurate with its age. Generally, the overall condition of the structure is in good shape considering the age of the building. The owner should maintain a scheduled maintenance program (such as; termite treatment, painting, reroofing etc..) to enhance the life expectancy of the building. The City and County of Honolulu, Building Department has indicated in a letter that the building has met all applicable code requirements when they were constructed.

Sincerely,



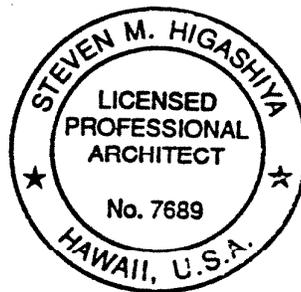
Steven M. Higashiya
Steven M. Higashiya
Licensed Professional Architect
Hawaii Reg. No. 7689

December 17, 1992

Abe Lee Development
2752 Woodlawn Drive
Unit #5-205
Honolulu, Hawaii 96822

ARCHITECT'S CERTIFICATION

I certify that Dwelling Unit numbers 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 on City and County of Honolulu, tax records, which corresponds with Units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 on the CPR map for the condominium project named "Kaihee Kai" located at 1329 Kaihee Street in Honolulu, Oahu, Hawaii, conforms to the Building Codes in force at the time of their construction.



Signed:


Steven M. Higashiya
No. 7689

END OF EXHIBIT B

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
630 SOUTH KING STREET
HONOLULU, HAWAII 96813



FRANK F. FASI
MAYOR

HERBERT K. MURAOKA
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR
DEPUTY

Ex92-153

December 16, 1992

Mr. Abe Lee, President
Abe Lee Development, Inc.
2752 Woodlawn Drive, Suite 5-205
Honolulu, Hawaii 96822

Dear Mr. Lee:

Subject: Condominium Conversion Project
1329 Kaihee Street, Tax Map Key: 2-4-21: 12
1337 Kaihee Street, Tax Map Key: 2-4-21: 11

This is in response to your letter dated November 2, 1992 requesting confirmation that the buildings located at the above addresses met all applicable code requirements when they were constructed.

Investigation revealed that the 3-story 12-unit apartment building with space for at least 6 off-street parking stalls located at 1329 Kaihee Street met all applicable code requirements when it was constructed in 1965.

Investigation also revealed that the 2-story 8-unit apartment building with space for at least 4 off-street parking stalls located at 1337 Kaihee Street met all applicable code requirements when additions were completed in 1962.

The following deficiencies were found:

1. The property designated as tax map key: 2-4-21: 11 lacks an ingress/egress aisle that is connected directly to a street.
2. Both properties have improperly marked parking stalls and the stalls are undersized.

For your information, the Building Department cannot determine whether this project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

EXHIBIT C

Mr. Abe Lee, President
December 16, 1992
Page Two

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

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

Very truly yours,



HERBERT K. MURAOKA
Director and Building
Superintendent

Note: The deficiencies hereinabove noted by the City Building Department regarding improperly marked stalls and ingress and egress have been resolved by the Developer.

END OF EXHIBIT C

EXHIBIT D

DESCRIPTION OF COMMON ELEMENTS

1. The land in fee simple as described in Exhibit "A" of the Declaration of Condominium Property Regime.

2. All foundations, floor slabs, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, walkways, entrances and exits of said buildings.

3. All yards, grounds and landscaping.

4. All parking areas.

5. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any.

6. 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, or normally in common use.

EXHIBIT E

COMMON INTEREST OF EACH APARTMENT

<u>Apartment No.</u>	<u>Common Interest Percentage</u>
1	6.743%
2	4.525%
3	4.525%
4	4.525%
5	6.743%
6	4.525%
7	4.525%
8	4.525%
9	6.743%
10	4.525%
11	4.525%
12	4.525%
A	5.071%
B	7.034%
C	2.664%
D	4.627%
E	4.911%
F	4.911%
G	4.911%
H	4.911%

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of title to all minerals and metallic mines.

2. Mortgage dated June 29, 1990, in favor of GECC Financial Corporation, a Hawaii corporation, recorded in said Bureau of Conveyances as Document No. 90-098626.

3. Financing Statement covering certain personal property as described therein, in favor of GECC Financial Corporation, a Hawaii corporation, recorded in said Bureau of Conveyances as Document No. 90-098627.

