

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer KUHIO COURTE LIMITED PARTNERSHIP
Address 33 S. King Street, Ste. 515, Honolulu, HI 96813

Project Name(*): KUHIO COURTE
Address: 2170 Kuhio Avenue, Honolulu, HI 96815

Registration No. 3436 (Conversion)

Effective date: November 22, 1995

Expiration date: December 22, 1996

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report
as Exhibit J

Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Kuhio Courte Limited Partnership Phone: (808) 599-6933
Name (Business)
33 S. King St., Ste. 515
Business Address
Honolulu, HI 96813

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

PAG Development Corporation, General Partner
Bruce Arinaga, President

Real Estate Broker: Earl Thacker, Limited Phone: (808) 923-7666
Name (Business)
2222 Kalakaua Ave., Ste. 1415
Business Address
Honolulu, HI 96815

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 532-6150
Name (Business)
1001 Bishop St., Ste. 2770
Business Address
Honolulu, HI 96813

General Contractor: _____ Phone: _____
Name (Business)

Business Address

Condominium Managing Agent: None selected Phone: _____
Name (Business)

Business Address

Attorney for Developer: Glenn M. Adachi Phone: (808) 526-3880
Name (Business)
841 Bishop St., #1601
Business Address
Honolulu, HI 96813

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

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

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

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

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

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

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

2. **Developer:**

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

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

1. To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of the unit.
2. To amend the Declaration and Condominium Map to file the "as built" certificate.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date: _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

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

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 2170 Kuhio Avenue Tax Map Key: (1) 2-6-17: 51
Honolulu, HI 96815 (TMK)

Address TMK is expected to change because _____

Land Area: 13,200 [X] square feet [] acre(s) Zoning: Waikiki Design
District (Apartment Precinct)

Fee Owner : Kuhio Courte Limited Partnership
 Name
33 S. King St. Ste. 515
 Address
Honolulu, HI 96813

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: 1 Floors Per Building 9

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Glass; metal lath/plaster; metal studs/ gypsum board

4. Permitted Uses by Zoning:

	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>44</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

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

Number of Occupants: _____

Other: No timeshare, renting for transient or hotel purposes

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1 Stairways: 2 Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>Net BR/Bath</u>	<u>Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>19</u>	<u>1/1</u>	<u>542.16 & 544.8</u>	<u>91 & 150.5</u>
<u>B</u>	<u>24</u>	<u>1/1</u>	<u>542.16 & 544.8</u>	<u>91</u>
<u>Penthouse</u>	<u>1</u>	<u>3/3½</u>	<u>3,579.49</u>	<u>987</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 44

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

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

Boundaries of Each Apartment:

The boundary of each apartment includes the space within the perimeter and party walls, windows, doors, floors and ceilings of each apartment.

Permitted Alterations to Apartments:

Apartment owner may make any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, with the written approval by the Board and all other apartment owners thereby directly affected (as determined by said Board).

7. Parking Stalls:

Total Parking Stalls: 28

	<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 designated unit)	<u>2</u>	<u>1</u>	<u>6</u>	<u>13</u>	<u>6</u>	<u> </u>	<u>28</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>3</u>	<u> </u>	<u>19</u>	<u> </u>	<u>6</u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 0* 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 A* contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute
- Other: Meeting Area, Lobby

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

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

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

(For conversions of residential apartments in existence for at least five years): See Exhibit B (Architect's Preliminary Inspection Letter)

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 Exhibit C

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>	
Uses	<u>X</u>	_____	_____	
Structures	<u>X*</u>	_____	_____	*Existing parking does not meet current parking requirements under the Land Use Ordinance.
Lot	<u>X</u>	_____	_____	

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

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

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

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

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

described in Exhibit D.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit_____.

as follows:

1. Certain apartments will have one (1) parking space, as designated in Exhibit "A" of this public report. The assignment of parking stalls to apartments may change with the issuance of the final public report.
2. Each apartment shall have for its exclusive use one (1) mailbox.

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

described in Exhibit E.

as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated October 2, 1995 and issued by Title Guaranty of Hawaii Incorporated.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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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: No warranties, units will be sold in "as-is" condition.

2. Appliances: No warranties, appliances will be sold in "as-is" condition.

G. Status of Construction and Estimated Completion Date:

Building was built in 1959.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

- | | |
|--|---|
| <input type="checkbox"/> not affiliated with the Developer | <input type="checkbox"/> the Developer or the Developer's affiliate. |
| <input type="checkbox"/> self-managed by the Association of Apartment Owners | <input checked="" type="checkbox"/> other <u>none selected as this time</u> |

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> None | <input checked="" type="checkbox"/> Electricity
(Common Elements only) | <input type="checkbox"/> Gas | <input checked="" type="checkbox"/> Water |
| <input checked="" type="checkbox"/> Sewer | <input type="checkbox"/> Television Cable | <input checked="" type="checkbox"/> Other | <u>telephone</u> |

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

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

Escrow Agreement dated _____
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

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

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

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

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

This Public Report is a part of Registration No. 3436 filed with the Real Estate Commission on 10/27/95.

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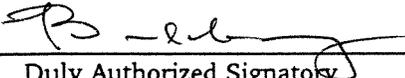
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C. Additional Information Not Covered Above

Environmental Assessment. A Phase I Environmental Site Assessment and Asbestos and Lead-Based Paint Survey was prepared for the property. The Executive Summary and Environmental Concerns and Recommendations are attached as Exhibit K. A full copy of the report is on file at the Real Estate Commission and will be made available for inspection at the Developer's office.

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.

KUHIO COURTE LIMITED PARTNERSHIP, by PAG DEVELOPMENT CORPORATION, General Partner
Name of Developer

By: 
Duly Authorized Signatory

10/27/95
Date

Bruce M. Arinaga, President
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

PARKING FOR THE PROJECT

<u>Apartment No.</u>	<u>Stall No.</u>	<u>Type of Stall</u>
101	18	Standard/Covered
201	16	Compact/Open
202	None	
203	1	Compact/Covered
204	25	Compact/Covered
205	None	
206	15	Compact/Open
301	14	Compact/Open
302	None	
303	13	Compact/Open
304	None	
305	24	Compact/Open
306	None	
401	None	
402	12	Compact/Open
403	None	
404	11	Compact/Open
405	None	
406	23	Compact/Covered
501	2	Compact/Covered
502	None	
503	10	Compact/Open
504	None	
505	9	Compact/Open
506	None	
601	None	
602	8	Compact/Open
603	None	
604	3	Compact/Covered
605	None	
606	4	Compact/Covered
701	21 & 27	21: Standard/Covered/Tandem 27: Compact/Covered/Tandem
702	None	
703	7	Compact/Open
704	6	Compact/Open
705	None	
706	None	
801	19	Standard/Covered
802	None	
803	5	Compact/Open
804	None	
805	20 & 26	20: Standard/Covered/Tandem 26: Compact/Covered/Tandem

806	17	Standard/Open
Penthouse	22 & 28	22: Standard/Covered/Tandem
		28: Compact/Covered/Tandem

NOTE: There are only 28 parking stalls for the Project. Not all apartments will have parking stalls assigned for the exclusive use of the respective apartment. There will be no guest parking the Project.

October 16, 1995

Pacific Alliance Group, Ltd.
33 South King Street, Suite 515
Honolulu, Hawaii 96813

Dear Mr. Bruce M. Arinaga,

As per your instructions, a visual observation was made on the property located at 2170 Kuhio Avenue, Honolulu, Hawaii, T.M.K. 2-6-17 : 051 on August 14 & 15, 1995. This report is "preliminary" and shall be used only for preliminary CPR documentation work. On a later date, a final report will be submitted which may or may not reflect changes to this report.

Present during our observation was; Bruce Arinaga, Brian Okuno, Peter Thacker, Juanita and Ronell (employees of Kuhio Surf Club) and Steven Higashiya of Design Perspective. Also present were tenants of several units.

The purpose of the observation was to visually examine and comment on the present condition of the building. The lot area is presently approximately 13,200 square foot. The building has a total of 9 floors. The lower level contains; Unit 101, front lobby, laundry area, storage, recreation room, swimming pool and deck area, and covered and open parking garage (see sheet A-1). Floors 2 thru 8 contain 6- 1 bedroom units per floor (see sheet A-1). Each 1 bedroom unit contains; kitchen, living room, bedroom, bathroom, and open lanai. In 1978, room layout was redesigned on the 5th thru the 8th floors (see sheet A-1). Layout on floors 2 thru 4 remain the same as original design. The Penthouse unit encompasses the entire 9th floor. The Penthouse unit contains; living room, family room, dining, foyer, kitchen, pantry, breakfast room, 3 bedrooms, 3 1/2 baths, patio and 3 lanais.

According to the Honolulu City and County Building Department records, the permit for the main structure was pulled back in October 22, 1959. The Contractor for the project was E.E. Black for then owner Apartments Hawaii. The architect for the project was Edwin L. Bauer, AIA. Subsequently, 6 other permits have been processed since. Two permits are of significant concern.

The first, permit #109877, was obtained to demolish non-bearing partition walls (cmu wall) for the second thru eighth floors. We visually noted that room layout was changed on the 5th thru 8th floors only (work as reflected on permit #111582).

