

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

SPECIAL ATTENTION

The Developer has disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (pages 12 and 15).
- (c) The Sales Contract provides that the purchaser will not have the right to sue the declarant for damages and defects of the Project (see page 20).

This public report does not constitute approval of the Project by the Real Estate Commission, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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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 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 important to all apartment owners that the transition of control from the developer to apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Robert W. and Judith P. Bailey
Name
53-002 Halai Place
Business Address
Hauula, Hawaii 96717

Phone: 293-7400
(Business)

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

Real Estate Broker: McCormack Real Estate, Inc. dba
Coldwell Banker McCormack Real Estate
Name
45-920 Kamehameha Hwy.
Business Address
Kaneohe, Hawaii 96744

Phone: 247-6681
(Business)

Escrow: First Hawaii Title
Name
33 S. King Street
Business Address
Honolulu, Hawaii 96813

Phone: 533-0044
(Business)

General Contractor: N/A
Name

Business Address

Phone: _____
(Business)

Condominium Managing Agent: Self-managed by the Association of
Name Apartment Owners
Business Address

Phone: _____
(Business)

Attorney for Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

Phone: 521-4757
(Business)

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the bylaws of the Association of Apartment Owners. 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. 94-204677
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, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
- Recorded - Bureau of Conveyances Condo Map No. 2168
- 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. 94-204678
- Filed - Land Court Condo Map No. _____

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

2. **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 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.

3. Changes to Condominium Documents

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

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

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

See attached Exhibit "A"

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 includes 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(s): _____

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 Apartment 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: 53-524 Kamehameha Hwy. Tax Map Key: (1) 5-3-6-35
Punaluu, Hawaii 96717 (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 38,802 [X] square feet [] acre(s) Zoning: R-5

Lessor
(Fee Owner): Robert W. and Judith P. Bailey
Name
53-002 Halai Place
Address
Hauula, Hawaii 96717

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: 6 Floors Per Building 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses by Zoning: SEE ATTACHED EXHIBITS "I" and "J"

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>6</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, Bylaws, and House Rules may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- [X] Pets: Permitted in reasonable number
- [] Number of Occupants: _____
- [X] Other: See Exhibits I and J
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators -0- Stairways -0- Trash Chutes -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>Unit A</u>	<u>1</u>	<u>2/2</u>	<u>890</u>	<u>48</u>
<u>Unit B</u>	<u>1</u>	<u>2/1</u>	<u>650</u>	<u>205</u>
<u>Unit C</u>	<u>1</u>	<u>1/1</u>	<u>663</u>	<u>255</u>
<u>Unit D</u>	<u>1</u>	<u>3/1</u>	<u>1,157</u>	<u>757</u>
<u>Unit E</u>	<u>1</u>	<u>2/1</u>	<u>1,078</u>	<u>-0-</u>
<u>Unit F</u>	<u>1</u>	<u>2/1</u>	<u>543</u>	<u>154</u>

Total Apartments: 6

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Dwelling.

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 2

	<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)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	<u>2</u>	_____	_____	_____	_____	<u>2</u>
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>2</u>	_____	_____	_____	_____	_____	_____

*** NOTE:** Except for two guest parking stalls, as shown on the Condominium Map, no parking stalls are specifically designated. However, the Owner of each Unit shall be required to provide at least two parking stalls on the limited common element appurtenant to the Owner's Unit.

Each apartment will have the exclusive use of at least * () 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:

- [X] 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

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

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):

The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of each of the condominium units appears to be in poor condition and Unit B and perhaps other Units may be considered uninhabitable. Any prospective purchaser is urged to review carefully the architect's report attached hereto as Exhibit "2". Any prospective purchaser should anticipate repairing or replacing the existing structures. However, rebuilding or replacement is subject to the requirements of Existing Use Permits and Special Management Area Use Permits, which should be reviewed closely. Those permits also impose time limitations.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

See attached Existing Use Permit No. 93/EU-1 approved on July 5 and July 21, 1994 (Exhibit "I").

See also Resolution Granting A Special Management Area Use Permit to Reconstruct Dwellings and Other Improvements (Exhibit "J").

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> </u>	<u> X * </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

* See attached letter from City and County of Honolulu dated October 25, 1993, as Exhibit "K"

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 C .

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.

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

[x] described in Exhibit D

[] as follows:

Note: Reference to said Exhibit D to "Dwelling Area" does not mean legally subdivided lots.

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 _____.

[x] as follows:

Unit A	-	16-2/3%
Unit B	-	16-2/3%
Unit C	-	16-2/3%
Unit D	-	16-2/3%
Unit E	-	16-2/3%

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 E describes the encumbrances against the title contained in the title report dated December 9, 1994 and issued by Hawaii Escrow & Title, Inc.

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.

[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. 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>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit less any escrow cancellation fees

F. 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:

Purchaser understands that Seller is selling the Project and the Apartments together with the appliances and other personal property in "as is" condition. The Seller is giving no warranties to Purchaser with respect to the construction, materials or workmanship of the Project.

2. Appliances:

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

G. Status of Construction and Estimated Completion Date:

All the Units were built at least forty (40) years ago.

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 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
- the developer or the Developer's affiliate
- self-managed by the Association of Apartment Owners
- 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 H contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

See attached Disclosure Abstract (Exhibit H)

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 see attached Disclosure Abstract (Exhibit H)

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 F contains a summary of the pertinent provisions of the sales contract.

[*] Escrow Agreement dated December 22, 1994

Exhibit G 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 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:

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 condominium 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 Law (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 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. 3255 filed with the Real Estate Commission on December 23, 1994.

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

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2. Additional Information Not Covered Above

SPECIAL NOTATION

The specimen Sales Contract provides in part that Purchaser understands the Apartments and the Project are being sold in "as is" condition. The existence of any defect in the Apartments or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his contract.

The Specimen Sales Contract further states that the Purchasers will not have any right to file any lawsuit for damages against the Seller for any defects in the Apartments or in the Project.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

ROBERT WILSON BAILEY and JUDITH PUALANI BAILEY
Name of Developer

By Robert Wilson Bailey December 24, 1994
Duly Authorized Signatory Date

Robert Wilson Bailey
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraph 20 of the Declaration states:

"Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Unit Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such Owners or by the proper officers of the Association. In addition, the approval of eligible holders of first mortgages on Units to which are appurtenant at least 51% of the common interest of the project shall be required for any material amendment to the Declaration or any amendment of a provision for the express benefit of holders or insurers of first mortgages on Units. An eligible holder is a holder of a first mortgage on a Unit which has made a written request to the Association that it receive notices of proposed changes to the Declaration. A material amendment to the Declaration is one which establishes, provides for, governs or regulates any of the following: (1) voting; (2) assessments, assessment liens, or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements; (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) responsibility for maintenance and repair of the project; (7) expansion or contraction of the project for the addition, annexational or withdrawal of property to or from the project; (8) boundaries of any Unit; (9) the interest in the common elements; (10) convertibility of Units into common elements or of common elements into Units; (11) leasing of Units; (12) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her interest in the Unit; or (13) establishment of self management by the Association after professional management has previously been required by any of the mortgage holders.

Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Recording Office of a conveyance of a Unit, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Unit purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Unit as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or

dimensions of the apartments as built or any change in any apartment number.

Notwithstanding the foregoing, the Owner of any Unit shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to a Unit in accordance with Paragraph 19.1 of this Declaration. Promptly upon completion of such changes, the Owner of the changed Unit shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including his common interest) and shall be irrevocable."

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 19.1 of the Declaration states:

"Each Unit Owner, with the consent of any holder of any mortgage affecting the Owner's Unit, shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all liens affecting his Unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make improvements upon the Dwelling Area appurtenant to the Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(i) Any changes shall conform with all applicable City and County building and zoning laws and other ordinances, and those terms and conditions set forth in the Special Management Area Use Permit attached hereto as Exhibit C and the Existing Use Permit, as amended, attached hereto as Exhibit B (collectively called "C & C Permits"), as the C & C Permits may be amended from time to time by the Department of Land Utilization of the City and County of Honolulu (or its successor), it being understood that the joinder or consent of any Owner of a Unit (other than the Owner making the changes to his own Unit) or the holder of a mortgage on any Unit (other than the holder of a mortgage on the Unit being changed) shall not be required.

(ii) Any change to a Unit must be made within the Dwelling Area to which the Unit is appurtenant and may not interfere with any other Owner's use or enjoyment of his or her Unit, the common elements or appurtenant limited common elements, provided, however, that with respect to Units A and B, the common wall between such Units may encroach onto the Dwelling Area appurtenant to the Unit remaining unchanged;

(iii) No change to a Unit will be made if the effect of such change would be that the building area shall exceed 30% of the area of the Dwelling Area appurtenant to such Unit, less any access easement;

(iv) All such changes shall be at the expense of the Unit Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owner's use of his Dwelling Area.

(v) Pursuant to the Existing Use Permit, all such changes shall be in accordance with the requirements of the Land Use Ordinance yard and height setbacks in an R-5 Residential District, within each Dwelling Area to be treated as though it were a separate zoning lot. Thus, setbacks are to be measured from the boundary lines of each Dwelling Area. Front yard setbacks for each Dwelling Area shall be taken from the Dwelling Area lot line that is contiguous to the common roadway.

(vi) No fences or walls shall be allowed to be constructed along the boundaries separating the Dwelling Areas from each other.

(vii) During the entire course of such construction, the Unit Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than

the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(viii) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project;

(ix) If the consent to a change or joinder of other Owners (other than the Owner making the change) is required by the Act or by the C & C Permits, then each Owner hereby consents in advance to such change and to join in building or other permits required therefor, provided that all costs and expenses relating to the changes shall be borne by the Owner making the change and that such Owner shall indemnify and hold the other Owners harmless therefrom.

(x) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to all Owners the rights set forth in this paragraph.

(xi) Notwithstanding the foregoing, any structural change to Unit A or Unit B which materially affects the structural soundness of Unit B or Unit A respectively, shall require the consent of both the Owner of Unit A and the Owner of Unit B and the consent of any holder of any mortgage affecting either Unit. However, such shall not require the consent of any other Unit Owner or the holder of any mortgage affecting any other Unit."

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

1. The Land in fee simple;
2. The "Common Element for Road and Utility Purposes (6867 sq. ft.)", as shown on the Condominium Map;
3. The "Common Element for Driveway Guest Parking and Utility Purposes (1617 sq. ft.)", as shown on the Condominium Map;
4. The existing chainlink fence or any new chainlink fences to be erected along the perimeter boundaries of the Land;
5. The "Common Wall" separating Unit A and Unit B, as shown on the Condominium Map;
6. The septic tank for the use of Unit A and Unit B, as shown on the Condominium Map;
7. All other portions of the Land, including the guest parking stalls, which are shown as common areas on the Condominium Map;
8. All other portions of the Land and improvements not specifically heretofore designated as Units, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

1. Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Unit, and each Unit shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne immediately by the Unit to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Unit A is located, consisting of the land beneath and immediately adjacent to Unit A, as shown and delineated on the Condominium Map as "Dwelling Area A" (including the airspace above such site) is for the exclusive benefit of Unit A.

