

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Kuakini Development Corp., a Hawaii corporation
Address % Marcus & Associates, 1045 Mapunapuna St., Honolulu, HI 96819

Project Name(*): Westview Plaza
Address: 1516 Ward Avenue, Honolulu, HI 96822

Registration No. 3461
(Conversion)

Effective date: January 23, 1996
Expiration date: February 23, 1997

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 or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing 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 an 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:

 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)

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

TABLE OF CONTENTS

| | page |
|--|----------------------------|
| Preparation of this Report | 1 |
| Expiration Date of Reports | 1 |
| Type of Report | 1 |
| Disclosure Abstract | 2 |
| Summary of Changes from Earlier Public Reports | 2 |
| Table of Contents | 3 |
| General Information on Condominiums | 4 |
| Operation of the Condominium Project | 4 |
| | |
| I. PERSONS CONNECTED WITH THE PROJECT | 5 |
| Developer | Attorney for Developer |
| Real Estate Broker | Escrow Company |
| | General Contractor |
| | Condominium Managing Agent |
| | |
| II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS | |
| A. Declaration | 6 |
| B. Condominium Map (File Plan) | 6 |
| C. Bylaws | 6 |
| D. House Rules | 7 |
| E. Changes to Condominium Documents | 7 |
| | |
| III. THE CONDOMINIUM PROJECT | |
| A. Interest to be Conveyed to Buyer | 8 |
| B. Underlying Land | 9 |
| C. Buildings and Other Improvements | 10 |
| D. Common Elements, Limited Common Elements, Common Interest | 13 |
| E. Encumbrances Against Title | 14 |
| F. Construction Warranties | 15 |
| G. Status of Construction | 16 |
| H. Project Phases | 16 |
| | |
| IV. CONDOMINIUM MANAGEMENT | |
| A. Management of the Common Elements | 17 |
| B. Estimate of Initial Maintenance Fees | 17 |
| C. Utility Charges for Apartments | 17 |
| | |
| V. MISCELLANEOUS | |
| A. Sales Documents Filed with the Real Estate Commission | 18 |
| B. Buyer's Right to Cancel Sales Contract | 18 |
| C. Additional Information Not Covered Above | 20 |
| D. Signature of Developer | 21 |
| | |
| EXHIBIT A: Permitted Alterations to Apartments | |
| EXHIBIT B: Parking Stalls and Common Interests | |
| EXHIBIT C: Letters/Reports from architect and engineers | |
| EXHIBIT D: Common Elements | |
| EXHIBIT E: Limited Common Elements | |
| EXHIBIT F: Encumbrances Against Title | |
| EXHIBIT G: Construction Warranties | |
| EXHIBIT H: Estimate of Initial Maintenance Fees | |
| EXHIBIT I: Summary of Sales Contract | |
| EXHIBIT J: Summary of Escrow Agreement | |
| EXHIBIT K: Developer's Reserved Rights | |

General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Kuakini Development Corp. Phone: (808) 839-7446
Name c/o Marcus & Associates, Inc. (Business)
1045 Mapunapuna Street
Business Address
Honolulu, Hawaii 96819

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

President: Gary K. Kajiwara. No other officers at the present time

Real Estate Broker: Marcus & Associates, Inc. Phone: (808) 839-7446
Name (Business)
1045 Mapunapuna Street
Business Address
Honolulu, Hawaii 96819

Escrow: Long & Melone Escrow, Ltd. Phone: (808) 523-2358
Name (Business)
1001 Bishop Street, Suite 2770
Business Address
Honolulu, Hawaii 96813

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

Business Address

Condominium Managing Agent: Marcus & Associates, Inc. Phone: (808) 839-7446
Name (Business)
1045 Mapunapuna Street
Business Address
Honolulu, Hawaii 96819

Attorney for Developer: Rush Moore Craven Sutton Phone: (808) 521-0400
Morry & Beh (Business)
Name
745 Fort Street, Suite 2000
Business Address
Honolulu, Hawaii 96813

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. 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. 95-145785
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2306
 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. 95-145786
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date 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%* | <u>75%</u> |
| Bylaws | 65% | <u>65%</u> |
| House Rules | --- | <u>Majority Vote of Board of Directors</u> |

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

2. Developer:

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

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

See Exhibit "K"

[] 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: 1516 Ward Avenue Tax Map Key: (1) 2-1-39-04
Honolulu, Hawaii 96822 (TMK)

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

Land Area: 16,625 [x] square feet [] acre (s) Zoning: A-2

Fee Owner: Kuakini Development Corp.
Name c/o Marcus & Associates, Inc.
1045 Mapunapuna Street
Address
Honolulu, Hawaii 96819

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 8

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Masonry, Glass

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>56</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, poultry, rabbits or other animals, except household pets of reasonable size and number and certified guide, service and signal dogs.

Number of Occupants: _____

Other: No transient or hotel use or time-sharing.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1 Stairways: 2 Trash Chutes: 0

| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath.</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> |
|------------------|-----------------|-----------------|------------------------------|-------------------------|
| _____ | <u>56</u> | <u>1/1</u> | <u>466</u> | <u>65</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

Total Apartments: 56

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

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

Boundaries of Each Apartment: The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

Permitted Alterations to Apartments:

See Exhibit "A"

7. Parking Stalls:

Total Parking Stalls: 56

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | <u>TOTAL</u> |
|--------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|--------------|
| | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | |
| Assigned (for each unit) | <u>0</u> | <u>0</u> | <u>51</u> | <u>5</u> | <u>0</u> | <u>0</u> | <u>56</u> |
| Guest | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Unassigned | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Extra for Purchase | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other: | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Covered & Open | <u>0</u> | | <u>56</u> | | <u>0</u> | | |

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

Commercial parking garage permitted in condominium project.

Exhibit: B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

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

There are no violations Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

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

(For conversions of residential apartments in existence for at least five years): The Developer makes no representations regarding the condition and expected useful life of the structural components or mechanical and electrical installations of the project. See the reports/letters attached as Exhibits "C".

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:

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

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

| | <u>Conforming</u> | <u>Non-Conforming</u> | <u>Illegal</u> |
|------------|---------------------|-----------------------------|-------------------|
| Uses | <u> x </u> | <u> </u> | <u> </u> |
| Structures | <u> x - bldg </u> | <u> x- parking stall </u> | <u> </u> |
| Lot | <u> x </u> | <u> </u> | <u> </u> |

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

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

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

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 "E".

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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 "B"

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 November 9, 1995 and issued by Long & Melone, Ltd.

Blanket Liens:

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

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

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u> |
|--|---|
| Mortgage, Security Agreement and Financing Statement | Buyer's contract will be cancelled and Buyer's deposit will be returned. Buyer may lose all rights to acquire the property. |
| Financing Statement | Buyer's contract will be cancelled and Buyer's deposit will be returned. Buyer may lose all rights to acquire the property. |

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:

None. See Exhibit "G"

2. Appliances:

None. See Exhibit "G"

G. Status of Construction and Estimated Completion Date:

Constructed in 1972 and the improvements were completed in 1973.