The second, permit #111582, was obtained to upgrade existing apartment building. Renovations included; flooring for swimming pool deck, hot tub deck, modify lobby area, fire alarm system for the entire building, and all 1 bedroom units. Modification to Bedroom units on floors 2 thru 4 are typical noted as "Unit A" and Bedroom units on

EXHIBIT B

ARCHITECT'S PRELIMINARY INSPECTION LETTER

floors 5 thru 8 are typical noted as "Unit B" (see drawings). Modifications included; changing walls, kitchen layout, closet layout, and upgrading electrical fixture and wiring. For the purpose of this CPR document, existing drawings from the Building Department were utilized for verification of measurements only. Therefore, all information noted here are based on limited visual observation and correspondence with Bruce Arinaga, various employees of Kuhio Surf Club and tenants of the building only. Because observation was limited, further research would be necessary for a more in-depth study.

According to the original building plans, construction entailed poured in place footing with concrete piles. We also noted that concrete slab floors and roof appeared to be poured in place; interior walls were a mixture of metal lath/plaster and metal studs/gypsum board. Partition walls between units appeared to consist of metal lath and plaster. Several walls have been upgraded and entail the use of metal studs and gypsum board with skim-coat plaster finish. Bedroom and living/dining rooms appeared to have wall coverings (wall paper). All units are ventilated by operable casement windows and window air conditioning unit in the bedroom. All interior bathrooms (no windows) ventilation are facilitated via roof mounted exhaust fans. Exterior guard rail is constructed of wrought iron. Existing interior and exterior paint was not tested for lead content.

The following describes my visual assessment of the overall building condition:

1. Visually, the exterior surface of the building appears to be in good condition considering the age of the building. We did not visually note any major structural concrete cracks.
2. Existing metal iron railing that were sampled was $\pm 3'-0"$ high with picket spacing ranging from $5 \frac{1}{4}"$ to $5 \frac{1}{2}"$ opening. Although height and spacing does not conform to present building codes, it was acceptable at the time of construction. We also noted that several areas where rusting has begun to occur. Visually, the rusting does not appear to pose any immediate danger. However, owners should take precaution and begin to prep, clean, and apply rust inhibiting paint.
3. We visually noted that the plumbing system was exposed in the garage and did appear to be in good condition and did not appear to be leaking. We noted the cast iron pipes appeared to have been recently painted. According to several tenants, they felt the water was draining too slow. Upon questioning, they indicated that only the shower drain was slow at times. Upon visual observation, we noted no unusual material (i.e. hair, lint, etc..) that may have caused the slowdown. We ran the shower fixture for about a minute and noted the water flowed quite smoothly. We could speculate that with the combination of suds from the soap and foreign material and/or with a combination of multiple units using the showers at the same time, may be the cause of the slowdown. In addition, looking at the "Isometric Riser Diagrams" on the original drawings, it indicates there is no separate vent line/riser serving the shower drains. Although acceptable, this method (combination waste/vent system) is not

recommended without oversizing drain pipe size. Evidence of this may be concurrent with complaints on drainage in shower stalls. Should the problem persist, it is recommended that the owners enlist the services of licensed Mechanical Engineer and Plumber to resolve the problem.

4. We noted the existing roofing membrane appeared to be some sort of "painted-on" roof coating on what appears to be pitch and gravel roofing (P&G). We noted several areas where original P&G roofing did not appear to have been removed properly (high spots with aggregate exposed) prior to application of roof coating. We also noted multiple areas where water ponding is presently occurring. In addition, we noted blistered and broken (cuts) in the roofing membrane. According to the resident manager and maintenance worker, they are presently unaware of any area that leaks. We did note that the penthouse ceiling exhibited some areas of isolated discoloration, which typically indicates water infiltration. However, at this time, we cannot determine whether damage was caused previously and/or is presently occurring. Due to discoloration of ceiling and the noticeable ponding presently occurring, it is recommended that a licensed roofer be contacted to assess the present condition. Roof material has not been tested for asbestos content.
5. We noted that no unit in this complex is equipped for Handicap living, nor for Handicap accessibility. However, at the time of construction, no handicap requirements for accessibility were enforced.
6. We visually noted that the building is equipped with a Central fire alarm system. System includes fire switch and bells on each floor. We did not check to see if system is operational. We also noted (3) battery operated smoke detectors in the hallway per floor. Individual smoke detectors were tested by pressing the "test switch" for several seconds. If detectors emitted an audible sound, it was assumed the unit was operational. Detectors that did not sound-off, received no further testing (i.e. battery check). The following table shows the status of each smoke detector:

<u>AREA</u>	<u>MAKAI</u>	<u>CENTER</u>	<u>MAUKA</u>
2nd Floor	missing	missing	not working
3rd Floor	operational	operational	operational
4th Floor	missing	not working	missing
5th Floor	missing	operational	not working
6th Floor	not working	missing	operational
7th Floor	missing	not working	operational
8th Floor	not working	missing	missing

We also noted that each one bedroom unit is generally equipped with a battery operated smoke detector in the bedroom and living room. However, we noted that the majority of smoke detectors were not operational. We noted the condition of each

detector on individual unit reports. The kitchen was also equipped with a wall mounted portable fire extinguisher.

7. According to the Building permit issued in 1978 (#111582), each unit has had the wiring upgraded. We noted that each outlet contains a ground and that Ground Fault Interrupters (GFI) circuit breakers were installed at each individual load center (panel box). The present codes do not recognize circuit breakers as acceptable GFI protection. However, at the time of electrical renovation work, circuit breakers were an acceptable means of GFI protection. Neither the tenants nor the workers indicated any problems associated with the electrical system.
8. Existing swimming pool and recreation area is totally enclosed with accessibility via door from lobby for residents. Other means of accessibility is via enclosed garage (Kuhio Avenue) and Unit 101. We noted that although barriers were acceptable at the time of original construction and renovation work, it does not conform to present building codes (1991 Uniform Building Code, Division III, sec. 1241).
9. Visually we noted a total of 28 off street parking stalls. 3 stalls were used as tandem parking. The breakdown for existing parking is 5 standard stalls and 23 compact stalls (LUO Standard). Parking does not meet the standards nor the quantities required for today's codes. However, they did conform at the time of construction and are thus considered acceptable but "non-conforming".
10. Existing simulated acoustic ceiling was not tested for asbestos.
11. Door and door jamb for door leading to the roof top was damaged. We also notice the light switch did not work.

Generally, the overall building appears to be in good shape considering the age of the structure. Unless noted on individual units, no major electrical or plumbing problems were observed at time of visitation.

The following is information based on individual one bedroom unit. The entry, kitchen, and bath area has sheet vinyl flooring. All other areas are generally covered with "Berber" type carpet flooring. Kitchen and bath cabinets are generally "carpenter built" type and are constructed of particle board type material. It should be noted that the general condition of the cabinets were in fair condition. However, we noted that the cabinet base panel for kitchen and/or bath sinks would generally show signs of minor water damage and/or puffiness.

UNIT 101

1. To be renovated.

UNIT 201

1. Bathroom - appears to have been recently remodeled. Vanity cabinet has been replaced with a prefabricated cabinet. Several ceramic tiles were missing in the shower.
2. Bedroom - we noted the battery operated Smoke Detector was not working.
3. Living Room - ceiling mounted light has been replaced with a ceiling fan. We noted the battery operated Smoke Detector was inoperable.
4. Lanai - flooring is ceramic tile.

UNIT 202

1. Kitchen - we noted the kitchen light lens next to the oven was missing. We also noted 1 light bulb was dead.
2. Bedroom - we noted the battery operated Smoke Detector was inoperable.
3. Living Room - we noted the battery operated Smoke Detector was inoperable.

UNIT 203

1. Bedroom - we noted the battery operated Smoke Detector was missing. Air conditioning electrical outlet cover was cracked.
2. Living Room - we noted wall paper was peeling at the top.
3. Lanai - we noted the air conditioning unit was dripping condensation on lanai flooring. Condensation has caused "Astro-turf" type flooring to be constantly wet and mildewed.

UNIT 204

1. Kitchen - we noted the kitchen faucet was dripping. Under mounted sink disposal was inoperable.
2. Bathroom - we noted the vanity faucet was dripping. Lens for light valance was missing.

UNIT 205

1. Bathroom - Faucet pull-up was damaged. Rubber sill trim on shower was damaged.
2. Bedroom - we noted the battery operated Smoke Detector was missing.
3. Living Room - we noted the battery operated Smoke Detector was missing.

UNIT 206

Unit was inaccessible at time of visitation.

UNIT 301

1. Kitchen - we noted the dishwasher was inoperable.
2. Bathroom - we noticed flush door was patched (damaged).
3. Bedroom - we noted plaster wall has 1 ft. sq. hole. We noted the battery operated Smoke Detector was not working.
4. Living Room - we noted the Smoke Detector is missing. Lockset on front door is damaged.

UNIT 302

1. Kitchen - we noted the dishwasher was inoperable.
2. Bathroom - we noted the vanity light had different types of bulbs and had one bulb dead.
3. Bedroom - we noted the battery operated Smoke Detector was missing.
4. Living Room - we noted the battery operated Smoke Detector was not working. Casement window was missing a crank. Window sill had water damage.

UNIT 303

1. Kitchen - we noted the under mount disposal was quite loud.
2. Bedroom - we noted the battery operated Smoke Detector was missing.
3. Living Room - we noted the battery operated Smoke Detector was missing.

UNIT 304

1. Bathroom - we noted the vanity light had different types of bulbs. Mirror have internal growth.
2. Bedroom - we noted the battery operated Smoke Detector was missing.

UNIT 305

1. Kitchen - we noted the under mounted disposal was loud.
2. Bathroom - we noticed the faucet fixture was leaking. Mirror have internal growth.
3. Bedroom - we noted the battery operated Smoke Detector was not working. Plaster at concrete wall/plaster connection has expanded. Expansion is approximately 3 feet high by 1 1/2 feet wide. Cause of expansion is unknown.
4. Living Room - we noted the Smoke Detector was missing. Window blinds (mini blind) was damaged. Casement window crank was missing.
5. Lanai - lanai flooring "Astro-turf" was wrinkled.