(b) The site on which Unit B is located, consisting of the land beneath and immediately adjacent to Unit B, as shown and delineated on the Condominium Map as "Dwelling Area B" (including the airspace above such site) is for the exclusive benefit of Unit B.

(c) The site on which Unit C is located, consisting of the land beneath and immediately adjacent to Unit C, as shown and delineated on the Condominium Map as "Dwelling Area C" (including the airspace above such site) is for the exclusive benefit of Unit C.

(d) The site on which Unit D is located, consisting of the land beneath and immediately adjacent to Unit D, as shown and delineated on the Condominium Map as "Dwelling Area D" (including the airspace above such site) is for the exclusive benefit of Unit D.

(e) The site on which Unit E is located, consisting of the land beneath and immediately adjacent to Unit E, as shown and delineated on the Condominium Map as "Dwelling Area E" (including the airspace above such site) is for the exclusive benefit of Unit E.

(f) The site on which Unit F is located, consisting of the land beneath and immediately adjacent to Unit F, as shown and delineated on the Condominium Map as "Dwelling Area F" (including the airspace above such site) is for the exclusive benefit of Unit F.

(g) That portion of the Land as shown on the Condominium Map as "Portion Dwelling Area "A" (125 Sq. Ft.)" is for the exclusive use of Unit A;

(h) That portion of the Land as shown on the Condominium Map as "Portion Dwelling Area "B" (146 Sq. Ft.)" is for the exclusive use of Unit B;

(i) That portion of the Land as shown on the Condominium Map as "Portion Dwelling Area "C" (113 Sq. Ft.)" is for the exclusive use of Unit C;

(j) That portion of the Land as shown on the Condominium Map as "Portion Dwelling Area "D" (153 Sq. Ft.)" is for the exclusive use of Unit D; and

(k) The common wall separating Unit A and Unit B is for the exclusive use of both Unit A and Unit B.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Mortgage dated April 16, 1992, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 92-062126, in favor of David Siuk En Hew, et als..
4. Declaration of Condominium Property Regime dated November 21, 1994, recorded in said Bureau as Document No. 94-204677 (Project covered by Condominium Map No. 2168). By-Laws dated November 21, 1994, recorded as Document No. 94-204678.

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the furnishings and appliances.

2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

a. An initial deposit;

b. The balance of the purchase price is to be paid to escrow by purchaser on the Closing Date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing all escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, the cost of any required title insurance, and appraisal fees and any obligations of purchaser to his mortgage lender. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract, which is expected to occur within 90 days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph 16); (b) Purchaser defaults under the Sales Contract (paragraph 5,2); or (c) Purchaser dies prior to Closing Date (paragraph 5.1). If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. Seller may assign by way of security all of its interest in the Sales Contract, as

collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Purchaser to Cancel the Sales Contract.

The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Purchaser does not act within the thirty (30) day period, or if the Apartment is conveyed to the Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3).

b. The Purchaser may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 7.1).

c. Purchaser fails to qualify for permanent financing (paragraph 16).

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and First Hawaii Title.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

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

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

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract;

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has cancelled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: PUNALUU KAI
53-524 Kamehameha Highway
Punaluu, Hawaii 96717
- (b) DEVELOPER: Robert W. and Judith P. Bailey
53-002 Halai Place
Hauula, Hawaii 96717

Telephone: (808) 293-7400
- (c) MANAGING AGENT: Self-Managed
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).
3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not making any warranties relating to the materials and workmanship of the Units or the common elements.
4. USE OF UNITS. The PUNALUU KAI Condominium Project will consist of six (6) unit(s) which will be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose.
5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by STEVEN M. HIGASHIYA, Registered Professional Architect, the Developer states:
 - a. The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of each of the condominium units appears to be in poor condition and Unit B and perhaps other Units may be considered uninhabitable. Any prospective purchaser is urged to review carefully the architect's report attached hereto as Exhibit "2". Any prospective purchaser should anticipate repairing or replacing the existing structures. However, rebuilding or replacement is subject to the requirements of Existing Use Permits and Special Management Area Use Permits, which should be reviewed closely. Those permits also impose time limitations.

b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES

For Period January 1, 1995 to December 31, 1995
As Prepared by Developer

Estimated Annual Expenses

Common Area Ground Maintenance	\$ 600.00
*Water/Sewer and Electricity for Units A and B:	\$ -0-
**Fire/Liability Insurance:	\$1,300.00
Management Fee:	\$-0-
Reserves:	
Roadway - \$10,000 ÷ 15 years:	\$ 666.00
Plumbing - \$5,000 ÷ 30 years:	\$ 333.00
TOTAL ANNUAL EXPENSES	\$2,899.00

Estimated Monthly Expenses

(\$2,899 ÷ 12 months): \$ 241.00

Estimated Monthly Maintenance Fee for Each Apartment:

Estimated Monthly Expenses:	\$ 40.00
TOTAL MONTHLY MAINTENANCE FEE FOR EACH APARTMENT:	\$ 40.00

- Note:
- * All utilities will, be separately metered or otherwise charged, and the common elements will incur no separate utility charges.
 - ** It is contemplated that each apartment owner will purchase his own homeowner's insurance policy which will include fire and liability coverage, and flood insurance, if applicable, and name the Association of Apartment Owners as an additional insured. As the apartments are improved, premiums for fire insurance will increase. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association to be shared by the Apartment Owners. Note, each apartment will be responsible for maintenance and repair of own landscaping, yards and fences, and pumping of septic tank.

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES

For Period January 1, 1995 to December 31, 1995
As Prepared by Developer

Estimated Annual Expenses

Common Area Ground Maintenance	\$ 600.00
*Water/Sewer and Electricity for Units A and B:	\$ -0-
**Fire/Liability Insurance:	\$1,300.00
Management Fee:	\$-0-
Reserves:	
Roadway - \$10,000 ÷ 15 years:	\$ 666.00
Plumbing - \$5,000 ÷ 30 years:	\$ 333.00
TOTAL ANNUAL EXPENSES	\$2,899.00

Estimated Monthly Expenses

(\$2,899 ÷ 12 months): \$ 241.00

Estimated Monthly Maintenance Fee for Each Apartment:

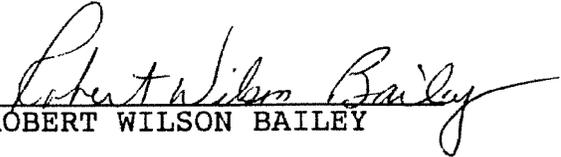
Estimated Monthly Expenses:	\$ 40.00
TOTAL MONTHLY MAINTENANCE FEE FOR EACH APARTMENT:	\$ 40.00

Note: * All utilities will, be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

 ** It is contemplated that each apartment owner will purchase his own homeowner's insurance policy which will include fire and liability coverage, and name the Association of Apartment Owners as an additional insured. As the apartments are improved, premiums for fire insurance will increase. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association to be shared by the Apartment Owners.

 Note, each apartment will be responsible for maintenance and repair of own landscaping, yards and fences, and pumping of septic tank.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.


ROBERT WILSON BAILEY

"Developer"

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EXHIBIT 2

July 17, 1993

Mr. Robert Bailey
53-002 Halai Place
Hauula, Hawaii 96717

Dear Mr. Robert Bailey:

Re: 53-524 Kamehameha Highway Condominium Property Regime
T.M.K. 5-3-06 : 35
53-524 Kamehameha Highway
Hauula, Hawaii

As per your instructions, a visual observation was made on subject property on July 6, 1993.

The purpose of the visitation was to visually examine and comment on the present condition of a duplex and 4 separate dwellings on said property. The duplex structure is closest to Kamehameha Highway is labeled as Unit A & B. Units C and D are located in the middle and Units E and F are towards the rear of the property. Walk-thru was conducted with tenants of each unit, Mr. Loren Yue, (Design Perspective), and myself. Information was obtained through "sketches" provided by yourself, visual walkthru of each dwelling and verbal communication with present tenant of each unit.

DUPLEX UNIT A

The dwelling whose address is 53524-A Kam. Hwy. is a wooden one story structure on the Makai side of duplex. Although original drawings were not available for verification, it appears that the structure was constructed at different times and the original being built approximately in the 50's.

Visually, it appears that the overall dwelling was constructed on a raised wooden foundation with precast concrete footing blocks. We did however note that several footings were made from CMU blocks that have been laid on its side. Structurally, this appears to be unsafe. Floor framing consisted of 4X girders, 2X floor joists with what appears to be 1X oak flooring and plywood. Original framing does not appear to be pressure treated. Original exterior walls were 1 X 8 T&G Redwood sheathing while the other section with plywood sheathing. Roof framing consisted of two different systems; carpenter built trusses and rafters with canec ceiling. Roofing material appeared to be asphalt roofing. Roofing appears to be in poor condition and does appear to need reroofing. Asphalt and underlayment has not been tested for Asbestos content.

In general, the existing electrical outlets appear to have been upgraded. Mr. Robert Bailey has confirmed this. We noted new wiring with grounded outlets, but we were unable to locate any GFI outlets. We did not visually see any smoke detector. At the

time of our visitation, we noted that the existing light and plumbing fixtures were in fair to poor condition and in proper operation. It would appear that the fixtures are in need of replacement in the near future. The tenant has indicated that he did not encounter any electrical problems. He did however, indicate that the sewage is via cesspool and at times flows very slow when heavy rains occur.

Existing paint is in poor condition and is peeling, cracked, damaged etc. Paint has not been checked for lead content. We did note that the existing range has no range hood nor fire backing. On the makai exterior stair, we noted extensive termite damage to the stairs, floor framing and walls. We also noted termite and dry rot damage to floor posts, bracing, beams, and floor and wall sheathing. Although we are not sure as to the extent of damage or whether the termites are still present, we feel that repairs to this dwelling will be extensive. We also noted existing eaves and rafters having extensive dry-rot damage. We should also like to note that various exterior walls have apparently been patched with plywood.

We visually noted that the existing master bedroom has been constructed approximately 6" from the left property line. This portion of the house is thus non-conforming.

Generally, the overall condition of the structure is in poor shape. We estimate that the building has a life expectancy of 1 to 3 years. The owner should maintain a scheduled maintenance program (such as; termite treatment, painting, reroofing etc..) to enhance the life expectancy of the building.

DUPLEX UNIT B

The dwelling whose address is 53524-B Kam. Hwy. is a wooden one story structure on the Mauka side of the duplex. Original drawings were not available for verification and it is unknown when the structure was constructed.

Visually, we noted the original structure was constructed by slab on grade. Height of concrete in relation to existing grade appears to be minimal. Exterior walls are double wall construction of plywood and gypsum board. Roof framing consisted of rafters with fiberglass insulation in-between and canec ceiling. Ceiling did exhibit areas of water damage and thus infiltration. Roofing material appeared to be asphalt roofing. Roofing appears to be in poor condition and does appear to need reroofing. Asphalt and underlayment have not been tested for Asbestos content.