4. Mortgage dated September 25, 1992, in favor of GECC Financial Corporation, a Hawaii corporation, recorded in said Bureau of Conveyances as Document No. 92-157683.

5. Financing Statement covering certain personal property as described therein, in favor of GECC Financial Corporation, a Hawaii corporation, recorded in said Bureau of Conveyances as Document No. 92-157684.

6. Real property taxes due and payable. For more information contact City and County of Honolulu, Department of Finance, Real Property Tax Assessment.

ESTIMATE OF INITIAL MAINTENANCE FEE & DISBURSEMENT

UNIT	INTERIOR SQ.FT.(NET)	% COMMON INTEREST	MONTHLY EXPENSE	APPROX. MONTHLY MAINT.FEE
1	684.58	0.06743	2,017.00	136.00
2	459.42	0.04525	2,017.00	91.30
3	459.42	0.04525	2,017.00	91.30
4	459.42	0.04525	2,017.00	91.30
5	684.58	0.06743	2,017.00	136.00
6	459.42	0.04525	2,017.00	91.30
7	459.42	0.04525	2,017.00	91.30
8	459.42	0.04525	2,017.00	91.30
9	684.58	0.06743	2,017.00	136.00
10	459.42	0.04525	2,017.00	91.30
11	459.42	0.04525	2,017.00	91.30
12	459.42	0.04525	2,017.00	91.30
A	514.79	0.05071	2,017.00	102.30
B	714.14	0.07034	2,017.00	141.90
C	270.40	0.02664	2,017.00	53.70
D	469.75	0.04627	2,017.00	93.30
E	498.60	0.04911	2,017.00	99.10
F	498.60	0.04911	2,017.00	99.10
G	498.60	0.04911	2,017.00	99.10
H	<u>498.60</u>	<u>0.04911</u>	<u>2,017.00</u>	<u>99.10</u>
	10,152.00	1.00		2,017.30

** UNITS WITH WASHERS MUST PAY AN ADDITIONAL \$5.00
PER MONTH

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12 months</u>	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	\$73.00 x 12	\$876.00
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas	\$56.00 x 12	\$672.00
Refuse Collection		
Telephone		
Water and Sewer	\$546.00 x 12	\$6552.00
Maintenance, Repairs and Supplies		
Building	\$60.00 x 12	\$720.00
Grounds		
Management		
Management Fee	\$512.00 x 12	\$6144.00
Payroll and Payroll Taxes		
Office Expenses	\$55.00 x 12	\$660.00
Insurance	\$306.00 x 12	\$3672.00
Reserves(*) (Developer giving startup fee of \$20,000.00)	\$600.00 x 12	\$7200.00
Taxes and Government Assessments	\$9.00 x 12	\$108.00
Audit Fees		
Other	\$10.00 x 12	\$120.00
Subtotal	<u>\$2227.00 x 12</u>	<u>\$26724.00</u>
Revenue from laundry machines	-\$210.00 x 12	-\$2520.00
TOTAL	<u>\$2017.00 x 12</u>	<u>\$24204.00</u>

I, Abe Lee, as agent and employed by Abe Lee Development, Inc. the condominium managing agent or the developer, for the condominium project Kaihee Kai, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Abe Lee

(*) Mandatory reserves in effect January 1, 1993

Date: 02/11/93

EXHIBIT H

Summary of Condominium Deposit Receipt and Sales Contract

The Condominium Deposit Receipt and Sales Contract ("sales contract") contains the price, description and apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

1. A breakdown of the schedule of payments buyer will make.
2. Additional charges buyer will pay at closing.
3. A seller's disclosure statement as to the condition of the building.
4. Acknowledgement by buyer concerning representations made by Seller and Seller's agent about the rental of the apartment, condition of the unit, the building or the property, compliance with building, zoning, land use, subdivision or other applicable law, ordinance, rule or regulation, condition of the soil, improvements under the land or on or under adjoining land, matters concerning utility systems, drainage systems, or survey.
5. The buyer is buying the unit in "AS IS" condition.
6. Buyer's right to cancel the sales contract.
7. Subordination of the sales contract to any interim loan to finance the acquisition of the property.
8. Buyer's deposits will be held in escrow until the sales contract is closed or cancelled.
9. Proration of taxes, assessments and other charges at date of closing.
10. Buyer agrees to the appointment of the initial management agent.
11. If Seller elects, buyer agrees to preclose by signing all documents prior to closing date.
12. What will happen if there is a default under the sales contract.
13. If buyer is financing a portion of the sales price, buyer will apply for a loan within 5 days after notification by Seller. Buyer will be in breach of the sales contract if buyer fails to

apply for the loan after notification by Seller. Seller may keep down payment as liquidated damages or terminate the sales contract.