UNIT 306

1. Kitchen - we noted the vinyl base at counter is peeling off.

2. Bathroom - we noted the trim for shower fixture handle was damaged. Lights were inoperable. Mirror have internal growth.
3. Bedroom - we noted the battery operated Smoke Detector was not working.
4. Living Room- we noted the Smoke Detector was missing.

UNIT 401

1. Kitchen - we noted the under mounted disposal was loud. Dishwasher was inoperable. Vinyl base at counter is damaged. We noted the plaster partition wall at corridor was water damaged. We could not determine the cause and/or whether cause has been corrected.
2. Bedroom - we noted the battery operated Smoke Detector was not working.
3. Living Room - we noted the battery operated Smoke Detector was not working. Paper backing on sliding bi-pass door was peeling.

UNIT 402

1. Bathroom - bulbs for vanity light are not matching. Vinyl baseboard next to toilet was peeling off. We noted the "skin" was peeling and a 4" hole in the flush door. In addition, we noted the lockset was damaged.
2. Bedroom - we noted paint peeling on window sill.
3. Living Room - we noted the Smoke Detector was missing. We noticed several bare spots on acoustic ceiling surface.

UNIT 403

1. Kitchen - tenant informed me that their oven was inoperable.
2. Bathroom - we noted the vanity light had different bulbs. We noticed the toilet would "whistle" when tank was refilling.
3. Bedroom - we noted the Smoke Detector was missing.
4. Living Room - we noted the Smoke Detector was missing.
5. Lanai - lanai flooring "Astro- turf" was wrinkled.

UNIT 404

1. Kitchen - we noted water ponding on the bottom panel. Upon our visual observation, we did not locate the source of the leak. Plastic laminate edge was cracked on counter.
2. Bathroom - we noted the lens on the vanity light was damaged.
3. Bedroom - we noted the Smoke Detector was missing.
4. Living Room - we noted the Smoke Detector was missing.

UNIT 405

1. Kitchen - we noticed the dishwasher was inoperable. Light lens next to oven was damaged.
2. Bathroom - we noted several ceramic tiles were missing in the shower.
3. Bedroom - we noted the Smoke Detector was missing.
4. Living Room - we noted the Smoke Detector was missing.

UNIT 406

1. Kitchen - we noticed the faucet fixture was dripping. Carpet edging (at start of living room) appeared to be frayed and loose. We noticed that the GFI fuse was sticking. An electrician should be consulted to investigate the stickiness.
2. Bedroom - we noted the Smoke Detector was missing. Single bed doors were off the track.
3. Living Room - we noted the Smoke Detector was missing. Wall paper next to window was peeling.
4. Lanai - lanai flooring "Astro-turf" was ripped.

UNIT 501

1. Bathroom - we noticed the vanity light had different bulbs.

UNIT 502

1. Bedroom - we noted the battery operated Smoke Detector was not working. Drapes appeared to be damaged. The air conditioner was loud.
2. Living Room - we noted the battery operated Smoke Detector was not working. Window sill appeared to have water damage. Wall paper was coming loose.
3. Lanai - lanai flooring "Astro-turf" was ripped.

UNIT 503

1. Kitchen - we noted the under mounted disposal was loud. Faucet mounting is loose. Cover plate for electrical panel box appeared to be loose.
2. Bathroom - we noticed the plaster wall was blistering.
3. Bedroom - we noted the Smoke Detector was missing. Plaster under wall paper appeared to be expanding.
4. Living Room - we noted the Smoke Detector was missing.
5. Hall - light lens was missing.

UNIT 504

1. Bedroom - we noticed the light was not working. We noted several holes in the gypsum board wall. Existing air conditioning unit appeared to be damaged.

2. Living Room - we noted the battery operated Smoke Detector was not working.
3. Hall - light lens was missing.

UNIT 505

1. Kitchen - we noticed that the faucet fixture was sticky and binding.
2. Bedroom - no access

UNIT 506

1. Kitchen - wall paper on the wall was peeling.
2. Bathroom - we noticed the faucet fixture was leaking. Plastic laminate facing was peeling off vanity cabinet.
3. Bedroom - we noted the Smoke Detector was missing. The light was not working.
4. Hall - light lens was missing.

UNIT 601

1. Kitchen - we noted the plaster wall behind the dishwasher appeared to be water damaged.
2. Bathroom - mirror have internal growth.
3. Living Room- we noted the Smoke Detector was missing.
4. Hall - light lens was missing.

UNIT 602

1. Kitchen - we noted the plaster wall behind the dishwasher appeared to be water damaged.
2. Bathroom - we noted the light fixture was missing one bulb and bulbs were not matching.
3. Bedroom - we noted the battery operated Smoke Detector was not working.
4. Living Room- we noted the Smoke Detector was missing. Wallpaper was peeling.
5. Hall - light lens was missing.

UNIT 603

1. Kitchen - we noted the under counter disposal was loud
2. Bedroom - we noted the battery operated Smoke Detector was not working.
3. Living Room - we noted the battery operated Smoke Detector was not working.

UNIT 604

1. Kitchen - we noticed the light lens was missing.
2. Bedroom - we noted the battery operated Smoke Detector was not working. Light switch did not turn on lamp. Wall paper was beginning to peel off the wall.

3. Living Room - we noted the battery operated Smoke Detector was not working.
4. Lanai - lanai flooring "Astro- turf" was damaged.

UNIT 605

1. Bedroom - we noted the battery operated Smoke Detector was not working.
2. Living Room - we noted the battery operated Smoke Detector was not working. Wall paper was peeling on two different walls.
3. Hall - light lens was missing.

UNIT 606

1. Kitchen - we noticed the casement window latch was missing.
2. Bedroom - we noted the Smoke Detector was missing. Wall paper was starting to peel.
3. Living Room - we noted the battery operated Smoke Detector was not working.
4. Hall - we noted light lens was missing.
5. Lanai - lanai flooring "Astro- turf" was damaged.

UNIT 701

1. Kitchen - we noticed the under counter disposal and dishwasher was not working.
2. Bathroom - we noted the lens on the light fixture was damaged.
3. Bedroom - we noted the battery operated Smoke Detector was not working.
4. Living Room - we noted the battery operated Smoke Detector was not working.
5. Hall - light lens was missing.

UNIT 702

1. Kitchen - we noticed the under counter disposal was loud. Portable fire extinguisher was off the wall.
2. Bathroom - we noted the fluorescent light fixture was flickering! The shower faucet handle (cold) was damaged.
3. Bedroom - we noted the battery operated Smoke Detector was not working.
4. Living Room- we noted the Smoke Detector was missing.
5. Hall - light lens was missing.
6. Lanai - no flooring.

UNIT 703

1. Kitchen - we noted the plastic laminate corner trim was damaged.
2. Bathroom - we noted the plaster wall was damaged.

UNIT 704

1. Bedroom - we noted the battery operated Smoke Detector was ~~not~~ working. The light switch did not turn on the table lamp.
2. Lanai - lanai flooring "Astro-turf" was damaged.

UNIT 705

1. Kitchen - we noticed the light lens next to the oven was damaged.
2. Bedroom - we noted the battery operated Smoke Detector was ~~not~~ working. The wall paper was peeling off the wall.

UNIT 706

1. Kitchen - we noted the light lens next to the oven was damaged.
2. Bathroom - tenant indicated the drain in the shower was slow. We ran water and noted the drainage appeared to be satisfactory.
3. Living Room - we noted the Smoke Detector was missing. Wall paper was peeling.

UNIT 801

1. Kitchen - we noted the dishwasher was not working.
2. Bedroom - we noted the battery operated Smoke Detector was ~~not~~ working.

UNIT 802

1. Kitchen - we noted the dishwasher was not working.
2. Bedroom - we noticed the flush door was damaged.
3. Living Room - we noted the battery operated Smoke Detector ~~was~~ not working.
4. Hall - light lens was missing.

UNIT 803

1. Bathroom - We noticed the light fixture was missing one bulb ~~and~~ bulbs were not matching. The lavatory fixture was missing the stopper.
2. Bedroom - we noted the battery operated Smoke Detector was ~~not~~ working.
3. Living Room - we noted the battery was missing from the Smoke Detector.
4. Hall - light lens was missing.

UNIT 804

1. Kitchen - we noticed the plaster wall behind the dishwasher appeared to be water damaged. The under counter disposal was loud. Dishwasher ~~did~~ not appear to be working. The light lens next to the oven was damaged.

2. Bathroom - we noticed the light fixture was missing two bulbs. The valve in the water closet appeared to be defective - water continued to run.
3. Bedroom - we noted the Smoke Detector was missing. Light switch did not turn on the table lamp.
4. Lanai - lanai flooring "Astro-turf" was damaged.

UNIT 805

1. Kitchen - we noticed the under counter disposal was inoperable. The wall paper was peeling from the wall.
2. Bathroom - we noted fluorescent light fixture was flickering. We noted the plaster wall was damaged.
3. Bedroom - we noted the battery operated Smoke Detector was not working. The window sill paint was peeling.
4. Living Room - we noted the vinyl base board was damaged.
5. Lanai - the existing floor covering is presently being remodeled by the tenant.
6. Walls, cabinets and countertops have been repainted by tenants.

UNIT 806

1. Kitchen - we noticed the plaster wall behind the dishwasher appeared to be water damaged.
2. Bathroom - we noticed the light fixture bulbs were not matching. The mirror had internal growth.
3. Bedroom - we noted the battery operated Smoke Detector was not working. The flush door was damaged.
4. Living Room - we noted the Smoke Detector was missing.