In general, the existing electrical outlets and light fixtures were either damaged or removed. We did not locate any GFI outlets nor visually seen any smoke detector. At the time of our visitation, we noted that the existing light and plumbing fixtures were in poor condition or missing. Existing bathroom is on a raised wooden platform. Bathroom facility is non-conforming due to; bathroom is raised 12" above main floor without any steps, unprotective wood flooring, no shower wainscot. Existing kitchen facility is heavily damaged with no sink and range not being hooked-up and out of place.

Existing interior gypsum board walls and ceiling were heavily damaged with peeling paint, and large holes. Existing exposed studs exhibited extensive termite damage. Existing ceiling insulation was exposed and hanging down. At this time, we are not positively sure of the extent of damage or whether the termites are still alive. Existing paint is peeling, cracked, damaged etc. Paint has not been checked for lead content. Existing windows have missing or cracked glass and do not have insect screens.

Existing concrete floor showed signs of peeling paint and water puddles. Owner has indicated that during heavy rains, floor becomes very moist and at times gets flooded by outside waters.

Generally, the overall condition of the structure is in very poor shape and thus uninhabitable with no life expectancy.

DWELLING UNIT C

The dwelling whose address is 53524-C Kam. Hwy. is a wooden one story structure. Although original drawings were not available for verification, it appears that the structure was constructed at different times and the original being built approximately in the 50's.

Visually, it appears that the overall dwelling was constructed on a raised wooden foundation with precast concrete footing blocks. Floor framing consisted of 4X girders, 2X floor joists with what appears to be 1X fir flooring. Original framing does not appear to be pressure treated. Original exterior walls were 1X T&G redwood sheathing. Roof framing consisted of carpenter built trusses with canec ceiling. Bedroom addition was double wall construction with exterior plywood sheathing. Bedroom walls had exposed studs with no interior sheathing. Roof framing was rafters with exposed fiberglass insulation in between. Fiberglass insulation should be encapsulated with some sort of ceiling material so as to prevent exposure to insulation material. Roofing material appeared to be asphalt roofing. Roofing appears to be in poor condition and does appear to need reroofing. Asphalt and underlayment has not been tested for Asbestos content.

In general, the existing electrical outlets appears to be original with no ground. We did not visually locate any GFI outlets. We did not visually see any smoke detector. At the time of our visitation, we noted that the existing light and plumbing fixtures were in fair condition and in proper operation. The tenant has indicated that he did not encounter any electrical problems. He did however, indicate that the sewage is via cesspool and at times flows very slow when heavy rains occur.

Existing exterior paint on the mauka side is peeling and cracking. Paint has not been checked for lead content. We did note that the existing gas range has no range hood nor fire backing. We also noted that the range was fed by a portable propane tank. We noted the floor sheathing in front of the bedroom was soft. We also noted termite damage to

several exposed floor sheathing. At this time, we were not positively sure of the extent of damage or whether the termites were still alive. We also noted existing eaves and rafters having dry-rot damage.

It appears that the bedroom has been constructed at a latter date. It also appears that the structure was constructed without a building permit. Visually, we noted that the roof was "sagging" which would confirm our suspicion that roof framing is undersized. Existing lanai roof framing also appears to be undersized. We noted 2X beams and Ohia posts.

We visually noted a "lean-to" roof on the left side of the building. Apparently, it is being used as a laundry area. We visually noted that the roof apparently has been constructed in the set-back area.

Generally, the overall condition of the structure is in poor shape considering the age of the building. We estimate that the building has a life expectancy of 1 to 5 years. The owner should maintain a scheduled maintenance program (such as; termite treatment, painting, reroofing etc..) to enhance the life expectancy of the building.

DWELLING UNIT D

The dwelling whose address is 53524-D Kam. Hwy. is a plaster faced concrete one story structure. A lanai addition apparently was made at a latter date. Although original drawings were not available for verification, it appears that the structure was constructed at different times and the original being built approximately in the 50's.

Visually, it appears that the original dwelling was constructed with slab on grade foundation. Walls appear to be either concrete or concrete masonry units with plaster facing. Roof framing consisted of 2 X rafters 1 X T&G roof sheathing. Roofing material appears to be asphalt roofing. Roofing appears to be in fair condition. Asphalt and underlayment has not been tested for Asbestos content. The rear lanai is constructed with 4X rafters with 6X framing. We visually noted that the corrugated roofing material appears to be asbestos.

In general, existing electrical outlets does not appear to be grounded. We were unable to locate any GFI outlets. We did not visually see any smoke detector. At the time of our visitation, we noted that the existing light and plumbing fixtures were in fair to poor condition and in proper operation. It would appear that the fixtures are in need of replacement in the near future. We were informed that sewage is via cesspool and are *unaware of any problems.*

Existing paint appears to be in fair condition. Paint has not been checked for lead content. We visually noted some termite damage to door and window frames. We also noted that 4 X 4 rafters in bathroom was termite damaged. At this time, we were not positively sure of the extent of damage or whether the termites were still alive. We also

noted that the bathroom ceiling has prefinished paneling that are sagging and coming loose. We are not sure whether this is due to termite damage or water infiltration. We also noted that some windows were equipped with wooden shutters with no glass and no insect screen. We also noted that some of the windows have been boarded up with plywood sheathing. These boarded up windows in the bedroom may be construed as an obstruction for fire exits. We noted that the front bedroom is quite warm and may indicate that the room does not meet the requirements for ventilation. Existing kitchen flooring is 9"X9" vinyl tile and appears to be vinyl asbestos tiles.

Generally, the overall condition of the structure is in poor shape considering the age of the building. We estimate that the building has a life expectancy of 1 to 5 years. The owner should maintain a scheduled maintenance program (such as; termite treatment, painting, reroofing etc..) to enhance the life expectancy of the building.

DWELLING UNIT E

The dwelling whose address is 53524-E Kam. Hwy. is a military style Quonset hut. Although plans were not available for verification, it appears that these structures were constructed in the 40's.

Quonset houses were generally a prefabricated structure whose roof is semicylindrical in shape, and built with corrugated steel roofing and steel frame. Visually, it appears that the overall dwelling was constructed on a raised foundation with precast concrete footing blocks. Existing floor sheathing is covered with flooring material but appears to be wood. Interior wall sheathing is particle board. Interior walls are double wall and does not extend to roof. Existing corrugated steel roofing has been covered with asphalt roofing. Roofing material appears to be in poor condition and in repair. Asphalt and underlayment has not been tested for Asbestos content.

In general, the existing electrical outlets appear to be original with no ground. We were unable to visually locate any GFI outlets. We did not visually see any smoke detector. At the time of our visitation, we noted that the existing light and plumbing fixtures were in fair to poor condition and in proper operation. It would appear that the fixtures are in need of replacement in the near future. The tenant has indicated that he did not encounter any electrical problems. He did however, indicate that the sewage is via cesspool and at times flows very slow when heavy rains occur.

Existing interior wall paneling appeared to be damaged and heavily deteriorated. Water stains were also on paneling which would indicate water infiltration. The existing floor sheathing had various areas that were very soft. It could be assumed that flooring has been damaged by either termites or water. Paint appeared to be peeling, cracked, damaged etc. Paint has not been checked for lead content. We did note that the existing range has no range hood nor fire backing. We noted several foundation post that contained extensive termite damage. At this time, we were not positively sure of the

extent of damage or whether the termites were still alive. We also noted existing eaves and rafters having extensive dry-rot damage.

Generally, the overall condition of the structure is in poor shape considering the age of the building. We estimate that the building has a life expectancy of 0 to 1 year. It should be noted that the dwelling may be considered unsafe to occupy unless extensive work is conducted.

DWELLING UNIT F

The dwelling whose address is 53524-F Kam. Hwy. is a wooden one story structure with an attached patio. Although original drawings were not available for verification, it appears that the structure was constructed at different times and the original being built approximately in the 50's.

Visually, it appears that the overall dwelling was constructed on a raised wooden foundation with precast concrete footing blocks. Floor framing consisted of 4X girders, 2X floor joists with what appears to be 1X oak flooring. Original framing does not appear to be pressure treated. Original exterior walls were 1 X 8 T&G Redwood sheathing. Roof framing consisted of two different systems; carpenter built trusses with canec ceiling over the original house and open rafters over the patio. Roofing material appeared to be asphalt roofing. Roofing appears to be in poor condition and does appear to need reroofing. Asphalt and underlayment has not been tested for Asbestos content.

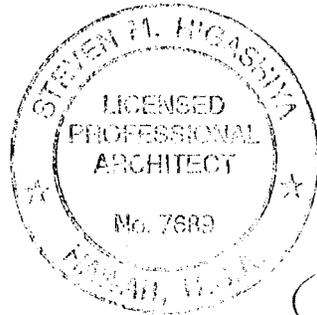
In general, the existing electrical outlets are original with no ground and no GFI outlets visible. We did not visually see any smoke detector. At the time of our visitation, we noted that the existing light and plumbing fixtures were in fair to poor condition and in proper operation. It would appear that the fixtures are in need of replacement in the near future. The tenant has indicated that he did not encounter any electrical problems. He did however, indicate that the sewage is via cesspool and at times flows very slow when heavy rains occur.

Existing paint is peeling, cracked, damaged on mauka wall. Paint has not been checked for lead content. We did note that the existing range has no range hood nor fire backing. We noticed that the original shower stall was removed and a fiberglass enclosure installed. The shower was free standing and not fastened down. According to the tenant, existing lanai addition was constructed without a permit. We also noted that the patio guard rail has not been constructed to code. Owner needs to provide rail members so that a sphere of 5" cannot pass thru. We visually noted termite damage at various locations. At this time, we were not positively sure of the extent of damage or whether the termites were still alive.

Generally, the overall condition of the structure is in fair to poor shape considering the age of the building. We estimate that the building has a life expectancy of 5 years. The

owner should maintain a scheduled maintenance program (such as; termite treatment, painting, reroofing etc..) to enhance the life expectancy of the building.

Sincerely,



A handwritten signature in cursive script, appearing to read "Steven M. Higashiya", written over a horizontal line.