14. If buyer fails to qualify for a loan, Seller at its option, may terminate the sales contract and have escrow refund buyer's deposit less any fees for credit reports or escrow charges.

15. If the project is not feasible Seller may elect to cancel the project.

16. Inspection of the property by buyer.

The sales contract contains various other provisions which the buyer should become acquainted.

END OF EXHIBIT H

EXHIBIT I

Summary of Escrow Agreement

The escrow agreement established an arrangement under which the deposits a buyer makes under a Condominium Deposit, Receipt and Sales Contract ("sales contract") will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

1. Signed copies of the sales contract will be provided to Escrow.
2. Escrow will collect payments due pursuant to the sales contract.
3. Seller will notify Escrow who in turn will notify buyers when payments are due.
4. Escrow will accept purchaser's payments pursuant to the sales contract and will hold the funds or make payments according to the escrow agreement.
5. The escrow agreement says under what conditions escrow will disburse buyer's funds.
6. The escrow agreement says under what conditions buyer's funds will be refunded if buyer cancels the sales contract.
7. The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.
8. Escrow will arrange for and supervise the signing of all necessary documents.
9. The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

ENVIRONMENTAL HAZARD ASSESSMENT

1329 & 1337 Kaihee Street Development

Honolulu, Oahu Island, Hawaii

**TMK No. 2-4-21:11
2-4-21:12**

December 29, 1992

Prepared for:

**Abe Lee Development Inc.
2752 Woodlawn Dr., Suite 5-205
Honolulu, Hawaii 96822**

**Reid & Associates Inc.
P.O. Box 1686, Kailua-Kona, Hawaii 96745
(808) 329-8266 Fax (808) 326-7767**

EXHIBIT J



Reid & Associates Inc.

P.O. Box 1686 • KAILUA-KONA, HAWAII • 96745
TELEPHONE: (808) 329-8266 • FAX: (808) 326-7767
IN HAWAII: 1-(800)-634-3247

December 29, 1992

Abe Lee Development Inc.
2752 Woodlawn Dr., Suite 5-205
Honolulu, HI 96822

**SUBJECT: Environmental Hazard Assessment
1329 & 1337 Kaihee Street Development
TMK Nos. 2-4-21:11 & 2-4-21:12**

Gentlemen:

Reid & Associates Inc. has completed the Phase I Environmental Hazard Assessment of the above subject property. Based on our findings of each potential hazard, the property passes with no known environmental hazards that would require a Phase II Assessment.

If you have any questions or desire further information, please do not hesitate to call.

Sincerely,
REID & ASSOCIATES INC.

Dennis M. Reid, P.E.
President

DMR/lb

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SECTION I - PROPERTY LOG

Project Name: 1329 & 1337 KAIHEE STREET DEVELOPMENT

Property Address: 1329 & 1337 Kaihee Street, Honolulu, HI 96826

Developer Name: ABE LEE DEVELOPMENT INC.

Developer Address: 2752 Woodlawn Dr., Suite 5-205, Honolulu, HI 96822

Developer Telephone: (808) 988-8077

Lender Name:

Lender's Underwriter's Name:

Environmental Consultant: DENNIS M. REID, P.E.

Consultant's Firm Name: Reid & Associates Inc.

Consultant's Firm Address: P.O. Box 1686, Kailua-Kona, HI 96745

Consultant's Telephone: (808) 329-8266

Asbestos Consultant: KERMIT DAVIDSON

Consultant's Firm Name: Davidson Abatement, Inc.