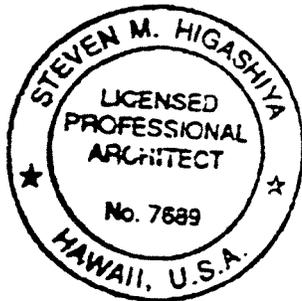
PENTHOUSE

Existing air conditioning units are located in various rooms. However, existing drawings reviewed do not indicate existing electrical system has been upgraded to handle air conditioning system. A Mechanical Engineer and/or Licensed Electrician should be consulted to verify system.

1. Foyer - we noticed the light fixture was not operating. We noticed multiple areas where wood trims and doors have surfaced termite damage. We are unaware if termites are presently active or not.
2. Bar - we noted existing plaster wall was damaged and exposes plumbing lines.
3. Storage - storage behind bar contains entire telephone switching center.
4. Lanai #3 - we noted exterior light lens is missing.
5. Bath #2 - we noted shower fixture controls are sticky.
5. Hall - we noted light switch does not turn lights on.
6. Dressing - we noted light switch does not turn lights on. Plaster walls is damaged and has areas where paint is peeling.

7. Bath #1 - we noted overhead light does not work. Upon flushing the toilet, we noticed the water drained slower than typical.
8. Master Bedroom - we noted 3 of 6 fluorescent fixtures are not working.
9. Master Bath - we noted light switch does not work properly (inconsistent). Vanity cabinet appears to be "sagging" down.
10. Dining - we noted plaster wall adjacent to pantry is damaged. We noticed the sliding glass door framing had termite damage on the exterior. At the time of observation, we could not verify whether termite is active or not.
11. Kitchen - we noticed the under counter disposal was not working. Skylight tunnel had plaster damage at base and within. We noticed termite damage next to counter which exposes framing members and trims. At the time of observation, we could not verify whether termite is active or not.
12. Breakfast Room - door knobs on pass-thru cabinet was missing. We noticed simulated acoustical ceiling appeared to be dirty and dry (cracking). We noticed the sliding glass door framing had termite damage on the exterior. At the time of observation, we could not verify whether termite is active or not.

Generally, the overall building appears to be in good shape considering the age of the structure. Unless noted on individual units, no major electrical or plumbing problems were observed at time of visitation. The owner should maintain a scheduled maintenance program (such as; termite treatment, painting, reroofing, etc.) to enhance the life expectancy of the building.



Sincerely,

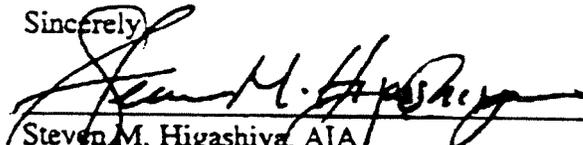

Steven M. Higashiya, AIA
Licensed Professional Architect
Hawaii Reg. No. 7689

EXHIBIT C

APPLICATION FOR VARIANCE (No. 95/VAR-14)

DEPARTMENT OF LAND UTILIZATION OF THE CITY AND COUNTY OF HONOLULU

STATE OF HAWAII

I certify that this is a full, true and correct copy of the original document on file with the Department of Land Utilization, City and County of Honolulu.

Edward Bernier

9-28-95

DATE

IN THE MATTER OF THE APPLICATION)
)
 OF)
)
 MAGOON ESTATE, LIMITED)
)
 FOR A VARIANCE)
)

CASE NO. 95/VAR-14

FINDINGS OF FACT, CONCLUSIONS OF LAW,
AND DECISION AND ORDER

I. APPLICATION

1. Basic Information:

Applicant : Magoon Estate, Limited
Agent : Kusao & Kurahashi, Inc.
Location : 2170 Kuhio Avenue - Waikiki
Tax Map Key: 2-6-17: 51
Lot Area : 13,200 Square Feet
Zoning : Apartment Precinct

The Department of Land Utilization held a public hearing on July 6, 1995, to consider the application. The applicant and all other interested persons present were given an opportunity to be heard. The record of the hearing is on file with the Department.

2. Applicant's Proposal: To allow (retain) a lattice fence and CMU wall to exceed the 6-foot height limit; and, a pool equipment storage building/deck to encroach into the required rear yard, exceed the maximum density, and increase nonconformity (in terms of yard, density, and use). The site is developed with a nonconforming 9-story time-sharing building (Kuhio Surf Club). The 42,425-square foot building exceeds the maximum density (12,788 square feet; Floor Area Ratio = 0.96) by 29,637 square feet, or over 200 percent. In addition, the existing building encroaches entirely into the 30-foot front yard along Kuhio Avenue.

SEP 28 1995

MAILED

(Date)

Fence Walls: The applicant proposes a 7.33-foot high CMU fence wall along the left (ewa) property line, adjacent to the swimming pool. That exceeds the 6-foot maximum height by 1.33 feet, for a length of about 82 feet. In addition, a wooden lattice fence, attached to the front of the CMU fence wall, exceeds the 6-foot height limit by a maximum of 10.21 feet. The overage varies between 3.5 to 10.21 feet along its 78-foot length, but the maximum height of the lattice fence is 16.21 feet. See Exhibits B-1 through B-3, and B-5.

Storage Building/Deck: The applicant proposes to expand an existing deck and add a pool equipment storage area within the 4.5-foot high space below. The addition encroaches into the side and rear yards. The maximum encroachment is 10 feet into the 10-foot rear yard. The 7 x 11.5-foot addition adds about 75 square feet of floor area. The proposal also reduces landscaping and increases nonconformity.

In 1978, the Building Department issued a building permit (No. 111582-583) for an above-grade wooden deck and a shower, located in the ewa/mauka corner of the pool deck area. That structure is considered nonconforming.

3. Variance Required: Land Use Ordinance (LUO) Sections 3.30, 3.120, 7.80-3, and 7.80-4, relating to yard, nonconformities, density, and use regulations.
4. Applicant's Justification: The applicant provided justification statements which are part of the file.

II. FINDINGS OF FACT

On the basis of the evidence presented, the Director has found:

1. Description of Site: The level site is rectangular.
2. Land Use: The site is developed with a 9-story building, which is used as a time-share operation; it contains an accessory swimming pool and 24 off-street parking spaces. The adjoining lot (Parcel 56, ewa side) contains a 2-story apartment building. Mauka of the site, the area is generally developed with mid-rise, medium-density apartment buildings. Makai, across Kuhio Avenue, is a municipal parking lot.
3. Other Permits and Approvals:
 - a. HRS, Chapter 343: The proposal is subject to Chapter 343, HRS, because the site is in Waikiki. The Director issued a Negative Declaration for the project on July 11, 1995.

- b. Waikiki Special District: The site is within the Waikiki Special District, and is subject to its regulations. However, the proposal is exempt.
- c. Building Permits: On October 22, 1959, the Building Department issued a building permit (No. 160725) for a 9-story, 44-unit apartment building with 22 off-street parking spaces.

On November 17, 1978, the Building Department issued a building permit (No. 111582-583) for a fence, and a wooden deck with a hot tub and shower.

- 4. Nonconformities or Irregularities: The site contains a nonconforming time-share operation; i.e., it was established prior to 1980 and is recognized by the State. The building exceeds the maximum density and encroaches into the front and side yards; it is also deficient in off-street parking.
- 5. Violations: On August 30, 1994, the Building Department issued 2 violation notices (Nos. BV94-8-83 and -84) for a fence exceeding 6 feet in height, and for construction without a building permit.

On March 3, 1995, the Department of Land Utilization issued a notice of order (No. 94/LUV-181) for a fence exceeding 6 feet in height.

- 6. Public Hearing Testimony: The agent spoke in support of the request. He said the fence wall is "decorative", and it is not visible from Kuhio Avenue. He said it was built about one year ago, without a building permit. He stated that the 2-story apartment building along the ewa side is about 5 feet from the property line, and the fence provides visual buffering for pool users on the site. He said the fence would protect the pool from "objects" thrown from the apartment building over the property line (although that has never happened). He noted that the 2 adjoining lots (diamondhead and mauka, Parcels 56 and 53) are also owned by the applicant. In regard to the deck encroachment, the agent said it serves as a storage area and covers the swimming pool equipment. No other testimony was given.
- 7. Ordinarily, it would be difficult to find that the applicant would be denied reasonable use if not allowed to encroach into the required yard and exceed the maximum density. The site is fully developed with a nonconforming 9-story time-share building with an off-street parking area and a swimming pool. However, the 75-square foot addition involves only a minimal floor area increase. The small enclosure (for storage/pool equipment) is chiefly utilitarian in nature,

although it also serves as a deck adjacent to the pool. Due to the siting of the building and the pool on the lot, little yard area remains for this typical accessory structure. The request is reasonable, and the enclosure will help to contain noise.

The same does not hold true, however, for the lattice fence wall. The lattice fence is in front of an existing 7.33-foot high CMU wall, and exceeds the 6-foot height limit by a maximum of 10.21 feet, over a length of 78 feet. That is excessive. The applicant states that the additional fence height is needed to provide security and privacy for the swimming pool area. He suggests that, considering the 280-foot height limit (for buildings), the request for a 16-foot high fence is "fairly modest". At its highest point, the fence wall is 16.21 feet high; that is 10.21 feet, or about 170 percent, higher than the 6-foot limit. It is difficult to understand how a 170 percent height overage can be characterized as modest. The maximum height of buildings is a separate issue. On a level lot such as the site, a 6-foot high fence, as permitted by the zoning code, affords a reasonable measure of security and privacy. There are other options available which can be employed to improve security, such as a security guard for example. And, landscaping can be used as a visual buffer. It does not follow that fence wall height should be determined on the basis of the height of the building on the adjoining lot. There is no justification for all of the additional wall height. The only request which can reasonably be allowed is the 1.33-foot additional height of the CMU wall, upon which the lattice fence is constructed.