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):

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 "I" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 24, 1995 .
Exhibit "J" contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report 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 buyers 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. 3461 filed with the Real Estate Commission on December 11, 1995.

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

yellow paper stock white paper stock pink paper stock

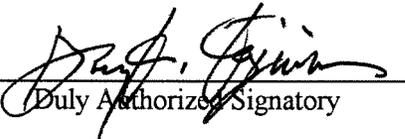
C. Additional Information Not Covered Above

Developer is informed that the building of the project contains asbestos, including, but not limited to the acoustic insulation on the ceilings, the acoustic insulation on the underside of stainless steel sinks, and the vinyl floor tile and mastic. The asbestos containing materials appear to be non-friable and do not appear to be deteriorated. Buyers should be aware that appropriate measures, including possibly the removal of the asbestos containing materials, should be undertaken before any remodeling or demolition work that may disturb the materials occurs. Developer makes no representations or warranties, express or implied, with respect to the asbestos contained in the project. The Sales Contract and Apartment Deed provide that the Buyers will agree to indemnify and hold Developer harmless for any claims, damages, actions, liability or costs relating to the presence of asbestos in the project.

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

Kuakini Development Corp.

Name of Developer

By: 
Duly Authorized Signatory

11/29/15
Date

Gary K. Kajiwara, President

print name & title of person signing above

Distribution:

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

EXHIBIT "A"

PERMITTED ALTERATIONS TO APARTMENTS

Section 16 to Declaration contains the following provisions regarding alterations to the apartments:

Except as otherwise provided by the Fair Housing Act, 42 U.S.C. § 3601, et seq., as amended by the Fair Housing Amendments Act of 1988, and Chapter 515, Hawaii Revised Statutes, and the rules and regulations promulgated thereunder, as the same may be amended from time to time, restoration or replacement of the Project or any building or other structure thereof or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to a vote of at least seventy-five percent (75%) of the apartment owners and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement, construction, alteration or addition the Association shall duly record or file of record such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. Provided, however, that notwithstanding any provision in the Declaration to the contrary other than the provisions of Section 19, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall require only the written approval thereof, including the plans therefor, by the holders of mortgages covering such apartment(s) (if the mortgagees require such approval), the Board, and all other apartment owners thereby directly affected (as determined by the Board), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered.

Non-material additions to the common elements, including, without limitation, the installation of solar energy devices as defined by Section 468B-1, Hawaii Revised Statutes, as amended, shall require approval only by the Board and by sixty-five percent (65%) of the apartment owners, together with the consent of all other apartment owners thereby directly affected (as determined by the Board). For so long as a statutory definition of "non-material structural additions to the common elements" shall be prescribed by Section 514A-89, Hawaii

Revised Statutes, as amended, as it may be amended from time to time or by any substitute or successor statute, said statutory definition shall be applied in interpreting the foregoing sentence.

EXHIBIT "B"

| <u>Apt. No.</u> | <u>Common Interest</u> | <u>Parking Stall</u> |
|-----------------|------------------------|----------------------|
| 201 | 1.7857% | 3 |
| 202 | 1.7857% | 2 |
| 203 | 1.7857% | 1 |
| 204 | 1.7857% | 28 |
| 205 | 1.7857% | 56 |
| 206 | 1.7857% | 30 |
| 207 | 1.7857% | 29 |
| 208 | 1.7857% | 4 |
| 301 | 1.7857% | 55 |
| 302 | 1.7857% | 17 |
| 303 | 1.7857% | 54 |
| 304 | 1.7857% | 53 |
| 305 | 1.7857% | 52 |
| 306 | 1.7857% | 51 |
| 307 | 1.7857% | 50 |
| 308 | 1.7857% | 49 |
| 401 | 1.7857% | 31 |
| 402 | 1.7857% | 32 |
| 403 | 1.7857% | 33 |
| 404 | 1.7857% | 34 |
| 405 | 1.7857% | 35 |
| 406 | 1.7857% | 36 |
| 407 | 1.7857% | 37 |
| 408 | 1.7857% | 38 |
| 501 | 1.7857% | 39 |
| 502 | 1.7857% | 40 |
| 503 | 1.7857% | 41 |
| 504 | 1.7857% | 42 |
| 505 | 1.7857% | 43 |
| 506 | 1.7857% | 44 |
| 507 | 1.7857% | 45 |
| 508 | 1.7857% | 46 |

| <u>Apt. No.</u> | <u>Common Interest</u> | <u>Parking Space</u> |
|-----------------|------------------------|----------------------|
| 601 | 1.7857% | 27 |
| 602 | 1.7857% | 26 |
| 603 | 1.7857% | 25 |
| 604 | 1.7857% | 24 |
| 605 | 1.7857% | 23 |
| 606 | 1.7857% | 22 |
| 607 | 1.7857% | 48 |
| 608 | 1.7857% | 47 |
| 701 | 1.7857% | 5 |
| 702 | 1.7857% | 6 |
| 703 | 1.7857% | 7 |
| 704 | 1.7857% | 8 |
| 705 | 1.7857% | 9 |
| 706 | 1.7857% | 15 |
| 707 | 1.7857% | 16 |
| 708 | 1.7857% | 18 |
| 801 | 1.7858% | 10 |
| 802 | 1.7858% | 11 |
| 803 | 1.7858% | 12 |
| 804 | 1.7858% | 13 |
| 805 | 1.7858% | 14 |
| 806 | 1.7858% | 21 |
| 807 | 1.7858% | 20 |
| 808 | 1.7858% | 19 |

WESTVIEW PLAZA

EXECUTIVE SUMMARY OF DUE DILIGENCE REPORTS

Including Architecture, Structural Engineering, Mechanical Engineering & Electrical Engineering

The building is fairly well maintained with the exception of the anticipated wear and tear over time. The complex is clean and functional to provide for the needs of typical apartment use as intended.

The structure appears to be in good condition. There are minor maintenance type repairs which should be addressed. The structure can be expected to continue to perform well with normal maintenance and upkeep.

Overall, the mechanical system maintenance for this building has been adequate. Due to its age and above normal use, higher maintenance and replacements should be anticipated as it approaches its economic life. With proper management, constant maintenance and high replacements, the plumbing, ventilation, and fire protection systems could provide many more years of service. This project seems to be adequately served by the principal utilities of water, and sewer. The plumbing and ventilation systems may not meet today's codes, and as major repairs are undertaken the Building Codes may require current code compliance. The cost of compliance maybe very expensive. Other systems may not meet current codes and regulations, but seem functional. The above comments should generally apply to all of the units within this building since they are all somewhat of the same age and maintenance level.