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

CITY AND COUNTY OF HONOLULU

RECEIVED

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

EXHIBIT "I"

1993 JUN 17 P 1:15

FRANK F. FASI
MAYOR

BELT COLLINS & ASSOCIATES



DONALD A. CLEGG
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

93/EU-1 (JS)

June 1, 1993

Mr. Lee Sichter
Belt Collins and Associates
680 Ala Moana Blvd., Suite 100
Honolulu, Hawaii 96813

Dear Mr. Sichter:

Subject: Section 3.130 Existing Use (LUO)
Project Name: Bailey Existing Use
Location: 53-524 Kamehameha Highway, Punaluu
Tax Map Key: 5-3-6: 35 (Lot A)
Owner: Robert W. & Judith Bailey

Bel, J.	_____
Papandrew, T.	_____
White, P.	_____
Goody, J.	_____
Mapoe, A.	_____
Van Horn, D.	_____
Aoki, K.	_____
Cheever, J.	_____
Corbett-Suzuki, E.	_____
Doddy, R.	_____
Fach, M.	_____
Han, S.	_____
Havis, D.	_____
Hutchins, M.	_____
Hutchinson, J.	_____
Kihara, M.	_____
Knight, M.	_____
Koehn, G.	_____
Kurayama, T.	_____
Kurazumi, A.	_____
Lewis, B.	_____
Lui, G.	_____
Lui, S.	_____
Sichter, L.	_____
Sokolov, M.	_____
Solaris, U.	_____
Stephens, M.	_____

The application for the development is approved as an Existing Use under Section 3.130 of the Land Use Ordinance in accordance with the application plans DLU date stamped April 1, 1993 subject to the following conditions:

1. Approval is only for alterations, additions, repairs and reconstruction of the existing dwelling units and accessory uses. All proposed improvements shall be subject to compliance with the Land Use Ordinance such as yards, heights, parking and lot coverage, Subdivision Rules and Regulations, Building Code, and other regulations. Reconstruction shall be compatible in design with the existing and surrounding structures and in the same general location and size. Final plans shall be approved by the Department of Land Utilization prior to issuance of building permits;
2. Off-street parking spaces, parking lots and driveways shall be provided and maintained with an all-weather surface prior to issuance of any building permits;
3. One additional parking stall shall be indicated for Unit A-6 prior to issuance of any building permits;
4. The number of dwelling units (6) on the property shall not be increased; and

Mr. Lee Sichter
Page 2

3. This Existing Use approval does not certify that the existing structures and improvements comply with the requirements of the zoning code or other regulations. They are subject to separate review and approval.

Should you have any questions, please contact Joyce Shoji our staff at 527-5354.

Very truly yours,



LORETTA K. C. CHEE
Acting Director of Land Utilization

LKCC:sc
CC: Building Department

A:baileyu.smc

DEPARTMENT OF LAND UTILIZATION

CITY AND COUNTY OF HONOLULU

RECEIVED

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

FRANK F. FASI
MAYOR

93-09144 (JS)
93/EU-1



DONALD A. CLEGG
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

93-09144 (JS)
93/EU-1

July 5, 1994

Mr. Lee William Sichter
Belt Collins & Associates
680 Ala Moana Boulevard
Honolulu, Hawaii 96813

Dear Mr. Sichter:

Subject: Existing Use Permit No. 93/EU-1
Project Name: Bailey Existing Use
Location: 53-524 Kamehameha Highway, Punaluu
Tax Map Key: 5-3-6: 35 (Lot A)
Owner: Robert W. and Judith Bailey

Your request to modify the above mentioned Existing Use permit (letter dated November 15, 1993 and site plan dated November 13, 1993) as a minor modification is **APPROVED** subject to the following conditions:

1. Approval is only for the continued use, repair, alterations, additions, relocation and reconstruction of the existing dwelling units (6). The existing number of structures and unit types (four single-family and one duplex) shall remain.

Proposed units A-3 and A-4 shall be combined as a duplex or two-family detached units to allow for minimum vehicular maneuvering space between units A-4 and A-5 as required by the Land Use Ordinance (LUO).

2. The proposed perimeter chainlink fencing shall incorporate a continuous 24-inch landscaping strip with a hedge trained to a 6-foot height and maintained in a healthy condition. No fences or walls shall be allowed to be constructed along Condominium Property Regime (CPR) lot/use lines.
3. Reconstruction shall be completed within 24 months of the demolition of each respective structure. If a lot is vacant longer than 12 months, the Director may deny and/or revoke the respective building permits and reduce the number of units approved by 93/EU-1.

4. An approved CPR map and documents shall be submitted to the Department of Land Utilization.
5. New structures shall be designed reminiscent of the Hawaiian Plantation era and sufficient variation in unit design shall be provided.
 - a. Each structure shall predominantly utilize hip roof forms. Gable, shed and dual pitch roof forms will be allowed only in conjunction with hip roofs. Rafter tails shall be exposed, without an eave fascia. White or highly reflective roof colors will not be permitted.
 - b. Acceptable exterior siding material will be T-111, vertical T & G boards, as well as a rough sawn plywood with a batten pattern. Stucco or siding with a stucco design may be utilized in a limited manner. Masonry may be used in a limited manner, if covered with stone or stucco and compatible with the proposed building design.
 - c. Windows and doors shall be encased with a wooden frame, and constructed of wood, metal with a baked-on enamel, or a powder-coated finish in contrast with siding colors.
 - d. Primary exterior field colors shall be warm earthtones. Color samples shall be submitted to the Department Land Utilization for approval prior to issuance of building permits.
6. The Director of Land Utilization shall reserve the right to impose additional requirements, if necessary, to promote and protect the health, welfare, and safety of the people of the City and County of Honolulu.
7. A landscape plan indicating existing and proposed landscaping shall be submitted to the Department of Land Utilization for review and approval prior to the issuance of any permits. At least one canopy tree per CPR lot shall be provided. Existing trees, 6-inches or greater in diameter shall be maintained.
8. All new work shall be in accordance with the LUO yard and height setback standards for a R-5 Residential District, as measured from CPR lot/use lines. Front yard setbacks for each lot of record shall be taken from the CPR lot line that define the roadway lot.

9. Dwelling units shall be limited to a maximum building area of 30 percent of each individual CPR lot, less any access easements.
10. A minimum of 15 parking spaces, including 2 stalls per dwelling unit and 3 guest stalls shall be maintained, and any additions shall comply with parking regulations of the LUO. Approved parking spaces shall not be converted into useable floor area (including garage/ carport storage).

At least one guest parking stall shall be relocated closer to units A-1, A-2 and A-3. All guest parking stalls shall be landscaped with a minimum 42-inch-high screening hedge to minimize vehicular light intrusion into adjacent dwelling units.

11. A minimum 5-foot planting space and 42-inch-high hedge shall be provided between dwelling units and uncovered parking spaces.
12. Improvements to the EU shall comply with Fire Department requirements for access, turnaround, water and/or Fire Department connections. These shall be submitted to the Fire Department for review and approval prior to issuance of building permits.
13. Final building plans indicating the location and size of the leaching fields and septic tanks as well as any required setbacks from structures or property lines. These shall be submitted to the State Department of Health for review and approval prior to issuance of building permits.
14. All future improvements and additions shall require approval by the Homeowners' Association prior to review and approval by the Department of Land Utilization.
15. Additions and reconstruction, within the Special Management Area, shall be in accordance with Resolution No. 94-160, CD-1.
16. All improvements within the Flood Hazard District, as indicated on the Flood Insurance Rate Map, shall comply with the construction standards established for the district.

Mr. Lee William Sichter

Page 4

17. The developer will be required to incorporate all of the post construction conditions set forth, which are applicable subsequent to occupancy, as part of the restrictive covenants running with the land and made a part of any sales agreement with any future owners.
18. A narrative shall be submitted indicating the developer's scope of work from that of the individual lot owners. Drawings shall be revised and resubmitted incorporating the above conditions.

These conditions shall supersede those of the original EU dated June 1, 1993 and our previous letter dated January 28, 1994, in its entirety. Modifications to the EU plans will not be allowed if contrary to the above-mentioned conditions.

Should you have any questions, please contact Joyce Shoji of the Urban Design Branch at 527-5354.

Very truly yours,



DONALD A. CLEGG
Director of Land Utilization

DAC:gc
bailey3.jms

DEPARTMENT OF LAND UTILIZATION

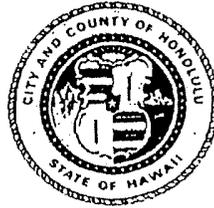
CITY AND COUNTY OF HONOLULU

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JUL 25 A 8 16

JEREMY HARRIS
Acting Mayor



DONALD A. CLEGG
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

94-04466 (JS)
93/EU-1

July 21, 1994

Mr. Lee William Sichter
Belt Collins & Associates
680 Ala Moana Boulevard
Honolulu, Hawaii 96813

Dear Mr. Sichter:

Request to Modify Conditions of 93/EU-1
Bailey Existing Use Permit
Tax Map Key: 5-3-06: 35

This is in response to your letter dated July 12, 1994, plan dated July 11, 1994 and fax dated July 14, 1994 requesting modification to conditions 1 and 10 of the approved Existing Use Permit 93/EU-1 dated July 5, 1994.

Your request to modify condition 1 by combining units A-1 and A-2 into a two-family detached unit and preserve units A-3 and A-4 as single-family detached units as indicated on the fax dated July 14, 1994 is **APPROVED** subject to the following conditions:

The access driveway shall maintain a minimum 18-foot pavement width to the driveway apron for Unit A-4.

Furthermore, only two guest stalls are required. Your request to modify condition 10 by reducing the number of guest stalls from three to two, is **APPROVED**.

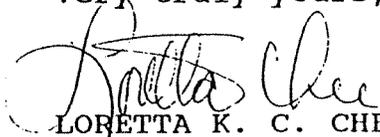
The guest parking stall is included in the CPR roadway lot. In compliance with condition 8, structures must meet R-5 Residential front yard height setbacks as measured from the CPR line.

Reconstruction shall comply with all other conditions contained in 93/EU-1 dated July 15, 1994.

Mr. Lee William Sichter
Page 2

Should you have any questions, please contact Joyce Shoji of the
Urban Design Branch at 527-5354.

Very truly yours,



LORETTA K. C. CHEE

Acting Director

Department of Land Utilization

LKCC:gc
lee.gkc

RESOLUTION

GRANTING A SPECIAL MANAGEMENT AREA USE PERMIT TO RECONSTRUCT DWELLINGS AND OTHER IMPROVEMENTS

WHEREAS, the Department of Land Utilization (DLU) on March 23, 1994, accepted the application of Robert and Judith Bailey, herein referred to as the Applicant, for a Special Management Area Use Permit (SMP) to reconstruct six dwelling units, replace the existing cesspools with septic tanks and leaching fields, install a chain link fence, fire hydrant, water main, check flow meter and water lines located at 53-524 Kamehameha Highway in Punaluu, Oahu and identified as Tax Map Key 5-3-6:35; Reference Number 94/SMA-011; and

WHEREAS, on May 16, 1994, the DLU held a public hearing which was attended by two representatives of the Applicant and one member of the community, in which no one presented testimony; and

WHEREAS, on May 31, 1994, within ten (10) working days after the close of the public hearing, the DLU, having duly considered all evidence and reports of said public hearing and the review guidelines as established in Sections 25-3.1 and 25-3.2, Revised Ordinances of Honolulu 1990 (ROH), completed its report and transmitted its findings and recommendation of approval to the Council; and

WHEREAS, the City Council, having received the findings and recommendation of DLU on May 31, 1994, and at its meeting of June 22, 1994, having duly considered all of the findings and reports on the matter, approved the subject application for an SMP with the conditions enumerated below; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that an SMP be issued to the Applicant under the following conditions:

- A. Prior to implementation of the project, the Applicant must meet the requirements and obtain approval of all government agencies normally required for such projects.
- B. If, during construction, any previously unidentified archeological sites or remains (such as artifacts, shell, bone, or charcoal deposits, human burials, rock or coral alignments, pavings, or walls) are encountered, the Applicant shall stop work and contact

RESOLUTION

the State Department of Land and Natural Resources, Historic Sites Office at 587-0047 immediately. Work in the immediate area shall be stopped until the Office is able to assess the impact and make further recommendations for mitigative activity.