8. The lot is level, regular in shape, and contains no adverse topographic conditions which prevent conforming development, as evidenced by the existing building. The problems that the applicant cites as justification, including security and privacy, are not unique to this site. Many hotels and apartment buildings have similar problems. The applicant states that "the three properties that are affected by these encroachments into the side and rear yards are all owned by the applicant and will serve to enhance the three affected lots". However, at the public hearing, the agent said the apartment building on Parcel 56 has been sold and is probably in escrow. Moreover, the variance hardship must apply to the site conditions, not to personal circumstances which are not germane to the site and are subject to change at any time. Essentially, the site conditions are not unique or adverse, and the request fails to meet the requisite tests of hardship.

There are, however, mitigating circumstances which support the enclosure of the pool equipment/storage area. The enclosure increases density by only a minimal amount. If the pool equipment were unenclosed, it could pose a potential safety hazard to guests. Under the circumstances, a variance is a reasonable solution.

9. The pool equipment enclosure encroachment will not alter the essential character of the neighborhood. The small expansion does not decrease light or air to neighboring properties. For practical purposes, the equipment must be close to the pool and covered. On the other hand, the fence is conspicuous from neighboring lots. The applicant maintains that it has "minimal impact" on the surrounding area. But a 16-foot high wall along the property line is certain to have more than a "minimal" impact on the adjoining 2-story apartment building, which is set back only about 5 feet (according to the applicant) from the boundary. The wall is a dominant visual feature, which blocks the views, light, and air of the neighboring dwelling units. It is noted that the applicant did not obtain a building permit prior to construction of the lattice fence. His failure to comply with the standard regulations and procedures cannot be condoned. Any claim of hardship related to removal of the fence must be viewed as self-imposed, since the applicant did not obtain a building permit. But that notwithstanding, and based strictly on its merits, the request is not supported by the hardship tests required by the Charter.

III. CONCLUSIONS OF LAW

1. There is evidence that the applicant would be deprived of reasonable use of the land or building if required to comply fully with the provisions of the zoning code.
2. The request of the applicant is due in part to unique circumstances and does not in all respects question the reasonableness of the neighborhood zoning.
3. The request will not in all respects alter the essential character of the neighborhood, and, if modified as required, will not be contrary to the intent and purpose of the zoning ordinance.

IV. DECISION AND ORDER

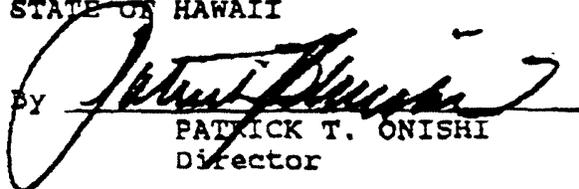
Pursuant to the foregoing Findings of Fact and Conclusions of Law, the Director of Land Utilization hereby DENIES the application for a variance to allow (retain) a lattice fence that exceeds the 6-foot height limit and encroaches into the required front and side yards; and, APPROVES a variance to allow (retain) a CMU wall to exceed the 6-foot height limit, and, a pool equipment/storage building/deck to encroach into the required side and rear yards, exceed the maximum density, and increase nonconformity, in accordance with the approved revised variance plans, subject to the following conditions:

1. Prior to the issuance of a building permit, and within 30 days from the date of this Order, the applicant shall submit revised plans, for review and approval by the Director of Land Utilization, showing the lattice fence wall removed.
2. Within 60 days from the date of this Order, the applicant shall obtain a building permit for the CMU wall and the storage/equipment enclosure, as allowed by this variance, or the variance shall lapse.
3. The variance shall be for the life of the structure (9-story building) only.
4. This variance may be revoked by the Director when, due to a material change in circumstances, one or more of the three Charter-required findings of hardship can no longer be made; or when there is a breach of any of the conditions above stated; provided that, for good cause, the Director may amend the above conditions.

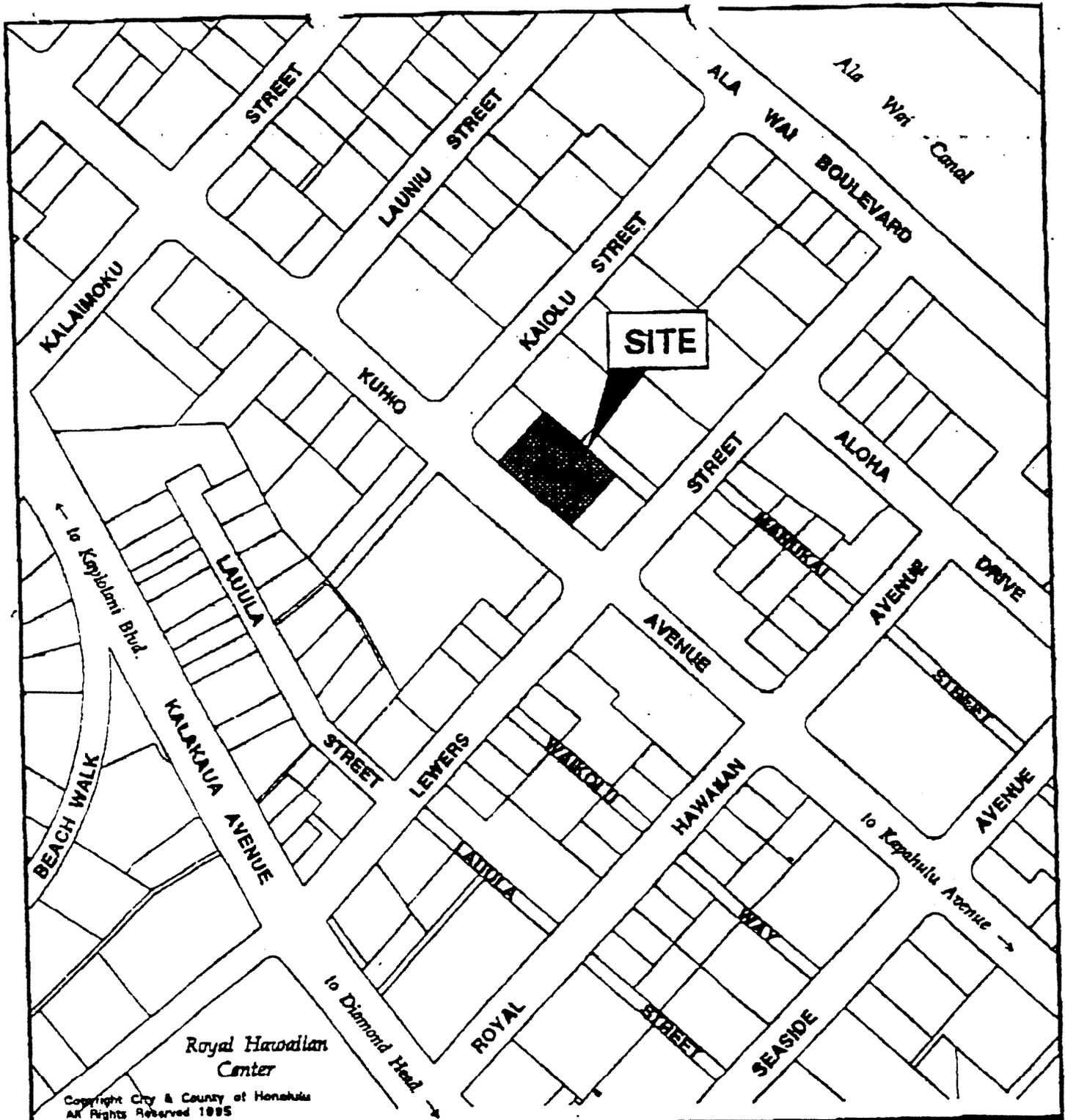
Dated at Honolulu, Hawaii, this 28th day of September, 1995.