The existing electrical service for each building is adequately sized for the present loads. Although the design of the electrical system did provide for air conditioning loads and some units already have air conditioning units, any significant additions to the present loads, such as more air conditioning units, should be monitored carefully. After repairs are made to the deficient and damaged devices, with normal replacement and upkeep, many more years of life can be expected. The electrical systems do not comply with all the present codes although may have been in compliance to codes existing at the time of construction. Maintenance programs, such as brushing and painting exterior enclosures, should be continued to improve the life expectancy of the equipment. We recommend that safety and security items be addressed immediately.

The observations as noted are items of concern as of the dates of the visits. The specific comments are in the reports. It is possible that safety hazards may become evident after the visit or other items may be non-conforming with pertinent code and/or regulations in the future. Furthermore, this report does not address remedial actions nor does it state standards that must be met for conformance. A complete confirmation would be necessary to determine if an item is "grandfathered" or in compliance, involving research, design studies, drawings, as-built documentation, and ultimately submittals to the appropriate agencies for review and interpretation. These reports do not address accessibility for the disabled, input from other regulatory agencies, soils, civil(drainage, parking, traffic), environmental, security, fire safety and other technologies. No warranty is expressed or implied.



ARCHITECTS PACIFIC, INC.

600 Kapiolani Blvd., Suite 210
Honolulu, Hawaii 96813
Phone: (808) 521-7888 • Fax: (808) 531-7057

November 2, 1995

Kuakini Development Corp.
c/o Marcus & Associates
1045 Mapunapuna St.
Honolulu, Hawaii 96819

Subject: **WESTVIEW PLAZA**
1516 Ward Avenue
Honolulu, Hawaii
TMK: 2-1-39: 3 & 4
ARCHITECTURAL DUE DILIGENCE REPORT

Gentlemen:

Two visual site observations were conducted on September 7, 1995 and September 14, 1995, and November 2, 1995 at Westview Plaza, 1516 Ward Avenue. Westview Plaza, on the corner of Ward Ave. and Spencer Street, is 10 stories high, eight levels of apartments and two levels of parking. The building is oriented north to south and the 56 one bedroom apartment units are single loaded with balconies along the east side of the building.

The building was constructed in the early 1970's and the following items were observed:

A. Parking Levels

1. Where the electric meters are located on the first floor. The parking stalls are compact size due to the protrusion of the screen mesh in front of the electric meters.
2. Some of the grating around the first floor parking were replaced with new, however other gratings were rusted, inclusive of the embedded frame. The bar grating should be screwed down as a part of the maintenance program to increase safety.
3. The lower level is a basement and is naturally ventilated around the perimeter from the grating above and is open on the south side. Although there seems to be no apparent concern, the parking would not qualify by definition as naturally ventilated.
4. At the exterior stair on the north side, the riser is 7 3/4" high (7" maximum allowed) and tread is 10 3/4" (11" maximum allowed).

5. The lowest head clearance at the first level parking is approximately 6'-0" at the pipes adjacent to the columns (7'-6" minimum allowed).
6. The railing at the exterior stair on the north side is damaged at the corner.
7. On the first level, there is only one lane used for entering and exiting the parking. A mirror was provided for visibility around the corner.
8. There were no guest parking available, however, there was a loading zone in the front on the Ward Avenue side.
- *9. Adjacent to stall no. 6, there is a electrical junction box mounted low at 5' - 10 3/4" from the bottom.
- *10. At stall no. 55, the pool pump equipment takes partial space of the parking stall. Recommend pool pump and heater to be relocated adjacent to the pool.
- **11. There was slight ponding of water on the first level, north side at the driveway entrance.

B. Unit 202

1. Entry door is 6'-4 1/2" high (6'-6" minimum allowed).
2. Interior of cabinets were in relatively good condition. Doors and drawers needed minor adjustment.
3. Rubber base in certain places at the kitchen were missing or needed replacing.
4. The vinyl floor tile in the kitchen and bathroom appeared in good condition.
5. Jalousie operators were the crank type with lever arm, certain operators were not working properly and should be repaired or replaced. Certain insect screens with aluminum frame were bent which should be repaired or replaced.
6. Bi-fold closet door was removed by tenant.
7. Battery operated smoke detector at the kitchen ceiling was working.

* Observation on September 14, 1995

** Observation on November 2, 1995

*** Regarding comment A.10 above, the Developer affirms that the pool pump equipment will be relocated and the stall restored to its proper condition.

8. Lanai floor had artificial turf covering. The concrete floor does not appear to have been waterproofed. The railing clear space between the vertical pickets were 4 3/4" (4" maximum allowed).
9. Exhaust fan in bathroom not working.
10. Cultured marble wainscot at the tub appears to be in good condition. Caulking at the corners and at the tub were peeling off or contained mildew.

C. Unit 803

1. Screen door sliding wheels and lock needed adjustment. Neoprene gasket damaged.
2. Gap under the window air conditioning unit in the bedroom. The AC unit protruded 11 1/2" from the wall and was 5'- 4 1/2" high (6' - 6" minimum allowed).
3. Bi-fold closet hardware needed adjustment.
4. Door lock needs lubrication.
5. Battery operated smoke detector was not working, however on a subsequent visit on November 2, 1995, smoke detector was in operation after corrective work was done.
6. Cabinets appeared to be the similar condition as Unit 202.
7. The tub cultured marble wainscot appears to be in the similar condition as Unit 202.
8. Jalousie window crank operators were not operating properly. The screens however were in better condition than Unit 202.

D. Unit 802 Unit appears to be the similar condition as Unit 803.

E. Roof

1. The roof was covered with an aluminum reflective foil, adhered to a built-up type roofing. In certain areas, especially adjacent to the elevator, the foil is coming off.
2. The roof is slightly sloped toward the middle of the building with interior drains. At certain areas around the drains and adjacent to the elevator, there appears to have been standing water due to evidence of dust particles.

3. The strainer for the south interior drain was missing.
4. There were adequate number of overflow scuppers around the perimeter of the parapet.
5. The vented elevator shaft door was rusted and the concrete corner landing for the railing is spalling.
6. Roof is generally in fair condition. No records were found on the type and date of installation, and that no warranty of any kind is given or implied by these opinions.

F. Stairs

1. The stair width is 3'-8" wide however the interior railing is set inward from the edge 3 ½", making the stair width smaller.
2. All the railings attached to the walls do not extend beyond the first and last steps.
3. Stair appears acceptable with risers at 7" and treads at 11 ½".
4. Spacing between rail pickets is 5" (4" maximum allowed).
5. Signs were posted next to stairs stating "Slippery when Wet". Concrete floors and treads were smooth. Recommend to provide a non-slip surface finish.
6. There is a non-conforming condition with a storage closet at the very bottom level under the north stairs.
7. At the north stair, the last run from the first level to the basement requires to exit at the first level since the basement leads to the parking garage. The first level leads to the exterior.
- *8. At the south exit stairs, the first level door was locked, however, corrective work shall be scheduled in accordance with the resident manager.