Consultant's Firm Address: 45024 Lilipuna Road, Kaneohe, HI 96744

Consultant's Telephone: (808) 236-1128

Date Phase I Assessment Completed: December 29, 1992

SECTION II - SUMMARY OF PHASE I ASSESSMENT RESULTS

<u>Hazard</u>	<u>Pass/Fail</u>
Waste Sites	Pass
PCBs	Pass
Radon	Pass
Underground Storage Tanks	Pass
Asbestos	Pass

No environmental hazards were discovered that would require a Phase II assessment, hence the summary of Phase II assessment results is omitted from this report.

All asbestos found is in sound condition, and if left undisturbed, should not be considered a gross hazard. However, the ceiling tiles in Units 1329-1 through 1329-12 will be encapsulated. Occupants should be made aware of the presence and form of the asbestos.

SECTION III - INFORMATION SOURCES

Overall Property Description

- Building Drawings**
- Title History**
- Site Survey**
- Current Tax Maps**

Waste Sites

- Previous interviews with Local and State Officials.**

Polychlorinated Biphenyls (PCBs)

- Site Survey of Transformers**

Radon

- Interview with State of Hawaii Drinking Water Branch**

Underground Storage Tanks

- Site Tank Survey**

Asbestos

- Site Survey and Testing by Davidson Abatement, Inc.**

SECTION IV - EVALUATION OF SPECIFIC HAZARDS

Waste Sites

No physical testing of soil or groundwater for waste contamination has been performed on the subject parcel. The land has never been developed or "operated" in the commercial sense. The property is located approximately in the center of an area bounded by Wilder, Kewalo, H-1, and Keaaumoku Streets. This is a residential area with no commercial development.

There are no obvious high risk neighbors in adjacent properties engaged in producing, storing or transporting hazardous waste, chemicals or substances. The site is located in a residential area.

The site has been residential for at least 30 years.

No part of the site space has ever been leased to commercial tenants who are likely to have used, transported or disposed of toxic chemicals.

Water, other than natural rainfall, is provided to the site by the City of Honolulu.

Neither the property nor any site within one mile of the property appear on any State or Federal list of hazardous waste sites.

There is no documented or visible evidence of the handling of dangerous waste on the subject property or on neighboring sites (such as stressed vegetation, stained soil, open or leaking containers, foul fumes or smells, oil ponds, etc.).

Note: For underwriting purposes, the property is acceptable from the standpoint of waste site contamination.

Polychlorinated Biphenyls

There are no fluorescent light ballasts that contain PCBs in the building. The building on the property is residential.

There are no transformers or capacitors that contain PCBs anywhere on the property. The property was never used as a storage site for electrical equipment of any kind.

There is no visible or documented evidence of soil or groundwater contamination from PCBs on the property.

Note: for underwriting purposes, the property will be acceptable from the standpoint of PCB contamination.

Radon

There is no evidence that nearby structures have elevated indoor levels of radon or radon progeny.

Local water supplies have not been found to have elevated levels of radon or radium. Test series have been run by the State of Hawaii, with no contaminants exceeding the "Maximum Contaminant Level" proposed by the E.P.A.. The samples taken from the nearest sampling point shows 188 pico curries of radiation. 300 pico curries is the maximum level proposed by EPA and 1,000 pico curries has been proposed by AWWA.

The property is not located on or near sites currently, or were formerly, used for uranium, thorium, or radium extraction or for phosphate processing. There are no such sites in Honolulu.

Note: For underwriting purposes, the property is acceptable from the standpoint of radon contamination.

Underground Storage Tanks

There are no current site surveys on file, performed by qualified engineers, which indicate the property has had any underground storage tanks.

There is no visible or documented evidence of oil or groundwater contamination on the property.

There are no petroleum storage and/or delivery facilities (including gas stations) or chemical manufacturing plants located on adjacent properties.

There are no active underground tank facilities on-site that are used for activities such as motor fuel, waste oil, or fuel or storage.

There are no deactivated underground storage tanks on the property. The property is nearly covered in its entirety by the existing building and paved parking lot.

Note: For underwriting purposes, the property is acceptable from the standpoint of underground storage tank contamination.

Asbestos

Note: The project is a conversion of an existing building, hence evaluation of asbestos contamination hazard is contained in this report.