- C. The project shall be constructed within three years of the date of this permit. Failure to obtain a building permit within this period shall render this permit null and void, provided that the Director of Land Utilization may extend this period if the Applicant demonstrates good cause.
- D. Construction shall be in general conformity with the plans in the Existing Use Permit (93/EU-001) on file with the Department of Land Utilization and in accordance with the Land Use Ordinance. Any change in the size or nature of the project which has a significant effect on coastal resources addressed in Chapter 25, ROH, shall require a new application. Any change which does not have a significant effect on coastal resources shall be considered a minor modification and therefore permitted under this resolution, upon review and approval of the Director of Land Utilization.
- E. Prior to the issuance of a grading or building permit, the Applicant shall submit written documentation to the Department of Land Utilization that the proposed septic tanks and leaching fields have been approved by the State Department of Health.

RESOLUTION

BE IT FINALLY RESOLVED by the Council of the City and County of Honolulu that the Clerk be, and he is, hereby directed to transmit copies of this resolution to Mr. Donald A. Clegg, Director of Land Utilization; Mr. Herbert Muraoka, Director and Building Superintendent, Building Department; Mr. Keith W. Ahue, Director, State Department of Land and Natural Resources, Historic Preservation Office, P. O. Box 621, Honolulu, Hawaii 96809; and Mr. Lee Sichter, Belt Collins Hawaii, 680 Ala Moana Blvd., First Floor, Honolulu, Hawaii 96813-5406.

INTRODUCED BY:

Gary Gill (BR)

Councilmembers

DATE OF INTRODUCTION:

June 1, 1994
Honolulu, Hawaii

(OCS/060694/rr)

-3-

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
 HONOLULU, HAWAII

I hereby certify that the foregoing RESOLUTION was adopted by the COUNCIL OF THE CITY AND COUNTY OF HONOLULU on the date and by the vote indicated to the right.

ATTEST:


 RAYMOND K. PUA
 CITY CLERK


 GARY GILL
 CHAIR AND PRESIDING OFFICER

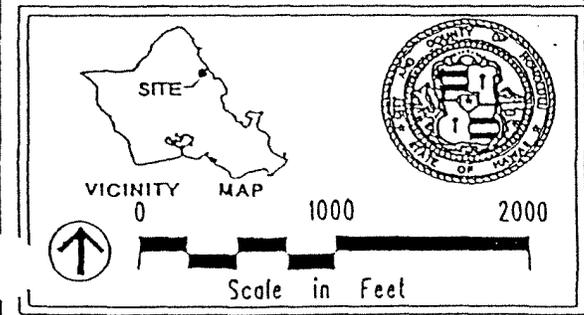
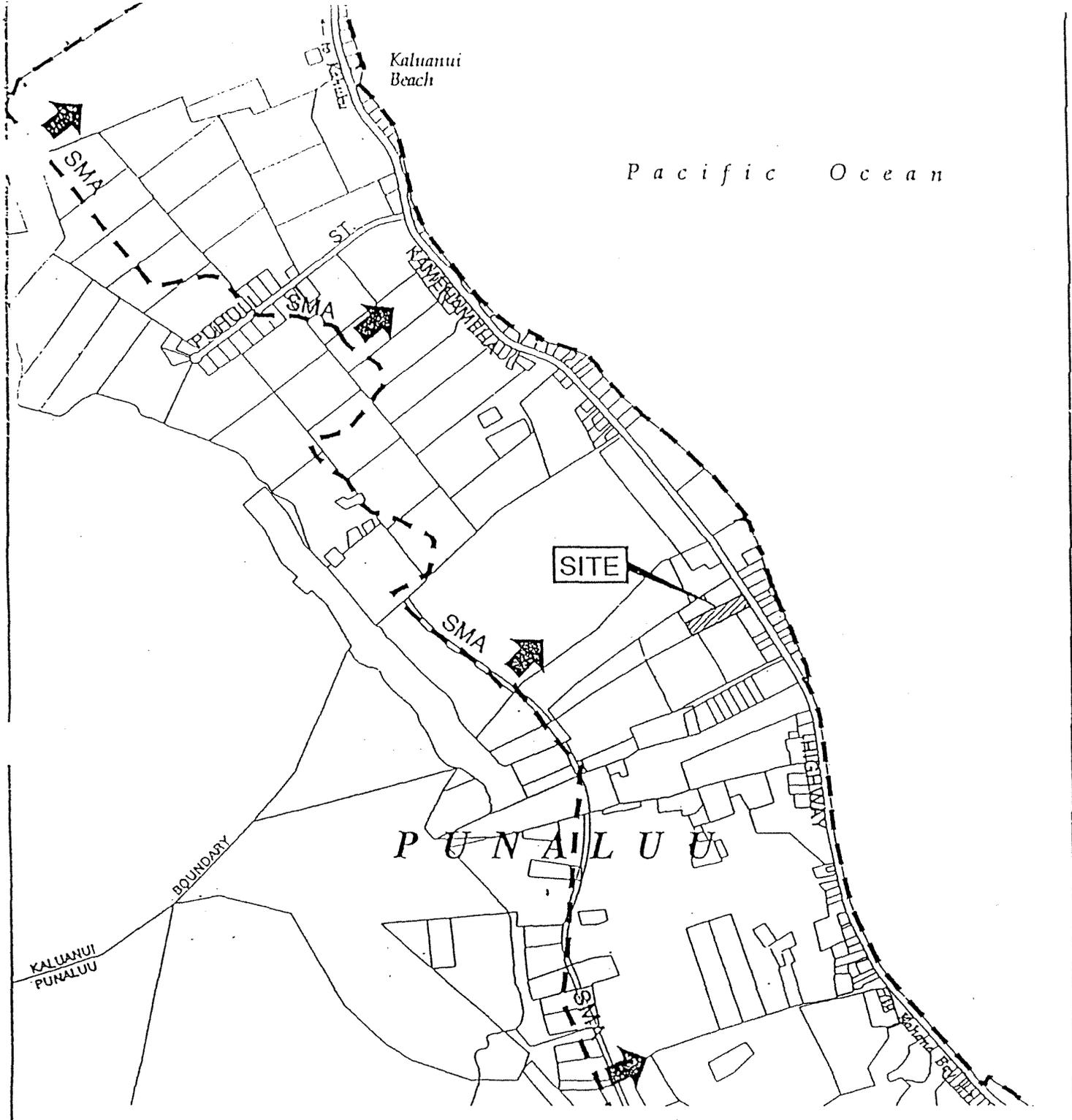
Dated 6/22/94

ADOPTED MEETING HELD			
6/22/94			
	AYE	NO	A/E
DESOTO			
DOO			
FELIX			
HOLMES			
KIM			
MANSHO			
MIRIKITANI			
MORGADO			
GILL			
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Reference: D-597

Report No. Z-308

Resolution No.
 94-160
 CD-1



LOCATION MAP

LEGEND

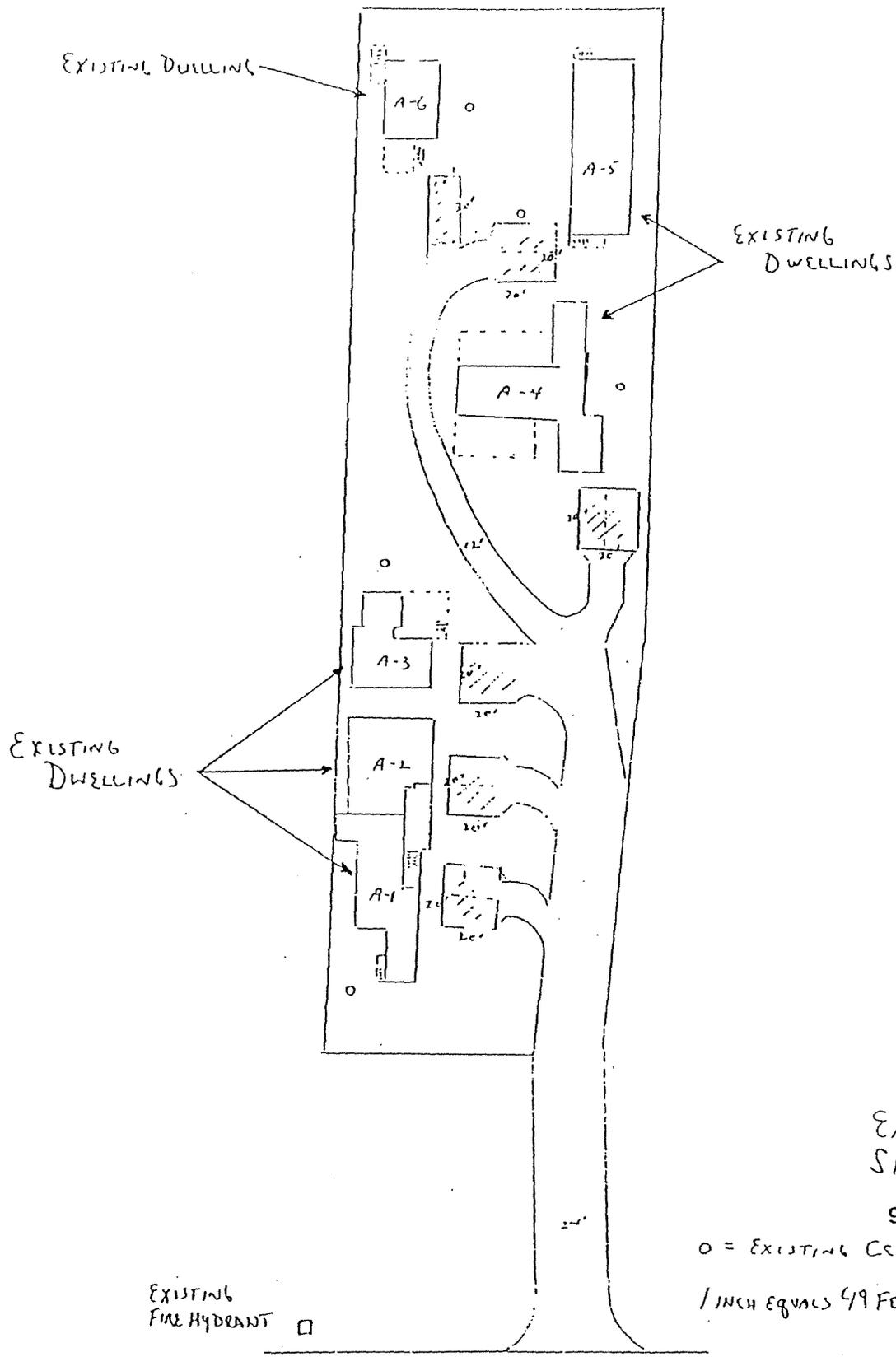
SMA BOUNDARY LINE

TAX MAP KEY: 5-3-06: 35

FOLDER NO.: 94/SMA-11

Prepared By: Department of Land Utilization
 City and County of Honolulu
 Date Prepared: February 1994