G. Elevator

1. The inside of the elevator car appears in good condition except for the scratches on the interior side of the stainless steel door.

* Observation on September 14, 1995

2. The elevator car bounces more than usual. This could be caused by the under-slung cable configuration with the machine room at the bottom level.
3. Elevator lobbies for all levels were not fire separated from the path of the exits.
4. Elevator currently has a routine maintenance agreement and has a life expectancy of twenty years in accordance with Hawaiian Pacific Elevator.

H. Main Lobby at the First Level

1. Existing north door does not have panic hardware.
2. There is a steep ramp outside main door to the parking. The main entrance is adjacent to the driveway which is not readily visible to oncoming cars around the corner.
3. The main lobby door is 6'-5 ½" high (6'-6" minimum allowed).

I. Laundry Room

1. The pipe adjacent to the door leading to the parking is too low at 6'-5" (6'-6" minimum allowed).
2. Door to the parking swings out with 7" drop landing (1" maximum allowed).
3. Door leading to the stair is held open by hook and chain, attached to the bottom stair door, which blocks the pathway.
4. Smoke detector was missing for current code standards. At the time of construction, smoke detector was not required.
5. Expanded metal mesh does not fire separate the laundry room from the parking.

J. Exterior

1. At the pool, there was no railing at the corner steps.
2. The wood fence around the pool is slightly deteriorated.
3. Pool deck coating is slightly peeling off.
4. There is no railing for the steps leading to the sidewalk just outside the pool.

5. There are two dead trees adjacent to the south side of the pool.
6. Two tall coconut trees on the south side appears to be old and could fall or drop debris.
7. The exterior exit balcony concrete railing along the apartment units is 3'-5 ½" high (3'-6" minimum allowed).
8. The wood gate for the storage enclosure north of the pool is slightly misaligned.
9. At certain jalousie windows, glass panes with the wire mesh were rusted and had cracked the glass.
10. There were bubbles in the paint appearing on the bottom side of certain lanais and at certain locations of the exterior walls.

Units 202, 802, and 803 were only examples of the typical unit type. Therefore, this report does not depict of all the conditions in every unit.

The observations as noted are items of concern as of the date of the visit. It is possible that safety hazards may become evident after the visit or other items may be non-conforming with the pertinent code and/or regulations in the future. Furthermore, this report does not address remedial actions nor does it state standards that must be met for conformance. A complete confirmation would be necessary to determine if an item is "grandfathered" or in compliance, involving research, design studies, drawings, as-built documentation, and ultimately submittals to the appropriate agencies for review and interpretation.

This report, plus that of the other Engineers' reports do not address accessibility for the disabled, input from other regulatory agencies, soils, civil (drainage, parking, traffic), environmental, security, fire safety and other technologies.

Westview Plaza
Architectural Due Diligence Report
Page 7

SUMMARY

The building is fairly well maintained with the exception of the anticipated wear and tear over time. The complex is clean and functional to provide for the needs of typical apartment use as intended.

Sincerely,



John A. Adversalo, AIA
President

JA/ja:westview

Enclosure

NAGAMINE ENGINEERS INC.

CONSULTING STRUCTURAL ENGINEERS

1001 Bishop Street, Pauahi Tower Suite 725
Honolulu, Hawaii 96813
Tel: (808)536-2626
Fax: (808)536-3926

October 14, 1995

Kuakini Development Corporation
c/o Marcus & Associates, Inc.
1045 Mapunapuna St.
Honolulu, Hawaii 96819

Subject: Westview Plaza, 1516 Ward Avenue

Gentlemen:

As requested we have performed a cursory visual structural inspection of the Apartments at 1516 Ward Avenue on September 7, 1995. This inspection involved a walk-through of the building which included the parking areas, Rooms 201, 202, 802 and 803, the roof and the laundry areas. No calculations or testing of any kind were performed. Architectural, mechanical, electrical and other nonstructural aspects are not addressed. Existing structural drawings were available from the City's Building Department files and were prepared by James Early. These drawings were dated in 1971 and 1972 which may indicate that the structure was constructed in 1972.

The building is an eight story structure with a full basement on a sloping site. The floor structure consists of precast concrete hollow core planks with 2" of concrete topping. Supporting this are cast in place concrete beams, concrete columns and a mixture of CMU walls and concrete walls. The lanais and entry corridors are exposed and consist of cast in place concrete slabs. The foundations consist of continuous footings which support the walls and columns. The ground floor consists of 4" thick slab on grade. The lateral force resisting system appears to consist of CMU and concrete shear walls. The two exterior stairs consist of cast in place reinforced concrete slabs and walls. The elevator shaft consist of cast in place concrete walls.

Observations and Comments

1. In general, no major sign of distress was observed, except for the minor items as follows.
2. Corridor and Lanai slabs: Peeling paint and efflorescence were observed on the underside of some lanai slabs. Moisture appears to be penetrating through the slab. The top of the slabs were covered with carpet, which may aggravate the moisture problem by keeping the slab moist. At the outer edges of some of the lanai slabs, a small crack was observed which may indicate that the reinforcing steel in the curbs are starting to corrode. Minor spalling and cracking were observed at the edge of the

corridor slab in some locations. These are common problems to this type of building.

3. **Roof slab:** In Room 802, water stains were observed in the ceiling of the Living Room and Bath. In Room 803, peeling paint and rust stains were observed in the Bath. These may indicate that the roof had leaked sometime in the past.
4. **Eighth floor ladder to the roof:** The steel ladder is rusting.
5. **Roof elevator entry landing slab:** One corner of the slab is chipped off. This appears to be an old chip and due to an impact, possibly during the construction.
6. **Stairs:** Peeling paint was observed on the inside face of the walls. Minor rust and spalling concrete at the base of some railing post bases were observed.
7. **Basement and Level 1 Parking area:** At Level 1, spalling of the slab top surface was observed in numerous areas. These spalls appear to be due to the inadequate concrete cover over the reinforcing steel. This is a common problem for this type of building. The column corner guards have rust on them. Near one column at level 1, a CMU cap block was loose. This appears to have been dislodged by possibly a bump. At the base of a wall and a column, spalling was observed. The steel bar grating over the First Level floor opening vents are rusted. One grate appeared to be bent slightly and was not bearing evenly on its frame. The grate adjacent to the exterior stairs to the basement deflected when stepped on, however it did not appear to be excessive. In the basement normal slab on grade crack patterns were observed. No obvious signs of foundation settlement was observed.
8. **Miscellaneous:** The tool shed in front of the building appeared to have moisture penetration through the walls. The swimming pool fence post bases appear to have rust on them. The pressure reducer valve box near the tool shed has a rusty cover plate.