The building was inspected by Davidson Abatement, Inc.. Samples of the roofing material, ceiling tiles and floor tiles were submitted to Muranaka Environmental Consultants, Inc.. A copy of the report is contained in this report.

Although asbestos was found to be present, it is in good condition. The report by Davidson Abatement suggests that, if left undisturbed, minimal risk will exist for tenants. However, the report by Davidson Abatement shows that the primary hazard exists in the ceiling tiles of Units 1329-1 through 1329-12. Therefore, these ceiling tiles will be encapsulated.

Additional Hazards

Note: The project is a conversion of an existing building, hence this section is omitted from this report.

**SUGGESTED FORMAT FOR ENVIRONMENTAL HAZARD ASSESSMENTS
FOR CONDOMINIUM PROJECTS**

PROPERTY LOG

Project Name: 1329 & 1337 KAIHEE STREET DEVELOPMENT
 Property Address: 1329 & 1337 Kaihee Street, Honolulu, HI 96826

Developer/Sponsor Name: ABE LEE DEVELOPMENT INC.
 Developer/Sponsor Address: 2752 Woodlawn Dr., Suite 5-205, Honolulu, HI 96822

Developer/Sponsor Telephone: (808) 988-8077

Lender Name:
 Lender's Underwriter's Name:

Environmental Consultant: Dennis M. Reid, P.E.
 Consultant's Firm Name: REID & ASSOCIATES INC.
 Consultant's Firm Address: P.O. Box 1686, Kailua-Kona, HI 96745

Consultant's Telephone: (808) 329-8266

Date Phase I Assessment Completed: December 15, 1992
 Date Phase II Assessment Completed:

SUMMARY OF PHASE I ASSESSMENT RESULTS/RECOMMENDATIONS

1. Check applicable result for each hazard, indicating for each "Fail" whether there is a possible remedy or whether a Phase II assessment is needed.

<u>Hazard</u>	<u>Pass</u>	<u>Fail</u>	<u>Possible Remedy</u>	<u>Phase II Required</u>
Waste Sites	<u>X</u>	_____	_____	_____
PCBs	<u>X</u>	_____	_____	_____
Radon	<u>X</u>	_____	_____	_____
Underground Storage Tanks	<u>X</u>	_____	_____	_____
Asbestos	<u>X</u>	_____	_____	_____
Other (List)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

2. Attach a brief explanation for each hazard that needs a Phase II assessment. List data deficiencies, test results, etc. that require further assessment.

3. Attach a brief explanation for each failed hazard that could be corrected by taking remedial actions. Explain what actions are required and how they should be performed.

4. Underwriter's Comments (Attach Phase I Information Checklist):

Signature: *[Handwritten Signature]* Date: 12/29/93

SUMMARY OF PHASE II ASSESSMENT RESULTS/RECOMMENDATIONS

1. Check applicable result for each hazard, indicating for each "Fail" whether there is a possible remedy. Show "N/A" for any hazard for which there was no Phase II assessment required.

<u>Hazard</u>	<u>Pass</u>	<u>Fail</u>	<u>Possible Remedy</u>
Waste Sites	---	---	---
PCBs	---	---	---
Radon	---	---	---
Underground Storage Tanks	---	---	---
Asbestos	---	---	---
Other (List)	---	---	---
_____	---	---	---
_____	---	---	---

2. Attach a brief explanation for each failed hazard that could be corrected by taking remedial actions. Explain what actions are required and how they should be performed.

3. Underwriter's Comments:

Signature: _____ Date: _____

4. Consultant's Comments (Attach Phase II assessment report):

Signature: _____ Date: _____

PHASE I: ENVIRONMENTAL ASSESSMENT: INFORMATION CHECKLIST

INFORMATION SOURCES

Check the information sources used to perform the various aspects of the Phase I environmental hazard assessment.