EXHIBIT A



EXISTING
SITE PLAN

94/SMA-011

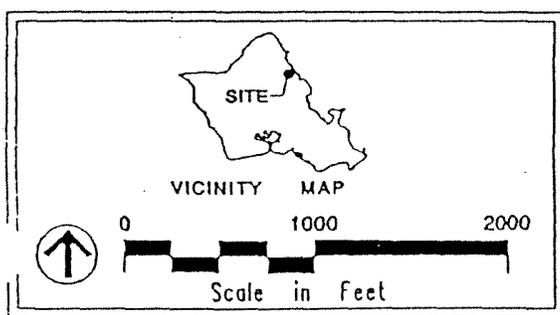
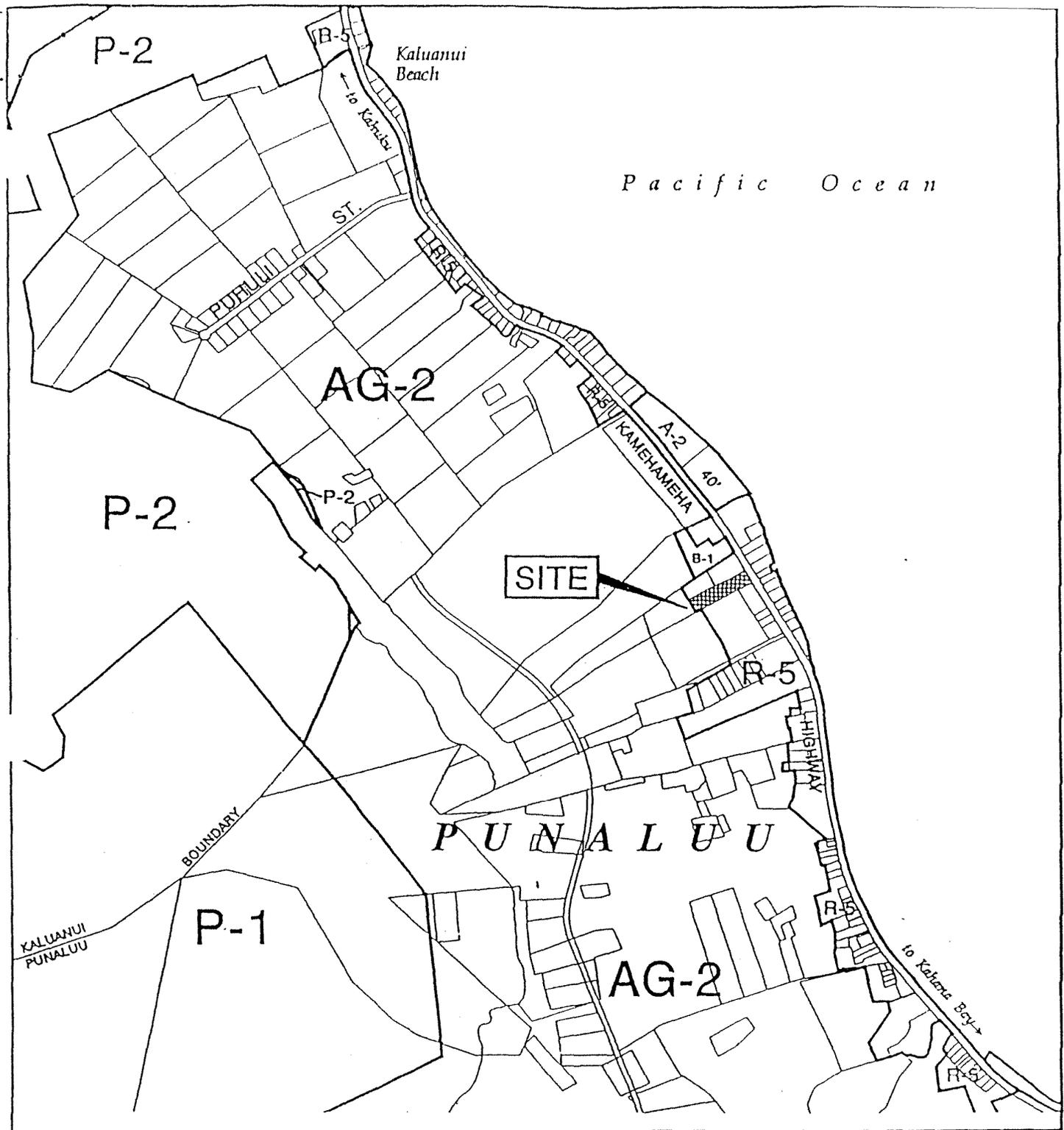
O = EXISTING CROSSPOOL

1 INCH EQUALS 49 FEET

EXISTING
FIRE HYDRANT □

KAMEHAMEHA HWY

EXHIBIT B

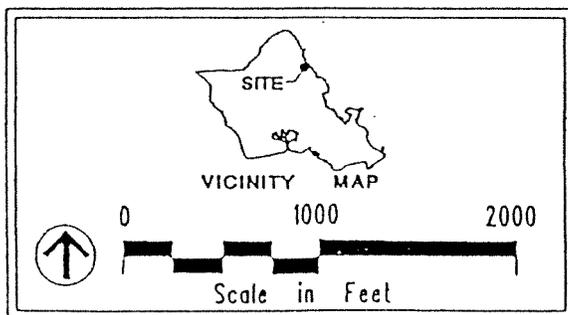
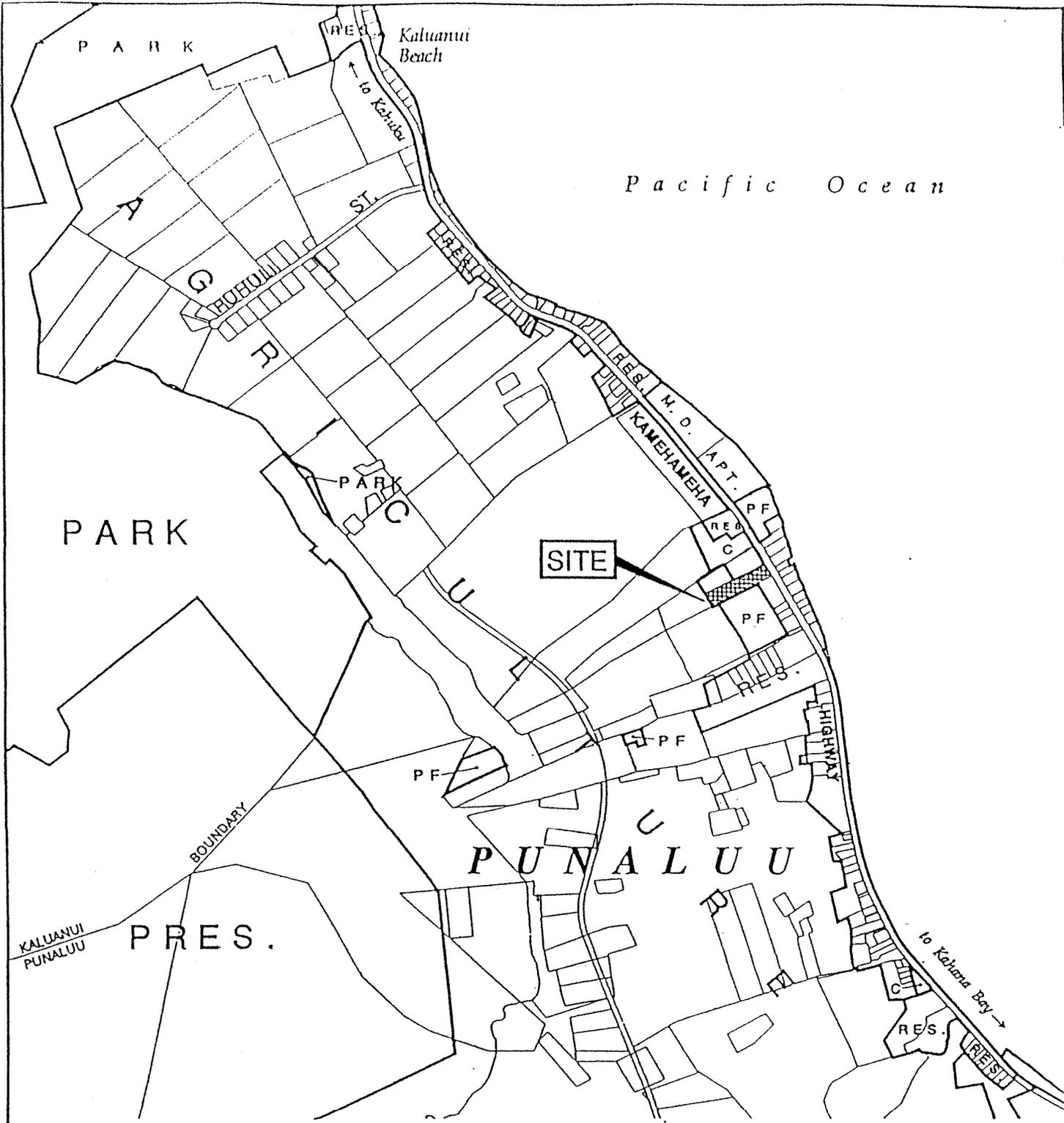


**PORTION OF EXISTING ZONING MAP
HAUULA - PUNALUU - KAAAWA**

TAX MAP KEY: 5-3-06: 35
 FOLDER NO.: 94/SMA-11

Prepared By: Department of Land Utilization
 City and County of Honolulu
 Date Prepared: February 1994