Possible Maintenance Repairs to the items noted above:

1. **Corridor and Lanai slabs:** The carpets should be removed, slab surface sealed and repainted. The slab should be checked for spalled concrete. The loose concrete should be chipped to sound concrete. Remove rust on the bars by wire brushing and coat with an anticorrosive coating such as Sikatop 108. Patch the spalls with a mortar such as Sikatop 122. Other cracks should be patched. Paint or seal the surface.
2. **Eighth Floor ladder to Roof:** The rusting ladder should be cleaned of rust and old paint, and repainted.
3. **Roof elevator entry landing slab:** The corner of the slab which is chipped off should be patched.
4. **Stairs:** Peeling paint which was observed on the inside face of the walls should be repainted. The minor rust and spalling concrete at the base of some railing post bases should be patched, the steel cleaned and repainted.

5. Basement and Level 1 Parking area: The spalling of the slab top surface and base of wall/column should be repaired in a similar manner as described for the spalling concrete of the lanai slab edge. The rusty corner guards should be cleaned of rust and repainted. The loose CMU cap block should be reset using ordinary mortar. The rusting steel bar grate should be cleaned and repainted .
6. Miscellaneous: The tool shed in front of the building, the swimming pool fence post bases and the pressure reducer valve box cover should be cleaned and repainted.

Conclusions

The structure generally appears to be in good condition. There are minor maintenance type comments which should be addressed. The structure can be expected to continue to perform well with normal maintenance and upkeep.

No warranty is expressed or implied. If there are any comments or questions, please do not hesitate in calling.

Very truly yours,
Nagamine Engineers Inc.



Norman Nagamine, SE
President

*** Regarding comment 6 above, the Developer affirms that the tool shed in front of the building, the swimming pool fence post bases and the pressure reducer valve box cover will be cleaned and repainted.

KUAKINI DEVELOPMENT CORP.
c/o Marcus & Associates, Inc.
1045 Mapunapuna Street
Honolulu, Hawaii 96819

September 15, 1995

WESTVIEW PLAZA CONDOMINIUM CONVERSION

1506 Ward Avenue
TMK:2-1-39-3&4

MECHANICAL OBSERVATION REPORT

A cursory site observation of typical units for the above project was conducted on September 7, 1995 specifically for the observable mechanical systems as requested. This report is based on observations and does not address code issues or system capacity analysis.

This multi story building consists of 56 apartment units. The typical unit is a one bedroom, one bath type. Parking is provided on the first two levels of the building. This building is about 23 years old.

The observation team visited about three typical occupied and nonoccupied apartment units which were selected by the Building Management, all one bedroom, one bath type.

The typical bathroom consists of three fixtures; a tank type water closet, lavatory, and cast iron tub/shower. A ceiling exhaust fan is provided for toilet exhaust ventilation with fan interlocked with light switch.

The typical kitchen consists of a stainless steel sink with a swing spout faucet, a garbage disposal, and a range hood.

Observations for Apartment no. 202:

1. Noted generally that the plumbing fixtures and window air conditioner are in an acceptable condition.
2. Water closet is a Norris elongated model.
3. Lavatory bowl is round countertop type with stainless steel rim and a delta dual handle faucet.
4. Tub/shower is cast iron type with a delta single handle faucet with diverter and pop-up overflow drain. Pop-up drain missing.
5. Kitchen sink is a single compartment stainless steel unit with a delta dual handle faucet. The sink has an ISE model garbage disposal.
6. Range hood is a ducted type.
7. Window air conditioner is a Philco Model.
8. Electric Water Heater is a Rheem 4500/4500 non-simultaneous, 30 gallon size located in closet.

Observations for Apartment no. 802:

1. Noted generally that the plumbing fixtures and window air conditioner are in an acceptable condition.
2. Water closet is a Norris elongated model.
3. Lavatory bowl is round countertop type with stainless steel rim and a delta dual handle faucet.
4. Tub/shower is cast iron type with a delta single handle faucet with diverter and pop-up overflow drain.
5. Kitchen sink is a single compartment stainless steel unit with a delta dual handle faucet. The sink has an ISE model garbage disposal.
6. Range hood is a ducted type.
7. Window air conditioner is a Philco Model, 9000 BTU size.
8. Electric Water Heater is a Rheem 4500/4500 non-simultaneous, 30 gallon size located in closet.
9. The toilet has a ceiling type exhaust fan.

Observations for Apartment no. 803:

1. Noted generally that the plumbing fixtures and window air conditioner are in an acceptable condition.
2. Water closet is a Norris elongated model.
3. Lavatory bowl is round countertop type with stainless steel rim and a delta dual handle faucet.
4. Tub/shower is cast iron type with a delta single handle faucet with diverter and pop-up overflow drain.
5. Kitchen sink is a single compartment stainless steel unit with a delta dual handle faucet. The sink has an ISE model garbage disposal.
6. Range hood is a ducted type.
7. Window air conditioner is a Philco Model, 9000 BTU size.
8. Electric Water Heater is a Rheem 4500/4500 non-simultaneous, 30 gallon size located in closet.
9. The toilet has a ceiling type exhaust fan.

Observations at Roof:

1. Generally exhaust duct termination caps, roof drains, and vent piping seems to be in operational condition and being maintained.
2. Noted 16 exhaust goosenecks. Some rust were noted.
3. Four roof drains were noted with one missing a dome.
4. Supports for a 6 inch dry standpipe (DSP) is corroded badly and needs repair.
5. Roof drain pipe hangers are rusted and may need replacements.

Observations at Pool Area:

1. Generally pool water system seems to be in operational condition and being maintained.
2. Pool filter and pump located on the lower parking level is a Sta-Rite, 4.9 sq.ft. filter unit.
3. An abandoned gas pool heater is located next to the filter/pump unit.

A laundry room is located on the lower parking level. There are four clothes washers (Maytag) and four clothes dryers (Maytag) available for tenant's use. The dryer vents are terminated into water filter units and some needs to be replaced. One concrete laundry tray is provided. Hot water is provided by a 50 gallon Bradford White electric water heater, 4500/4500 watts non-simultaneous type. Generally the Laundry Area is in useable condition.

Noted Fire Hose Cabinet (FHC) with Fire Extinguisher, tagged with test date of 9/94 by Fire Service, Inc. Generally there are two FHC on each level. The FHC located on the upper parking level are rusted. Dry Standpipe (DSP) is provided for the Makai Stairwell with a valve at each floor level and on the roof. The DSP valves handles are rusted.

General:

It was noted that individual apartments were not designed to have dishwashers, and clothes washers & dryers. Presently apartment owners cannot install these appliances. But with the association of apartment owners direction and applicable system re-engineering, they may become installable. These installations can be very costly.

Generally the plumbing systems observed were in usable condition and will require on going repairs and replacements to keep it working properly. Replacement or repair of plumbing fixtures, faucets and piping have been taking place on an on-going basis and will have to continue as needed. Some fixtures looked new due to on going replacement and repairs. Existing fixtures does not seem to meet today's current water conservation code. The underground and aboveground sanitary piping systems serving the apartment building are old and will generally require constant repairs and possible major replacements. Pin hole leaks were noted on the cast iron sanitary lines.