DEPARTMENT OF LAND UTILIZATION
CITY AND COUNTY OF HONOLULU
STATE OF HAWAII

BY

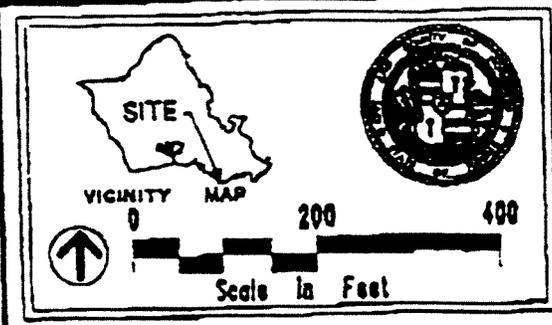


PATRICK T. ONISHI
Director



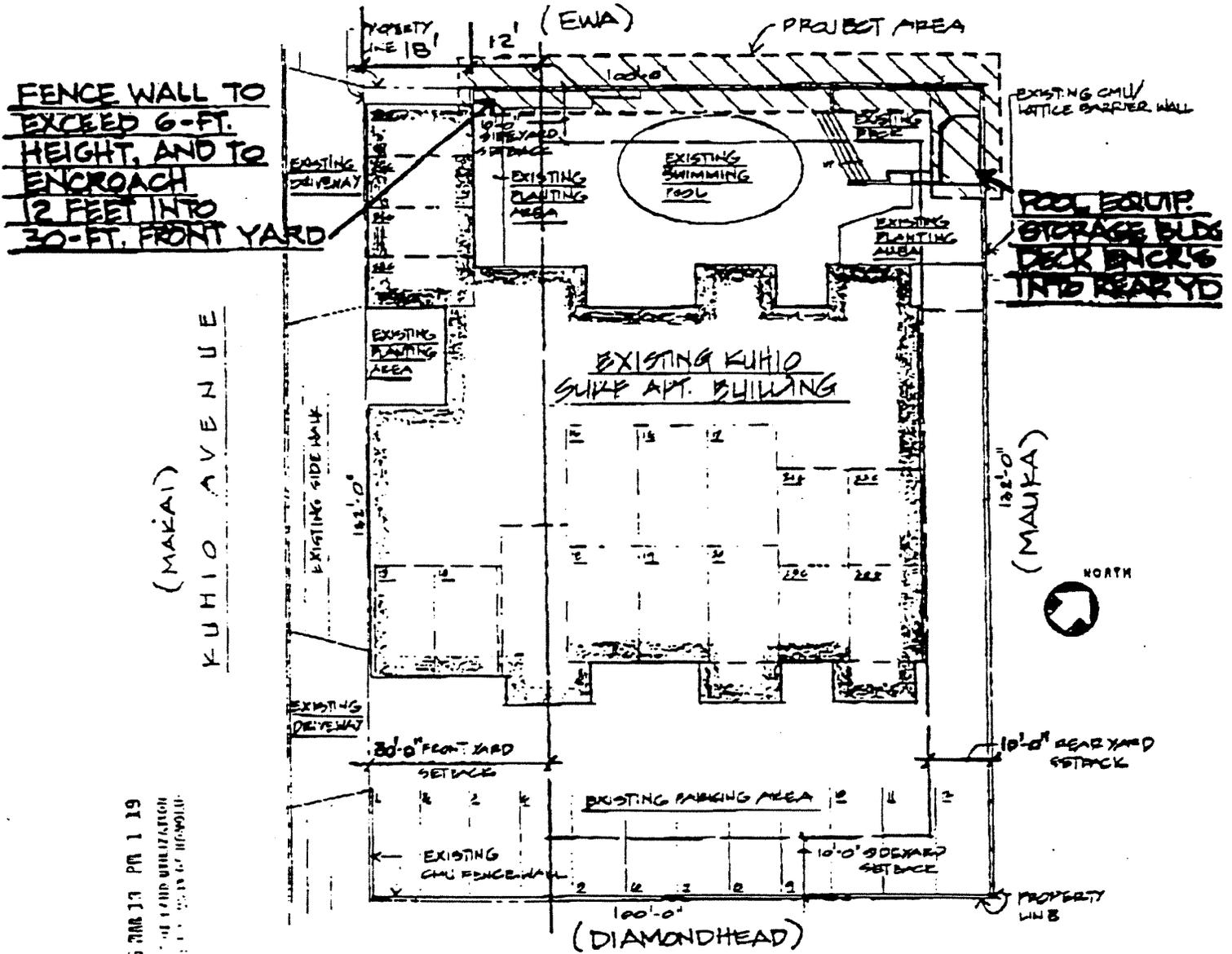
Royal Hawaiian Center

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LOCATION MAP WAIKIKI

TAX MAP KEY: 2-8-17: 51
FOLDER NO.: 95/VAR-14



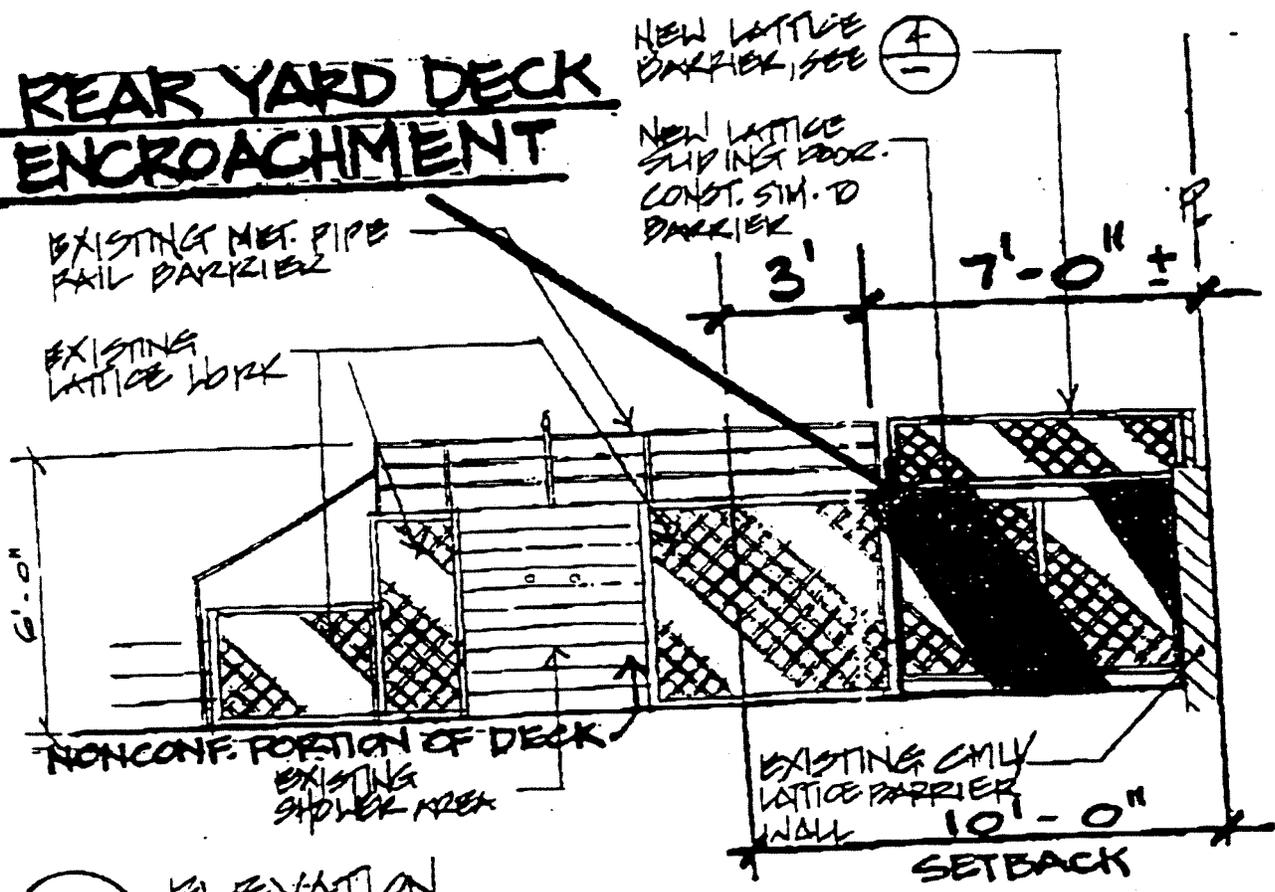
FENCE WALL TO EXCEED 6-FT. HEIGHT, AND TO ENCRCH 12 FEET INTO 30-FT. FRONT YARD

POOL EQUIP. STORAGE BLDG. DECK ENCRS INTO REARYD

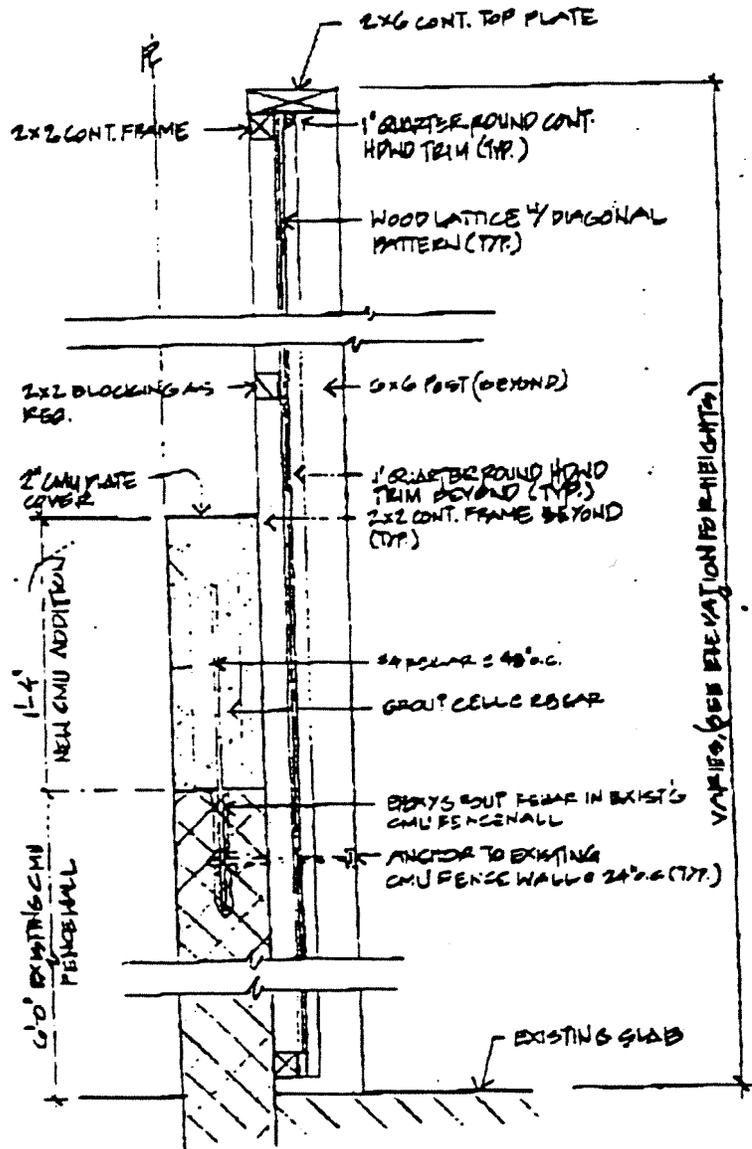
05 APR 17 PM 1:19
 THE LAND UTILIZATION
 DIVISION OF HONOLULU

SITE PLAN

REAR YARD DECK ENCROACHMENT



B ELEVATION
SCALE: 1/4" = 1'-0"



2 TYPICAL SECTION
SCALE 1/8" = 1'-0"

EXHIBIT D

DESCRIPTION OF COMMON ELEMENTS

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

2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, elevator, walkways, entrances and exits of the building.