EXHIBIT C

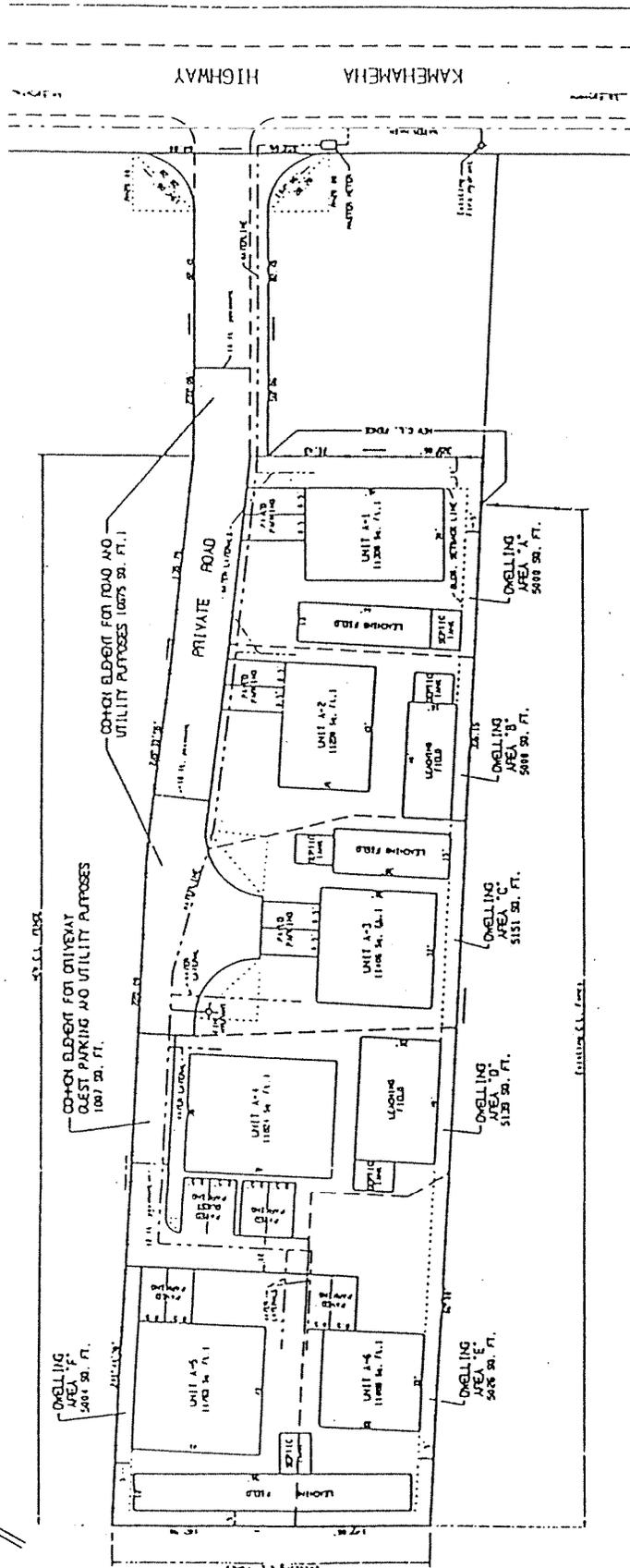


**PORTION OF
DEVELOPMENT PLAN
LAND USE MAP
KOOLAULOA**

TAX MAP KEY: 5-3-06: 35 FOLDER NO.: 94/SMA-11

Prepared By: Department of Land Utilization
City and County of Honolulu
Date Prepared: February 1994

EXHIBIT D



PRELIMINARY
CPR PLOT PLAN
SCALE: 1/4" = 10' PL.

94/SMA-011

AREA SUMMARY

DWELLING AREA 'A'	5,000 SQ. FT.
DWELLING AREA 'B'	5,000 SQ. FT.
DWELLING AREA 'C'	5,151 SQ. FT.
DWELLING AREA 'D'	5,120 SQ. FT.
DWELLING AREA 'E'	5,005 SQ. FT.
DWELLING AREA 'F'	5,001 SQ. FT.
COMMON EGRESS (DRIVEWAY, GUEST PARKING AND UTILITY PURPOSES)	1,007 SQ. FT.
SEPTIC TANKS (INDIVIDUAL)	5,575 SQ. FT.
UTILITY FIELDS	21,008 SQ. FT.

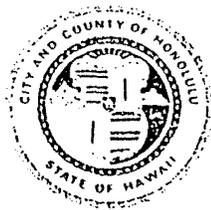
L. Sicht

EXHIBIT "J"

DEPARTMENT OF LAND UTILIZATION
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET
HONOLULU, HAWAII 96813 • (808) 523-1432

1994 JUN -2 A 10: 16

DELT COLLINS HAWAII



DONALD A. CLEGG
DIRECTOR

LORETTA K.C. CHEUNG
DEPUTY DIRECTOR

94/SMA-011(DT)

FRANK F. FASANO
MAYOR

May 31, 1994

The Honorable Gary Gill, Chair
and Members of the City Council
City and County of Honolulu
Honolulu, Hawaii

Dear Chair Gill and Councilmembers:

Application for a Special Management Area Use Permit (SMP)

Applicant/Owner	:	Robert and Judith Bailey
Agent	:	DELT Collins Hawaii
Location	:	53-524 Kamehameha Highway, Punaluu, Oahu
Tax Map Key	:	5-3-6: 35
Acceptance Date	:	March 23, 1994

We recommend approval of this application for an SMP to reconstruct six dwelling units, replace the existing cesspools with septic tanks and leaching fields, install a chain link fence, fire hydrant, water main, check flow meter and water lines, subject to conditions relating to approvals from other governmental agencies, septic tanks and leaching fields, archaeological resources and project modifications.

Attached for your consideration are: (1) my report and draft resolution; and (2) the transcript of the public hearing held on May 16, 1994. The hearing was attended by two representatives of the applicant and one member of the community. The public hearings officer opened and closed the public hearing as no one presented testimony.

Pursuant to Chapter 25, Revised Ordinances of Honolulu, the City Council must act within 60 calendar days after the agency's public hearing; however, the City Council may extend this period of time

The Honorable Gary Gill, Chair
and Members of the City Council
Page 2
May 31, 1994

upon receipt of a request from the applicant for an extension. The extension is not automatic and thus if an extension of time is not requested in a timely manner, the application may be filed due to the Council's time deadline.

Very truly yours,



DONALD A. CLEGG
Director of Land Utilization

DAC:ak
Attachment
cc: Managing Director
Public Hearing participants

g:sml1cclt.djt

DIRECTOR'S REPORT

RECONSTRUCT EXISTING DWELLINGS, ADD SEPTIC TANKS
LEACHING FIELDS, CHAIN LINK FENCE, AND OTHER IMPROVEMENTS

I. LOCATION

The subject property is a flag lot located off Kamehameha Highway at 53-425 Kamehameha Highway in Punaluu, Oahu. It is identified by Tax Map Key: 5-3-6: 35 and is comprised of 0.89 acre. The property, which is owned by Robert and Judith Bailey, is located approximately one-fourth mile south (Kaneohe side) of Pat's at Punaluu. The subject property is bordered by the Liliuokalani Trust Childrens Center on the south (Kaneohe side) and a vacant lot on the north (Kahuku side). The property located in front of the subject site is owned by the Bailey's, but is a separate lot that is identified by Tax Map Key: 5-3-6: 83.

The entire parcel is located within the Special Management Area (SMA). See attached Location Map (Exhibit A).

II. EXISTING LAND USE

The following five structures currently exist on the site: two single-story wood structures (Units A-3 and A-6), one Concrete Masonry Unit (CMU) structure (Unit A-4), one single-story duplex (Units A-1 and A-2), and a quonset hut (Unit A-5). Unit A-2 is unoccupied due to termite damage. See attached Existing Site Plan (Exhibit B).

The subject property is zoned R-5 Residential District. See attached Existing Zoning Map (Exhibit C). The land use designation on the Koolauloa Development Plan (DP) Map is Residential. See attached Koolauloa DP Map (Exhibit D).

The areas within the Special Management Area (SMA) directly adjacent to the proposed project are zoned R-5 Residential District and AG-2 General Agricultural District.

The DP designations on the Koolauloa Map for the adjacent properties are Agriculture, Residential, Commercial and Public Facilities.

III. EXISTING USE (EU) PERMIT APPROVAL, FILE NO. 93/EU-001

Pursuant to Section 3.130 of the Land Use Ordinance, the applicant obtained an Existing Use (EU) Permit from the Department of Land Utilization (DLU) on June 1, 1993. The EU Permit recognizes the hardship imposed upon uses which were legally established, but which now fall under the procedures and standards of the following permits: Cluster Housing, Site Plan Review and Conditional Use. The EU procedure is an option to nonconforming status for qualifying uses. The above EU Permit was approved with the following conditions:

1. Approval is only for alterations, additions, repairs and reconstruction of the existing dwelling units and accessory uses. All proposed improvements shall be subject to compliance with the Land Use Ordinance such as yards, heights, parking, lot coverage, Subdivision Rules and Regulations, Building Code, and other applicable regulations. Reconstruction shall be compatible in design with the existing and surrounding structures, and in the same general location and size. Final plans shall be approved by the Department of Land Utilization prior to issuance of building permits;
2. Off-street parking spaces, parking lots and driveways shall be provided and maintained with an all-weather surface prior to issuance of any building permits;
3. One additional parking stall shall be indicated for Unit A-6 prior to issuance of any building permits;
4. The number of dwelling units (6) on the property shall not be increased; and
5. The EU approval does not certify that the existing structures and improvements comply with the requirements of the zoning code or other regulations. They are subject to separate review and approval.

See attached Preliminary Plan (Exhibit E), which depicts the EU plan that was approved by the DLU.

This EU Permit was exempt from obtaining a Special Management Area Use Permit (SMP) under Chapter 25-1.3(2)(A), which exempts construction of a single family residence that is not part of a larger development. However, the applicant requested to modify the EU Permit by increasing the number of structures, floor area and lot coverage. The DLU denied the applicant's request as the proposal was considered a major modification to the EU Permit. The DLU required the applicant to obtain a major SMP for the modified proposal.

Approval of this SMP for six units in six structures will not alter the decision of the Director on the EU Permit (93/EU-1). The issue of whether six units should be in six structures or five structures is an urban design issue and not one that would have significant impacts on SMA objectives.

V. PROPOSED ACTION

The applicant is proposing to reconstruct the existing six dwellings in five structures to six units in six structures, replace the cesspools with septic tanks, construct a chain link fence around a portion of the property not already fenced, install a fire hydrant, water main, check flow meter, and water lines.

The present owners will not add septic tanks and reconstruct the dwellings immediately. They plan to sell the individual structures as condominium units, also known as Condominium Property Regime (CPR). After the current owners sell each structure, the new owner for each unit would then reconstruct his/her dwelling and individual septic tank to replace the present unit. The current owners plan to install the new water main, fire hydrant, roadway paving, and partial chain link fencing prior to the sale of the proposed CPR lots.

Due to the conceptual nature of the project, the applicant submitted a proposed CPR Plot Plan (see Exhibit F) depicting all required improvements. The applicant believed these improvements were acceptable under 93/EU-001. The DLU denied Exhibit F, but approved Exhibit E under 93/EU-1.

The project is estimated to cost approximately \$800,000. The new owners should obtain the necessary building permits within three years after City Council approves this SMP.

VI. ENVIRONMENTAL COMPLIANCE

The DLU assessed the environmental impacts of the proposed project under the provisions of Chapter 25, Revised Ordinances of Honolulu (ROH), and issued a Negative Declaration that was published in the Office of Environmental Quality Control Bulletin, Volume XI, No. 7, on April 8, 1994.

VII. PUBLIC HEARING

The DLU held a public hearing on May 16, 1994 at the Hauula Satellite City Hall. Two representatives of the applicant and one member of the community attended the hearing. The public hearings officer opened and closed the public hearing as no one presented testimony.

VIII. ANALYSIS

The analysis is based on the objectives, policies, and guidelines found in Sections 25-3.1 and -3.2 of the Special Management Area Ordinance, Chapter 25, Revised Ordinances of Honolulu (ROH).