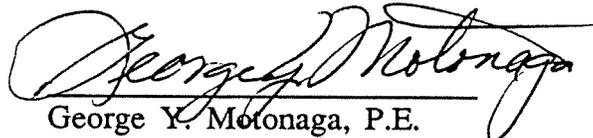
The exhaust system ductwork, and toilet ceiling fans should be checked and maintained for proper working order. Repair or replace otherwise to make operationally effective.

The fire protection systems for these buildings consist of Fire Hose Cabinets (FHC) with fire extinguishers and fire extinguishers in cabinets located throughout the building. The Fire Marshall should be invited to inspect this building complex for code compliance and comments for life safety needs. Evaluate his comments and implement as necessary to comply. FHC and fire extinguishers and Dry Standpipe system should be tested by a Certified Fire Inspector and maintained as required by code and Fire Marshall to verify if they are working properly.

Overall, the mechanical system maintenance for this building has been adequate. Due to its age and above normal use, higher maintenance and replacements should be anticipated as it approaches its economic life. With proper management, constant maintenance and high replacements, the plumbing, ventilation, and fire protection systems could provide many more years of service. This project seems to be adequately served by the principle utilities of water, and sewer. The plumbing and ventilation systems may not meet today's codes, and as major repairs are undertaken the Building Codes may require current code compliance. The cost of compliance maybe very expensive. Other systems may not also meet current codes and regulations, but seem functional.

The above comments should generally apply to all of the units within this building since they are all somewhat of the same age and maintenance level.

Submitted by:



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

RS ENGINEERING
3408 Waiialae Avenue
Honolulu, Hawaii 96816
September 28, 1995

Kuakini Development Corp.
c/o Marcus & Associates
1045 Mapunapuna Street
Honolulu, Hawaii 96819

Westview Plaza
1516 Ward Avenue
Honolulu, Hawaii

ELECTRICAL OBSERVATION REPORT

On Thursday, September 7, 1995, a cursory inspection was performed on the subject property to evaluate the condition of its electrical system.

GENERAL

The subject property consists of ten-story structure (eight living and two parking), a swimming pool and grassed areas. There are 56 living units in the structure. The building is approximately 23 years old.

ELECTRICAL SERVICE SYSTEM

The building is fed from a pad mounted transformer on the Spencer Street side of the property. There are 2 - 3 1/2 inch conduits that carry the main feeder conductors from the transformer to the main switchboard. There are 3 - 500 MCM and 1 - 350 MCM cables in each conduit.

The main switchboard is rated at 3-pole 800 amps. A 3-pole 150 amp circuit breaker feeds the elevator. A 3-pole 200 amp fused switch, 125 amp fuse, feeds the house panel while a 3-pole 100 amp, 70 amp fuse, feeds the emergency panel.

A 3-pole 400 amp fused switch, 400 amp fuse, feeds the mauka 28 meter bank while another 3-pole 400 amp fused switch, 400 amp fuse, feeds the makai 28 meter bank.

The main service equipment is in good condition since it is located inside the building at the lower parking

level. The meter banks are in fair condition. Although they too are located inside the building at the upper parking level, they are located closer to the exterior of the building and the upper level is more exposed to the elements than is the lower level.

The meter banks should be brushed and painted to increase life expectancy of the equipment.

SECURITY LIGHTING

There are four light fixtures on each floor which serve as the lighting for the exit ways for the building. These appear inadequate to meet the requirements for exit corridor lighting.

No emergency lighting fixtures were noted at the stairs or exit corridors. Exit signs were noted at the entry to the stairway at each floor.

The lighting for the lower parking level consists of two light fixtures per bay. There are a total of six bays. The lighting per bay is a combination of single lamp 4-foot fluorescent fixtures or two headed incandescent fixtures. These do not appear to be adequate for lighting the parking areas.

The lighting for the upper parking level consists of six single lamp 4-foot fluorescent fixtures. These do not appear to be adequate for lighting the parking areas.

We recommend that a study be made to insure that a minimum of 1 foot candle as required by code is maintained throughout the exit ways and parking areas. We also recommend that a maintenance program be adopted keep fixtures operational at all times.

Emergency lighting fixtures should be installed to provide proper lighting during power outages.

FIRE ALARM SYSTEM

There is a central fire alarm system for the building and is located next to the main switchboard in the lower parking level. There are manual stations at each floor at the mauka stairway. There are no manual stations at the makai stairways. These are required by current codes.

A fire alarm bell is located at the middle of each floor on the exit corridor.

Individual battery-operated smoke detectors were noted in the units which were inspected. None of the smoke detectors were checked to see if they were functional. These should be checked on a periodic basis.

LAUNDRY AREA

There is a laundry room located on the lower parking level. There are four washers, four dryers and a 50 gallon water heater in the laundry room. The washers, dryers and water heater are electrically operated and are fed from the house meter. The water heater does not have a disconnect switch as required by current codes. The wiring for these areas appear to be in good condition.

The lighting for the laundry room consists of four 2-lamp 4-foot fluorescent fixtures. These appear to be adequate for the area.

APARTMENT UNITS

Four units were inspected. All units were one bedroom units and were similar in design. The electrical panel is located in the bathroom. The panel is a 16-circuit, 125 amp, 1 phase, 240 volt panel. A 2-pole 40 amp circuit breaker feeds the range and a 2-pole 30 amp circuit breaker feeds the water heater. Seven 1-pole 20 amp circuits are used for receptacles and lighting. There is one 1-pole 20 amp circuit breaker which feeds a single receptacle for the air conditioner, which will be removed.

The load center and the wiring at the load center appear to be in good condition.

Battery operated smoke detectors were noted in these units.

The water heater is located in a cabinet next to the bedroom closet. There are no disconnects at the water heater as required by current codes.

The number of existing outlets in the bedroom and the living room do not meet the current minimum standards. The distance between receptacles in the bedroom and the living room exceeds 12 feet, which is a violation of the Electrical Code. Additionally, the receptacles in the kitchen and the bathroom which are within 6 feet of the sink are not GFI protected as required by Code.

The living room, the bedroom, the bathroom and the kitchen all have switched lights as required by Code.

CONCLUSIONS

The existing electrical service for each building is adequately sized for the present loads. Although the design of the electrical system did provide for air conditioning loads and some units already have air conditioning units, any significant additions to the present loads, such as more air conditioning units, should be monitored carefully.

The electrical service equipment is in good condition and appears to have been maintained fairly well.

The electrical systems do not comply with all the present codes although may have been in compliance to codes existing at the time of construction. Maintenance programs, such as brushing and painting exterior enclosures, should be continued to improve the life expectancy of the equipment. We recommend that safety and security items be addressed immediately.

The general condition of the electrical system is good. After repairs are made to the deficient and damaged devices, with normal replacement and upkeep, many more years of life can be expected.

Submitted by:

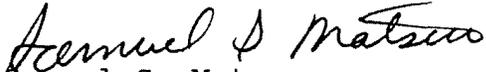

Samuel S. Matsuo
Ph.D., P.E.