3. All yards, grounds and landscaping.

4. All parking areas.

5. Swimming pool, meeting area, laundry area, lobby.

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

7. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT E

COMMON INTEREST PERCENTAGE

<u>Apartment</u>	<u>Common Interest Percentage</u>
101	2.029
201	2.017
202	2.017
203	2.017
204	2.017
205	2.017
206	2.017
301	2.017
302	2.017
303	2.017
304	2.017
305	2.017
306	2.017
401	2.017
402	2.017
403	2.017
404	2.017
405	2.017
406	2.017
501	2.017
502	2.017
503	2.017
504	2.017
505	2.017
506	2.017
601	2.017
602	2.017
603	2.017
604	2.017
605	2.017
606	2.017
701	2.017
702	2.017
703	2.017
704	2.017
705	2.017
706	2.017
801	2.017
802	2.017
803	2.017
804	2.017
805	2.017
806	2.017
Penthouse	13.257

EXHIBIT F

LIST OF ENCUMBRANCES

1. Designation of Easement "A" (10 feet wide) for public utilities as shown on Map 1, filed with Land Court Application No. 1293.

2. Grant of easement in favor of the CITY AND COUNTY OF HONOLULU dated October 4, 1966 over said Easment "A", filed as Land Court Document No. 436625.

3. "... (b) An Agreement dated March 13, 1940, between John H. Magoon, Alfred K. Magoon and Eaton H. Magoon, Trustees et al., as Grantors, and The Hawaiian Electric Company, Limited, as Grantee, the original of which Agreement is on file in the office of the Clerk of the Land Court."; as mentioned in Transfer Certificate of Title No. 22,921.

4. "... (c) A Stipulation dated August 7, 1940, which is also on file in the Office of the Clerk of said Land Court."; as mentioned in Transfer Certificate of Title No. 22,921.

5. Encroachment(s) as shown on the survey map prepared by Richard K. Kawasaki, Registered Professional Land Surveyor, with Sam O. Hirota, Inc., dated May 1, 1995, to-wit:

- (A) A water manhole straddles the property line along Kuhio Avenue on Lot 43.
- (B) The corner of HTCo. box extends into Lot 43 along Kuhio Avenue.
- (C) A concrete footing extends into the Kuhio Avenue sidewalk.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Encroachment Agreement and License dated September 18, 1995, filed as Land Court Document No. 2263624.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain PARTY WALL AGREEMENT (LEWERS STREET-APARTMENTS) dated September 28, 1995 filed as Land Court Document No. 2263626.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain PARTY WALL AGREEMENT (KAIOLU STREET) dated September 28, 1995 filed as Land Court Document No. 2263627.

9. The terms and provisions, including the failure to comply

with any covenants, conditions and reservations, contained in that certain PARTY WALL AGREEMENT (411 KAIOLU STREET) dated September 28, 1995 filed as Land Court Document No. 2263628. Lessee's Consent to Party Wall Agreement dated September 6, 1995, filed as Land Court Document No. 2263629. Sublessee's Consent to Party Wall Agreement dated September 13, 1995, filed as Land Court Document No. 2263630, by 411 KAIOLU, INC., a Hawaii corporation.

10. Any unrecorded leases and matters arising from or affecting the same.

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

ANNUAL OPERATING BUDGET AS OF OCTOBER 10, 1995

PROJECT
 PREPARED BY
 FIRST BUDGET MONTH
 BUDGET FIRST YEAR
 CURRENT MONTH
 BEGINNING RESERVES
 BUDGET APPROVED ON:

MUNICIPAL COURT
 PROJECT
 JANUARY
 1996
 DECEMBER
 1995

DESCRIPTION	JAN 1996	FEB 1996	MAR 1996	APRIL 1996	MAY 1996	JUNE 1996	JULY 1996	AUG 1996	SEPT 1996	OCT 1996	NOV 1996	DEC 1996	TOTAL
REVENUE	10105	10105	10105	10105	10105	10105	10105	10105	10105	10105	10105	10105	121260
MAINTENANCE FEES	10105	10105	10105	10105	10105	10105	10105	10105	10105	10105	10105	10105	121260
INVESTMENT INT.	40	40	40	40	40	40	40	40	40	40	40	40	480
CHECKING INTEREST	25	25	25	25	25	25	25	25	25	25	25	25	300
LAUNDRY MACHINES	300	300	300	300	300	300	300	300	300	300	300	300	3600
LOINC EXC. INTEREST	300	300	300	300	300	300	300	300	300	300	300	300	3600
TOTAL REVENUE	10470	10470	10470	10470	10470	10470	10470	10470	10470	10470	10470	10470	125640

UTILITIES	JAN 1996	FEB 1996	MAR 1996	APRIL 1996	MAY 1996	JUNE 1996	JULY 1996	AUG 1996	SEPT 1996	OCT 1996	NOV 1996	DEC 1996	TOTAL
ELECTRICITY	500	500	500	500	500	500	500	500	500	500	500	500	6000
WATER	1500		1500		1500		1500		1500		1500		9000
SEWER	2800		2800		2800		2800		2800		2800		16800
TELEPHONE	100	100	100	100	100	100	100	100	100	100	100	100	1200
TOTAL UTILITIES	4900	600	4900	600	4900	600	4900	600	4900	600	4900	600	33000

MAINTENANCE	JAN 1996	FEB 1996	MAR 1996	APRIL 1996	MAY 1996	JUNE 1996	JULY 1996	AUG 1996	SEPT 1996	OCT 1996	NOV 1996	DEC 1996	TOTAL
MAINT SUPPLIES	35	35	35	35	35	35	35	35	35	35	35	35	420
ELEVATOR	400	400	400	400	400	400	400	400	400	400	400	400	4800
LIGHTING	25	25	25	25	25	25	25	25	25	25	25	25	300
PLUMBING	50	50	50	50	50	50	50	50	50	50	50	50	600
POOL	50	50	50	50	50	50	50	50	50	50	50	50	600
MISC. PURCHASES	100	100	100	100	100	100	100	100	100	100	100	100	1200
PEST CONTROL	65	65	65	65	65	65	65	65	65	65	65	65	780
REFUSE	400	400	400	400	400	400	400	400	400	400	400	400	4800
FIRE SYSTEMS	10	10	10	10	10	10	10	10	10	10	10	10	120
TOTAL MAINTENANCE	1135	1135	1135	1135	1135	1135	1135	1135	1135	1135	1135	1135	13620

EXHIBIT H

Summary of Condominium Reservation Agreement, Deposit Receipt and Sales Contract

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

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

14. If buyer is financing a portion of the sales price, buyer will apply for a loan within 5 days after notification by Seller. Buyer will be in breach of the sales contract if buyer fails to apply for the loan after notification by Seller. Seller may keep down payment as liquidated damages or terminate the sales contract.

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

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

17. Inspection of the property by buyer.

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

EXHIBIT I

SUMMARY OF ESCROW AGREEMENT

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

(a) Signed copies of the sales contract will be provided to Escrow.

(b) Escrow will collect payments due pursuant to the sales contract.

(c) Seller will notify Escrow who in turn will notify buyers when payments are due.

(d) Escrow will accept purchaser's payments pursuant to the sales contract and will hold the funds or make payments according to the escrow agreement.

(e) The escrow agreement says under what conditions escrow will disburse buyer's funds.

(f) The escrow agreement says under what conditions buyer's funds will be refunded if buyer cancels the sales contract.

(g) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.

(h) Escrow will arrange for and supervise the signing of all necessary documents.

(i) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

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

EXHIBIT J

DISCLOSURE ABSTRACT

1. a. PROJECT: KUHIO COURTE
2170 Kuhio Avenue
Honolulu, HI 96815
- b. DEVELOPER/OWNER: Kuhio Courte Limited Partnership
33 S. King St., Ste. 515
Honolulu, HI 96813
- c. MANAGING AGENT: None selected.

2. Estimated Maintenance Fee Assessments and Disbursements

Maintenance Fees: The routine maintenance and repair of each apartment unit, including all utility except water and sewer charges, is the sole responsibility of each owner. The owners are responsible for the maintenance of building, the grounds and the other common elements.

The breakdown of annual maintenance fees and monthly estimate for each apartment has been based on generally accepted accounting principles and is attached as Exhibit G.

3. Description of All Warranties Covering the Apartments and Common Elements.

Purchasers are advised that the building is an existing structure constructed in 1959. Said building is subject to "wear and tear" commensurate with their age. NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO ANY OF THE APARTMENTS. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE APARTMENT THEY DESIRE TO BUY. THE APARTMENTS ARE BEING SOLD "AS IS".

4. Use of Apartments. The KUHIO COURTE condominium project will consist of forty-four (44) apartments which will be used for residential purposes by the owners, their tenants, servants, guests and invitees and for no other purpose.