1. Overall Property Description

- | | |
|--|---|
| <input type="checkbox"/> Building Specifications | <input type="checkbox"/> Lists of Commercial Tenants Previously On-Site |
| <input type="checkbox"/> Historical Aerial Photos | |
| <input type="checkbox"/> Current Aerial Photos | |
| <input checked="" type="checkbox"/> Title History | |
| <input checked="" type="checkbox"/> Site Survey | <input checked="" type="checkbox"/> Verification of Public Water and Sewer |
| <input checked="" type="checkbox"/> Neighborhood Zoning Maps | |
| <input checked="" type="checkbox"/> Neighborhood Land Use Maps | |
| <input type="checkbox"/> Other (List) | <input checked="" type="checkbox"/> Interviews with Local Fire, Health, Land Use or Environmental Enforcement Officials |

2. Waste Sites

- Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) lists or similar state lists of contaminated properties (covering any properties that are within a one-mile radius of the subject property)
- State Environmental Protection Agency (EPA) site lists of contaminated properties (covering any properties that are within a one-mile radius of the subject property)
- Site Soil and Groundwater Test Results
- Other (List)

3. Polychlorinated Biphenyls (PCBs)

- Utility Transformer Records
- Site Survey of Transformers
- Site Soil and Groundwater PCB Test Results
- Other (List)

4. Radon

- Water Utility Records
- Gas Utility Records
- On-Site Radon Test Results
- Other (List)

5. Underground Storage Tanks

- Oil, Motor Fuel and Waste Oil Systems Reports
- Site Soil and Groundwater Tests

- Comprehensive Environmental Response Compensation, and Liability Information System (CERCLIS) lists or similar state lists of contaminated properties (covering any properties that are within a one-mile radius of the subject property)
- Other (List)

6. Asbestos (Required only if subject property is the conversion of an existing building)

- Dated Building Construction/Rehabilitation Specifications
- Engineer's/Consultant's Asbestos Report
- Other (List)

EVALUATION OF SPECIFIC HAZARDS

Answer all applicable questions by marking the appropriate box -- "Y" for Yes, "N" for No, or "DK" for Don't Know:

Waste Sites Y N DK

1. Are there results of physical testing (including on-site sampling of soil and groundwater that meets all regulatory standards and sound industry practice) to show that the property is free of waste contamination and is being operated in an environmentally safe manner? _ _ X

2. Are there any obvious high risk neighbors in adjacent properties engaged in producing, storing or transporting hazardous waste, chemicals or substances? _ X _

Note: If the answer to question 1 is "yes" and the answer to question 2 is "no", stop here because, for underwriting purposes, the property will be acceptable from the standpoint of waste site contamination. Otherwise, answer the questions below.

3. Was the site ever used for research, industrial, or military purposes during the last 30 years? _ X _

4. Has any of the site space ever been leased to commercial tenants who are likely to have used, transported or disposed of toxic chemicals (such as a dry cleaner, print shop, service station, etc.)? _ X _

5. Is water for the building provided by either a private company or a well situated on the property? _ X _

6. Does the property or any site within one mile of the property appear on any state or federal list of hazardous waste sites? _ X _

DAVIDSON ABATEMENT, INC.

December 9, 1992

ABE LEE DEVELOPEMENT
2752 Woodlawn Drive #5-205
Honolulu, Hawaii 96822

Attention: Cookie Kim

Cookie,
Here are the laboratory results for the survey conducted on November 24th. I have also included an invoice for our services and a proposal for the abatement of the various asbestos-containing materials.

I would like to remind you that at this time there are no regulations requiring property owners to abate asbestos present in their buildings. The present laws are applied during renovations and/or demolitions. However, building occupants should be informed of the presence of asbestos and the hazards of disturbing such material.

The asbestos-containing material in the buildings at 1329 and 1337 Kaihee street are in sound condition and if left undisturbed are not considered a gross hazard. However, the mere presence of asbestos does pose some risks both to occupants as a health hazard and to owners as a liability.

I hope that I have addressed your concerns regarding this issue and if I can be of any further assistance please give me a call at 236-1128 and I'll be glad to help.

Thank you.



Kermit Davidson
President/RME



MURANAKA

ENVIRONMENTAL CONSULTANTS, INC.