EXHIBIT "D"

COMMON ELEMENTS

The common elements of the Project include the following:

1. The Land;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roof, entries, lobbies, elevators, stairways, walkways, balconies, entrances and exits of the building;
3. All yards, grounds, landscaping, and fences or walls, if any;
4. All driveways, loading zones, and parking areas;
5. The laundry room with washing machines, clothes dryers, and water heater, and machine room located in the basement of the building;
6. The swimming pool, pool pump, and heater;
7. 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; and
8. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

The limited common elements of the Project include the following:

1. One (1) parking space, as set forth on Exhibit "B" to this Final Public Report shall be appurtenant to and for the exclusive use of each apartment.

2. One (1) mailbox bearing the same number as each apartment shall be appurtenant to and for the exclusive use of each apartment.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference is made to the Director of Finance, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Party wall rights in party wall on the Northerly boundary.
4. Grant of Easement dated October 3, 1973, recorded in the Bureau of Conveyances of the State of Hawaii in Book 9889, Page 148, in favor of Hawaiian Electric Company, Inc., for utility purposes, along a portion of the easterly boundary, as shown on Hawaiian Electric Company, Inc.'s Map No. 73-43.
5. Mortgage, Security Agreement and Financing Statement in the amount of \$6,800,000.00 dated April 4, 1991 by Kuakini Medical Development Corp., a Hawaii Corporation, as Mortgagor and Bank of Hawaii as Mortgagee recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-043773.
6. Assignment of Lessor's Interest in Leases dated April 4, 1991, recorded as aforesaid as Document No. 91-043774.
7. Financing Statement recorded on April 5, 1991 as aforesaid as Document No. 91-043775.
8. Covenants, conditions, restrictions, reservations agreements, obligations and provisions as set forth in the Declaration of Condominium Property Regime dated October 24, 1995, recorded as aforesaid as Document No. 95-145785 and Condominium Map No. 2306.
9. Terms and provisions contained in the By-Laws of the Association of Apartment Owners for Westview Plaza adopted October 24, 1995, recorded as aforesaid as Document No. 95-145786.

EXHIBIT "G"

CONSTRUCTION WARRANTIES

Paragraph G.3 of the Deposit Receipt and Sales Agreement used for the sale of the apartments of the Project provides:

"As Is" Condition; Warranties. The Project is a conversion of an existing building constructed in 1973. The Apartment and the Common Elements are being sold and will be transferred in their current "AS IS" condition with "ALL FAULTS". This means that Seller will not correct any defects in the Apartment, the Project or anything installed or contained therein. Buyer acknowledges that Buyer has inspected the Apartment and the Project. Buyer also acknowledges that Buyer has received and read a copy of the Final Public Report for the Project and all the exhibits attached to it.

It is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR USE OR PURPOSE OR FOR SUFFICIENCY OF DESIGN. SELLER WILL NOT BE LIABLE FOR ANY CONSTRUCTION OR OTHER DEFECTS, INCLUDING ANY LATENT OR HIDDEN DEFECTS IN THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED THEREIN. THIS MEANS THAT NO PERSON WILL HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST SELLER FOR ANY DEFECTS IN THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED THEREIN.

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fee:

| <u>Apartment</u> | <u>Monthly Fee x 12 mo.</u> | = | <u>Yearly Total</u> |
|------------------|-----------------------------|---|---------------------|
| 201 | \$178.59 | | \$2,143.08 |
| 202 | \$178.59 | | \$2,143.08 |
| 203 | \$178.59 | | \$2,143.08 |
| 204 | \$178.59 | | \$2,143.08 |
| 205 | \$178.59 | | \$2,143.08 |
| 206 | \$178.59 | | \$2,143.08 |
| 207 | \$178.59 | | \$2,143.08 |
| 208 | \$178.59 | | \$2,143.08 |
| 301 | \$178.59 | | \$2,143.08 |
| 302 | \$178.59 | | \$2,143.08 |
| 303 | \$178.59 | | \$2,143.08 |
| 304 | \$178.59 | | \$2,143.08 |
| 305 | \$178.59 | | \$2,143.08 |
| 306 | \$178.59 | | \$2,143.08 |
| 307 | \$178.59 | | \$2,143.08 |
| 308 | \$178.59 | | \$2,143.08 |
| 401 | \$178.59 | | \$2,143.08 |
| 402 | \$178.59 | | \$2,143.08 |
| 403 | \$178.59 | | \$2,143.08 |
| 404 | \$178.59 | | \$2,143.08 |
| 405 | \$178.59 | | \$2,143.08 |
| 406 | \$178.59 | | \$2,143.08 |
| 407 | \$178.59 | | \$2,143.08 |
| 408 | \$178.59 | | \$2,143.08 |
| 501 | \$178.59 | | \$2,143.08 |
| 502 | \$178.59 | | \$2,143.08 |
| 503 | \$178.59 | | \$2,143.08 |
| 504 | \$178.59 | | \$2,143.08 |
| 505 | \$178.59 | | \$2,143.08 |
| 506 | \$178.59 | | \$2,143.08 |
| 507 | \$178.59 | | \$2,143.08 |
| 508 | \$178.59 | | \$2,143.08 |
| 601 | \$178.59 | | \$2,143.08 |
| 602 | \$178.59 | | \$2,143.08 |
| 603 | \$178.59 | | \$2,143.08 |
| 604 | \$178.59 | | \$2,143.08 |
| 605 | \$178.59 | | \$2,143.08 |
| 606 | \$178.59 | | \$2,143.08 |
| 607 | \$178.59 | | \$2,143.08 |
| 608 | \$178.59 | | \$2,143.08 |
| 701 | \$178.59 | | \$2,143.08 |
| 702 | \$178.59 | | \$2,143.08 |
| 703 | \$178.59 | | \$2,143.08 |
| 704 | \$178.59 | | \$2,143.08 |
| 705 | \$178.59 | | \$2,143.08 |
| 706 | \$178.59 | | \$2,143.08 |
| 707 | \$178.59 | | \$2,143.08 |
| 708 | \$178.59 | | \$2,143.08 |
| 801 | \$178.59 | | \$2,143.08 |
| 802 | \$178.59 | | \$2,143.08 |
| 803 | \$178.59 | | \$2,143.08 |
| 804 | \$178.59 | | \$2,143.08 |
| 805 | \$178.59 | | \$2,143.08 |
| 806 | \$178.59 | | \$2,143.08 |
| 807 | \$178.59 | | \$2,143.08 |
| 808 | \$178.59 | | \$2,143.08 |
| | \$10,001.04 | | \$120,012.48 |