5. Structural Components and Mechanical and Electrical Installations.

Based on a visual inspection report prepared by a licensed architect (a copy of said report is attached to the public report as Exhibit B to this public report), it is the

EXHIBIT K

**PHASE I ENVIRONMENTAL ASSESSMENT
EXECUTIVE SUMMARY, ENVIRONMENTAL CONCERNS AND RECOMMENDATIONS**

FINAL REPORT

**PHASE I ENVIRONMENTAL SITE ASSESSMENT
AND
ASBESTOS AND LEAD-BASED PAINT SURVEY
2170 KUHIO AVENUE
HONOLULU, HAWAII 96815**

Prepared for:

**PACIFIC ALLIANCE GROUP, LTD.
33 SOUTH KING STREET, SUITE 515
HONOLULU, HAWAII 96813**

Prepared by:

**MURANAKA ENVIRONMENTAL CONSULTANTS, INC.
801 MOOWAA STREET
HONOLULU, HAWAII 96817
(808) 848-8866**

Project No. 950620

September 1995

FINAL REPORT
PHASE I ENVIRONMENTAL SITE ASSESSMENT
AND
ASBESTOS AND LEAD-BASED PAINT SURVEY
2170 KUHIO AVENUE
HONOLULU, HAWAII 96815

Prepared for:

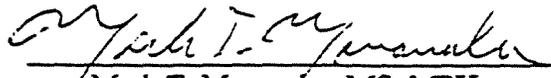
PACIFIC ALLIANCE GROUP, LTD.
33 SOUTH KING STREET, SUITE 515
HONOLULU, HAWAII 96813

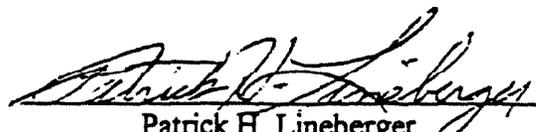
Prepared by:

MURANAKA ENVIRONMENTAL CONSULTANTS, INC.
801 MOOWAA STREET
HONOLULU, HAWAII 96817

Project No. 950620

September 1995


Mark T. Muranaka, MS, MPH
President


Patrick H. Lineberger
Environmental Specialist

1.0 EXECUTIVE SUMMARY

The Pacific Alliance Group, Ltd. retained Muranaka Environmental Consultants, Inc. (MEC) to conduct a Phase I Environmental Site Assessment (ESA), an asbestos-containing material (ACM) survey, and lead-based paint (LBP) survey at the Kuhio Surf Club located at 2170 Kuhio Avenue, Honolulu, Hawaii, Tax Map Key: (1) 2-6-17-051.

The purpose of the ESA was to identify any conditions at the site that may present an environmental hazard or liability, as delineated by federal, state, and local statutes and regulations. This report presents the results of the ESA, ACM survey, and LBP survey.

MEC examined the site history; visible surface and reported subsurface contamination; and the presence of underground storage tanks, hazardous materials and wastes, polychlorinated biphenyl (PCB)-containing equipment, suspect ACMs, and suspect LBP.

The following environmental concerns were identified:

- A wastewater pumping station across Kuhio Avenue opposite the hotel may impact the subject site if it were to leak.
- There are fluorescent light fixtures in the Kuhio Surf Club building, which could contain PCBs. PCB-containing ballasts are not an immediate environmental concern unless they are leaking, or until they are disposed of.
- There are small quantities of regulated hazardous materials, such as of paints, paint thinners, solvents, metal cleaners/brighteners, sodium bicarbonate, soda ash, PVC primer, grease, oil, glue, dry cleaning fluids, disinfectants, epoxy catalysts, and swimming pool chlorinator in the Kuhio Surf Club building, which are used for the maintenance and upkeep of the hotel.
- There are asbestos-containing materials in the Kuhio Surf Club building.
- There are lead-based paints on the interior and exterior of the Kuhio Surf Club building.

MEC has the following recommendations:

- Care should be used during the handling and storage of the hazardous materials. Proper respiratory protection and clothing should be worn during the handling of volatile substances (paints, thinners, solvents, etc.) in enclosed areas. Care should be taken to prevent the hazardous materials from entering the public sewer and storm water drainage systems. The City and County of Honolulu, Public Works and Waste Water Management departments should be notified should any hazardous materials enter the sewer or storm water drainage systems.

- Any suspect PCB-containing ballasts that are to be replaced should be disposed of according to the regulations.
- A comprehensive ACM Operations and Maintenance Plan should be implemented, which would include: site-specific recommendations for work practices to: keep the ACM in good condition; cleanup asbestos fibers from damaged ACM; prevent the release of asbestos fibers; and continually evaluate the condition of the ACM. The repair, handling, renovation, or removal of any of the identified ACM should be conducted in compliance with Occupational Safety and Health Administration (OSHA) and Hawaii State Department of Labor, Division of Occupational Safety and Health (HIOSH) regulations. We also recommend that an asbestos consultant be retained before the renovation or demolition of the building to ensure that all the ACM is properly managed.
- Any activities that create lead dust, such as dry sanding or dry scraping, should be avoided on both the lead-based paints and lead-containing paints. Any lead-based paint that is in poor condition (peeling, cracking, blistering, flaking, or powdering) should be removed and any exposed surfaces should be repainted by a qualified contractor who is trained in the handling of lead-containing paint. We also recommend that the services of a qualified consultant be obtained to assist with the monitoring and inspection of the removal of any lead-containing paint to ensure compliance with the applicable EPA, OSHA, and HIOSH regulations pertaining to the handling of lead.

MEC concludes that no further site investigations are necessary at the 2170 Kuhio Avenue property.

Table 7: Lead-based Paint Summary

Lead-based Paint	Location*	Quantity
Pink/pale yellow layered paint	Ground level, CMU wall surrounding northeast to southwest sides of pool area	1,110 sq. ft.
Dark red paint	Ground level, storage room fronting maintenance room, floor	52 sq. ft.
Black/beige layered paint	Roof level, roof access-storage room, dry stand pipes (black-painted walls of same room)	28 linear feet (534 sq. ft.)
Silver paint	Roof level, roof access-storage room, southwest CMU wall	84 sq. ft.
Deep purple/orange layered paint	4th floor, northwest wall, fire exit door (2nd & 3rd floors, northwest wall, fire exit doors) (2nd to 4th floors, southeast interior walls by elevator) (2nd to 4th floors, southwest walls, exterior building) (2nd floor to roof, northeast wall, exterior building)	36 sq. ft. (72 sq. ft.) (84 sq. ft.) (293 sq. ft.) (614 sq. ft.)
Black paint	2nd floor, southwest end of hallway, metal railings	126 linear feet

* Areas in (parentheses) were not sampled, but appear to be of the same type of paint that was sampled.

7.0 ENVIRONMENTAL CONCERNS AND RECOMMENDATIONS

7.1 Environmental Concerns

MEC found several environmental concerns at the 2170 Kuhio Avenue site. The owners and personnel at the property should be aware of the findings documented throughout this report.

- A wastewater pumping station across Kuhio Avenue opposite the hotel may impact the subject site if it were to leak.
- There are fluorescent light fixtures in the Kuhio Surf Club building, which could contain PCBs. PCB-containing ballasts are not an immediate environmental concern unless they are leaking, or until they are disposed of.
- There are small quantities of regulated hazardous materials, such as of paints, paint thinners, solvents, metal cleaners/brighteners, sodium bicarbonate, soda ash, PVC primer, grease, oil, glue, dry cleaning fluids, disinfectants, epoxy catalysts, and swimming pool chlorinator in the Kuhio Surf Club building, which are used for the maintenance and upkeep of the hotel.
- There are asbestos-containing materials in the Kuhio Surf Club building.
- There are lead-based paints on the interior and exterior of the Kuhio Surf Club building.

7.2 Recommendations

- Care should be used during the handling and storage of the hazardous materials. Proper respiratory protection and clothing should be worn during the handling of volatile substances (paints, thinners, solvents, etc.) in enclosed areas. Care should be taken to prevent the hazardous materials from entering the public sewer and storm water drainage systems. The City and County of Honolulu, Public Works and Waste Water Management departments should be notified should any hazardous materials enter the sewer or storm water drainage systems.
- Any suspect PCB-containing ballasts that are to be replaced should be disposed of according to the regulations.
- A comprehensive ACM Operations and Maintenance Plan should be implemented, which would include: site-specific recommendations for work practices to: keep the ACM in good condition; cleanup asbestos fibers from damaged ACM; prevent the release of asbestos fibers; and continually evaluate the condition of the ACM. The repair, handling, renovation, or removal of any of the identified ACM should be conducted in compliance with Occupational Safety and Health Administration (OSHA) and Hawaii State Department of Labor, Division of Occupational Safety and Health (HIOSH) regulations. We also recommend that an asbestos consultant be retained before the renovation or demolition of the building to ensure that all the ACM is properly managed.
- Any activities that create lead dust, such as dry sanding or dry scraping, should be avoided on both the lead-based paints and lead-containing paints. Any lead-based paint that is in poor condition (peeling, cracking, blistering, flaking, or powdering) should be removed and any exposed surfaces should be repainted by a qualified contractor who is trained in the handling of lead-containing paint. We also recommend that the services of a qualified consultant be obtained to assist with the monitoring and inspection of the removal of any lead-containing paint to ensure compliance with the applicable EPA, OSHA, and HIOSH regulations pertaining to the handling of lead.

MEC concludes that no further site investigations are necessary at the site.

The conclusions, observations, and recommendations made in this report are based on the conditions of the property at the time the survey was conducted. MEC accepts no responsibility for the inaccuracy or inapplicability of any part of this report which may be attributable to a change in the condition of the property after the survey was conducted or attributable to property conditions which were not readily accessible or observable at the time of the survey. In addition, we accept no responsibility for inaccurate or missing information provided by existing documents.