P.O. Box 4341 • Honolulu, Hawaii 96812
(808) 531-8877 • Fax (808) 523-8082

INDUSTRIAL HYGIENE LABORATORY REPORT BULK SAMPLE IDENTIFICATION

November 30, 1992

Project No. 92979

CLIENT:
Davidson Abatement
45-024 Lilipuna Road
Kaneohe, Hawaii 96744

SITE:
Prudent Investors
1337 Kaihee Street
Honolulu, Hawaii 96822

Sample Number	Location	Sample Description	(A) Condition	(B) Friability	(C) Access	Asbestos (D) (% by vol)	Other Material (E)
Samples Received: November 27, 1992							
01	1337-A Ceiling	white ceiling material	n.a.	n.a.	n.a.	None detected	
02	1337-A BR Tile	beige streaked floor tile	n.a.	n.a.	n.a.	None detected	
03	1337-C BR Tile	beige floor tile	n.a.	n.a.	n.a.	chrysotile 3-5%	
04	1329 Roof	black roofing material	n.a.	n.a.	n.a.	None detected	
05	1337-G Floor Tile	beige spotted floor tile	n.a.	n.a.	n.a.	chrysotile 5-10%	
06	1337-B Kitchen Tile	white floor tile	n.a.	n.a.	n.a.	None detected	
07	1329-5 Ceiling-BR	white ceiling material	n.a.	n.a.	n.a.	chrysotile 5-10%	
08	1329-10 Floor Tile	beige floor tile	n.a.	n.a.	n.a.	None detected	

Industrial Hygiene Laboratory Report
 Project No. 92979

Sample Number	Location	Sample Description	(A) Condition	(B) Friability	(C) Access	Asbestos (D) (% by vol)	Other Material (E)
09	1329-9/ Tile	beige with brown streaks floor tile	n.a.	n.a.	n.a.	chrysotile >1-2%	
10	1329 Ceiling BR	white ceiling material	n.a.	n.a.	n.a.	chrysotile 5-10%	
11	1329-9 BR	white floor tile	n.a.	n.a.	n.a.	None detected	
12	1329 Floor Tile	white with brown streaks floor tile	n.a.	n.a.	n.a.	None detected	
13	1337-A Tile	brown floor tile	n.a.	n.a.	n.a.	chrysotile 5-10%	
14	1337-A Closet Tile.- Kitchen	black floor tile	n.a.	n.a.	n.a.	chrysotile 5-10%	

KEY TO CATEGORIES:

A - (1) intact (2) minor damage (3) visible deterioration (n.a.) not applicable

B - (1) low (2) medium (3) high (n.a.) not applicable

C - (1) low - rare to no accessibility (2) medium - occasional accessibility or the potential for disturbance through maintenance activities (3) high - readily accessible by building personnel and tenants (n.a.) not applicable

D - asbestos mineral type: chrysotile, amosite, crocidolite, anthophyllite, tremolite, or actinolite

E - mineral/glass wool, wood/paper fiber, vermiculite, perlite/pumice, nonfibrous binder filler, synthetic fiber

Industrial Hygiene Laboratory Report
Project No. 92979

COMMENTS:

Samples submitted for qualitative asbestos determination were analyzed utilizing dispersion staining in conjunction with polarized light microscopy. The limit of detection for this analysis is 0.1% v/v.

While USEPA considers asbestos-containing building materials with less than or equal to 1% asbestos by volume to be non-regulated for purposes of NESHAPS, federal OSHA has interpreted these quantities in a vastly different manner. Seek up to date information on regulations concerning low percentage ACM and how it may interact with your specific situation.

There is no single validated or standard methodology for analyzing asbestos in floor tile and other non-friable materials. Muranaka Environmental Consultants, Inc., uses an industry accepted standard technique for the analysis of such materials by polarized light microscopy. However, these materials may contain asbestos fibers that are not ordinarily detectable using standard light microscopy.

Single samples of suspect asbestos-containing building materials that are found to be negative may not be representative of the homogeneous area. Muranaka Environmental Consultants, Inc. recommends adhering to bulk sampling protocols to ensure representative samples are collected.

The samples received in the laboratory were not collected by personnel from Muranaka Environmental Consultants, Inc. We make no representations as to the accuracy and thoroughness of the sampling methodology used; nor can we offer any conclusions as to the relevance of the results. We disclaim any responsibility for misrepresentations resulting from the inaccurate or incomplete collection of the samples.

Samples received in the laboratory will be kept for 90 days and then discarded unless other arrangements are made with Muranaka Environmental Consultants, Inc.



Diane R. Johnson
Laboratory Manager

END OF EXHIBIT J