A. Coastal Hazards

The parcel is within Flood Zones X and AE on the Federal Flood Insurance Rate Map (FIRM), revised September 28, 1990.

About one-third of the makai portion of the property, consisting mainly of the access drive, is within Flood Zone AE. The base flood elevation is eight feet. Zone AE is a flood-fringe district in the 100-year flood plain. Construction within the AE flood-fringe area is subject to the Flood Hazard District provisions of the City Land Use Ordinance (LUO).

The mauka two-thirds of the property are within Flood Zone X. Zone X is determined to be outside of the 500-year flood plain. Construction within Zone X is not subject to Flood Hazard District requirements under the Land Use Ordinance.

B. Alteration to Land Forms

The subject property is relatively flat. The applicant will undertake minimal grading to prepare the site for the all-weather surface parking spaces and driveways. Therefore, grading will be minimal and impacts insignificant.

The elevation is approximately six feet above mean sea level (msl) at Kamehameha Highway to six feet three inches at the mauka boundary of the property. The average slope of the entire property is about 0.3 percent.

According to the Soil Survey of Islands of Kauai, Oahu, Maui, Molokai, and Lanai, State of Hawaii (1972), Jauca's soil is a loamy, fine sand soil in which permeability is rapid and runoff is very slow to slow.

Mokuleia soil is described as clay loam underlain by single-grain sand and loamy sand. Permeability is moderate in the surface layer and rapid in the subsoil. Runoff is very slow and the erosion hazard is no more than slight.

E. Wildlife and Plant Habitats

There are no wildlife preserves in the vicinity of the project site. No rare or endangered species of plants or animals are within the site.

F. Recreation Resources/Shoreline Access

The proposed project will not have an adverse impact on any public recreation areas. The nearest public park is Punaluu Beach Park, located about 1 mile south (Kaneohe side) of the project site.

The proposed project will not adversely affect access to any public beaches. It is located on the mauka side of Kamehameha Highway.

G. Historic Resources

A letter from the Department of Land and Natural Resource's Historic Preservation Division stated that no known historical sites are located at this parcel.

H. Scenic and Open Space Resources

The 1987 Coastal View Study for the Laie/Kaaawa Viewshed describes the Hauula area as a series of continuous and intermittent views linked in quick succession. Based on its rural character and several stretches of continuous views from the highway, unity and a sense of rural intactness are the primary visual attributes of this area.

The proposed project is located mauka of Kamehameha Highway and will not interrupt coastal views in this area.

IX. CONCLUSION

On the basis of the analysis under Chapter 25, ROH, the proposed development is found to be consistent with the objectives, policies, and guidelines established in Sections 25-3.1 and -3.2 of the Ordinance.

X. RECOMMENDATION

It is recommended that this application for an SMP be approved, subject to the following conditions:

- A. Prior to the implementation of the project, the applicant must meet the requirements and obtain approval of all government agencies normally required for such projects.
- B. If, during construction, any previously unidentified sites or remains (such as artifacts, shell, bone, or charcoal deposits, human burials, rock or coral alignments, pavings, or walls) are encountered, the applicant shall stop work and contact the State Department of Land and Natural Resources Historic Sites Office at 587-0047 immediately. Work in the immediate area shall be stopped until the Office is able to assess the impact and make further recommendations for mitigative activity.
- C. The project shall be constructed within three years of the date of this permit. Failure to obtain a building permit within this period shall render this permit null and void, provided that the Director of Land Utilization may extend this period if the applicant demonstrates good cause.
- D. Construction shall be in general conformity with the plans in the Existing Use Permit (93/EU-001) on file with the Department of Land Utilization and in accordance with the Land Use Ordinance. Any change in the size or nature of the project which has a significant effect on coastal resources addressed in Chapter 25, ROH, shall require a new application. Any change which does not have a significant effect on coastal resources shall be considered a minor modification and therefore permitted under this resolution, upon review and approval of the Director of Land Utilization.
- E. Prior to the issuance of a grading or building permit, the applicant shall submit written documentation to DLU that the proposed septic tanks and leaching fields have been approved by the State Department of Health.

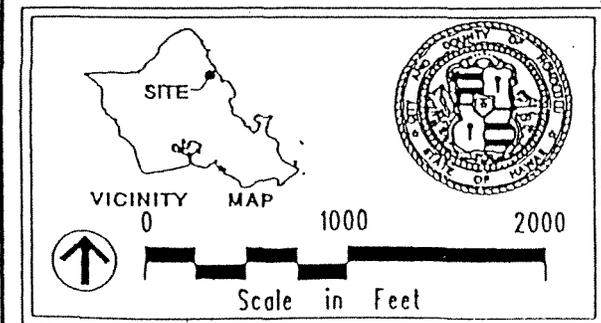
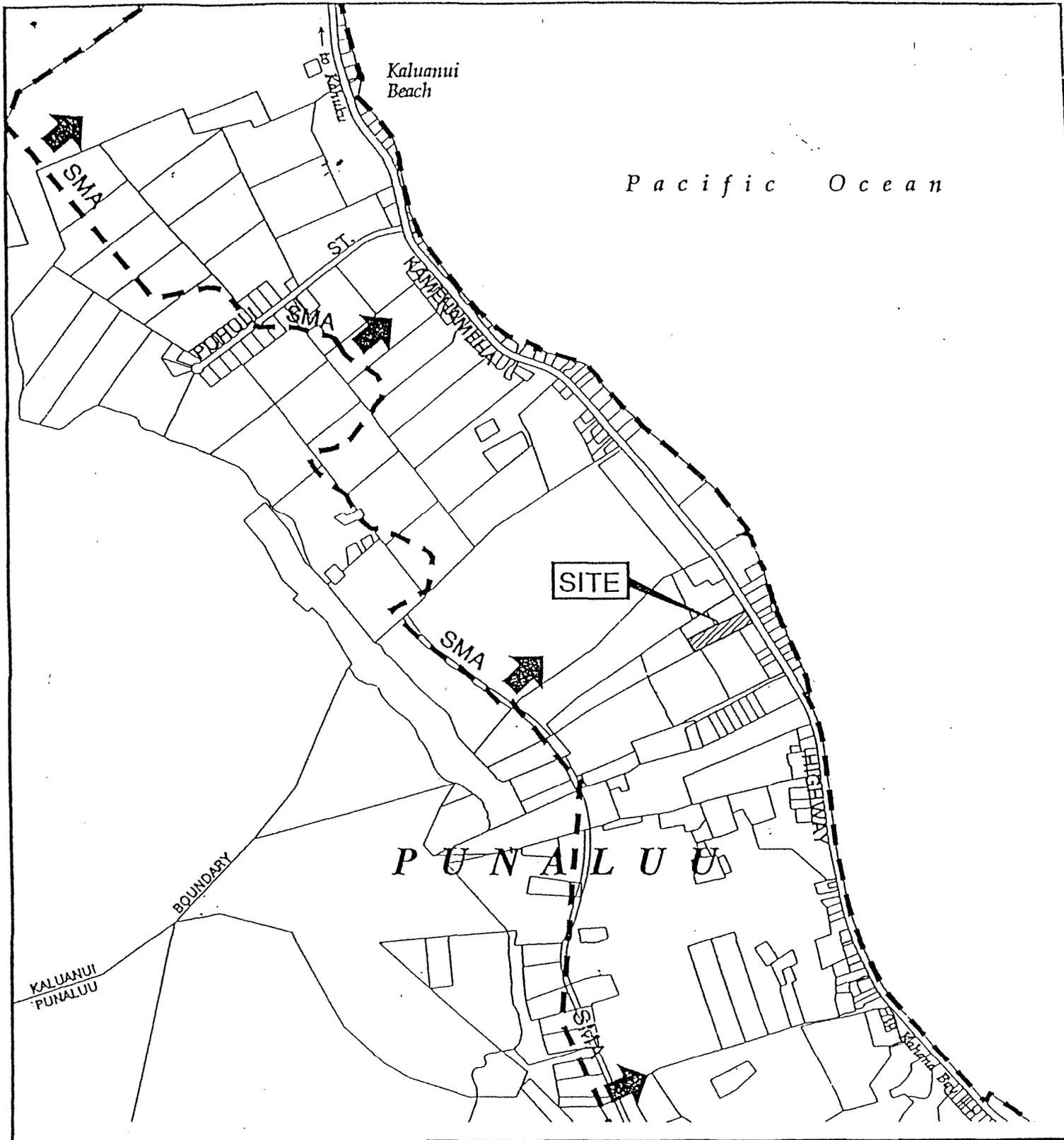
APPROVED


DONALD A. CLEGG

Director of Land Utilization

DAC:ak

G:945ma11.djt



LOCATION MAP

LEGEND

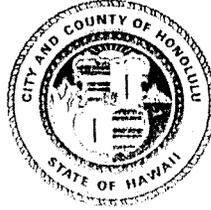
SMA BOUNDARY LINE

TAX MAP KEY: 5-3-06: 35
FOLDER NO.: 94/SMA-11

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

EXHIBIT "K"



FRANK F. FASI
MAYOR

HERBERT K. MURAOYA
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR
DEPUTY

Ex93-128

October 25, 1993

Mr. Jeffrey S. Grad
Attorney at Law
Suite 2001, Davis Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project
53-524 Kamehameha Highway
Tax Map Key: 5-3-006: 035

This is in response to your letter dated July 7, 1993 requesting confirmation that the six dwelling units located at the above-mentioned property met all applicable code requirements at the time of construction.

Inspection revealed a one-story two-family detached dwelling, four one-story single-family dwellings (one of which is a quonset hut building), and several storage sheds on this lot. The quonset hut met the applicable code requirements when it was converted into a single-family dwelling in 1948.

The Building Department is unable to determine whether the four other dwelling structures met code requirements when they were constructed. Building permits were issued for the following: New building in 1951, servants' quarters in 1955, relocation and posting of a dwelling in 1965, and demolition of a dwelling in 1974.

The unpaved parking spaces and driveways are considered nonconforming.

Mr. Jeffrey S. Grad
October 25, 1993
Page 2

Inspection also revealed the following:

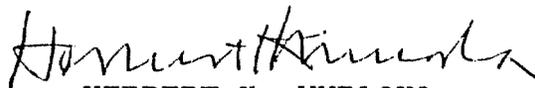
1. The vacant mauka unit of the two-family dwelling is dilapidated and in need of extensive repairs to the exterior walls, roof, and interior partitions.
2. The two-family dwelling and the single-family dwelling and storage shed next to it are about 18 inches or less from the side property line. The minimum setback for these buildings is 5 feet.

Existing use permit No. 93/EU-1 was issued with conditions on June 1, 1993 for the six dwelling units. No other variances or special permits were granted to allow deviations from any applicable codes.

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

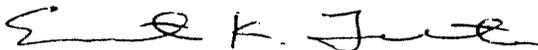
If you have any questions, please contact Mr. Ivan Matsumoto of this office at 527-6341.

Very truly yours,



HERBERT K. MURAOKA
Director and Building
Superintendent

Subscribed and sworn to
before me this 27th day of
October, 1993.



Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: June 21, 1995