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.
ref.a\west96d

Estimate of Maintenance Fee Disbursements

| | Monthly x 12 mo. | = Yearly Total |
|--|--------------------|---------------------|
| Utilities and Services | | |
| Electricity(common elements only | \$800.00 | \$9,600.00 |
| Refuse Collection | \$475.00 | \$5,700.00 |
| Water and Sewer | \$1,300.00 | \$15,600.00 |
| Telephone Service | \$55.00 | \$660.00 |
| Elevator Service | \$525.00 | \$6,300.00 |
| Pool Service | \$225.00 | \$2,700.00 |
| Yard/Landscaping Service | \$260.00 | \$3,120.00 |
| Maintenance, Repairs and Supplies | | |
| Building | \$1,107.00 | \$13,284.00 |
| Grounds | \$100.00 | \$1,200.00 |
| Management | | |
| Management Fee | \$1,008.00 | \$12,096.00 |
| Office Expenses | \$75.00 | \$900.00 |
| Insurance | \$1,635.00 | \$19,620.00 |
| Reserves (*) | \$2,135.55 | \$25,626.60 |
| Taxes and Government Assessments | \$0.00 | \$0.00 |
| Audit Fees | \$100.00 | \$1,200.00 |
| Other | \$200.45 | \$2,405.40 |
| TOTAL | \$10,001.00 | \$120,012.00 |

A:WEST96b
rev: 10/31/95

I, Keith K.T. Ching, CPM, as agent and employed by Marcus & Associates, Inc. the condominium managing agent or the developer, for the condominium project Westview Plaza, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

By: *Keith K.T. Ching*
Date: *10/31/95*

(*) Mandatory reserves in effect 1/1/93.

Note: Budget does not include resident manager. Board of Directors shall determine necessity.

EXHIBIT "I"

SUMMARY OF SALES CONTRACT

Copies of the form of Deposit Receipt and Sales Agreement ("Sales Contract") to be used in connection with the sale of the apartments of the Project have been submitted to the Real Estate Commission and are available for inspection at the Broker's office. The following is a summary of some of the provisions of the Sales Contract. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS THEREIN.

1. If the Apartment covered by a particular Sales Contract is an Owner-Occupant Designated Apartment, and Buyer has executed an affidavit stating Buyer's intent to become an owner-occupant of the Apartment, then Buyer agrees when signing the Sales Contract that Buyer will occupy the Apartment as Buyer's principal residence. Any such Buyer shall be required to reaffirm his or her intent to be an owner-occupant no earlier than the Buyer's receipt of the Final Public Report and no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Seller shall constitute a default under the Sales Contract by such Buyer and Seller shall have the remedies provided in the Sales Contract.

2. Seller makes no warranties regarding the Project and the apartment is being sold in its current "as is" condition with "all faults."

3. Buyer agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. Buyer also agrees that any money that Buyer deposits with Escrow may be deposited together with other Buyers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to an Escrow Agreement between Seller and Escrow. Buyer also agrees that all the interest earned from the funds deposited by Buyers will be credited to Seller.

In case Buyer is late in making payments due under the Sales Contract, the late payment will bear interest at the rate of one percent (1%) per month until paid.

4. All taxes, assessments, and charges of any kind assessable against the Apartment or the land of the Project will be prorated as of the Closing Date. This means that Buyer will have to pay Buyer's share of these taxes and assessments at the

Closing Date. In addition, Buyer will be responsible for paying all closing costs in connection with the purchase of the Apartment, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Apartment Deed to Buyer.

5. In addition to all other funds due, Buyer must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the Condominium Association. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. This amount is separate from the purchase price and closing costs for the Apartment.

6. Buyer may not assign Buyer's rights under the Sales Contract without the prior written consent of Seller. Under no circumstances may Buyer assign Buyer's rights to the Sales Contract after the Preclosing or the Closing Date. If Buyer attempts to assign the Sales Contract without Seller's written consent, Buyer shall be in default under the Sales Contract.

7. The Seller may, at its option, preclose the sale of Apartments by requiring the Buyer to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the Closing Date. Buyer will have ten (10) days notice of the Preclosing. Buyer must deposit all funds other than the proceeds of Buyer's first mortgage loan or the balance of the purchase price for a cash sale with Escrow, including the advanced payment for a maintenance assessment fund. Buyer must also sign all documents required for closing.

8. Buyer shall not be able to occupy the Apartment until the Closing Date, except that if Buyer is the tenant of the Apartment, Buyer shall be entitled to possession of the Apartment pursuant to the terms and provisions of Buyer's lease or rental agreement. Seller or Escrow will notify Buyer of when the Closing Date will take place. Buyer will not be able to take occupancy until all payments required by the Sales Contract have been made. Keys will not be issued for the Apartment unless all payments have been made. If Buyer attempts to take occupancy of the Apartment prior to the Closing Date, then Buyer will be in default of the Sales Contract, and Seller has the right to remove Buyer from the Apartment using any lawful means.

9. By signing the Sales Contract, Buyer represents that Buyer is financially capable of paying the purchase price for the Apartment. Buyer also represents that any financial data he has given Seller is accurate. If Buyer does not notify Seller that Buyer's financial situation has changed as of the Closing Date,

Seller will assume that the information Seller has is accurate. If the Seller discovers that any important financial data provided by Seller is not accurate and Buyer failed to notify Seller of this inaccuracy, Seller has the right to cancel the Sales Contract.

If Buyer intends to finance the purchase of an Apartment, Buyer must apply for financing within five (5) days of the Seller's acceptance of the Sales Contract. Buyer agrees to do everything possible and/or necessary to successfully obtain a loan once applied for. Buyer agrees to immediately provide Seller with a copy of any loan commitment Buyer receives.

If Buyer tries to obtain financing but is unsuccessful in doing so within fifty (50) days after Seller's acceptance of the Sales Contract, Seller may notify Buyer that Seller is cancelling the Sales Contract. Upon cancellation in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and minus any costs incurred by Seller, Escrow, or any lending institution in processing the Sales Contract or the Buyer's loan application(s).

If Buyer is making a cash purchase of an Apartment, Buyer shall provide proof to Seller that Buyer is financially capable of making all payments under the Sales Contract within ten (10) days after Seller accepts the Sales Contract. Seller has the option to terminate the Sales Contract if Seller determines that Buyer is unable to make the required payments. If the Sales Contract is cancelled in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and less an escrow cancellation fee and any other escrow charges incurred by Seller. Seller will give Buyer notice of any such cancellation.

10. If Buyer defaults, Seller may cancel the Sales Contract by notifying Buyer in writing. The Seller may keep any amounts previously paid by Buyer as compensation for Seller's damages. In addition, Seller may also pursue any other appropriate means in order to be compensated for damages incurred by Buyer's default.

If Seller defaults, Buyer is entitled to cancel the Sales Contract and have all of Buyer's money refunded, if the Buyer cannot legally cause the Seller to fulfill Seller's obligations.

If, after the Closing Date for the sale of an Apartment, Buyer claims that Seller has violated certain federal or state securities or disclosure laws, Buyer may cancel the Sales Contract and is entitled to a refund from Escrow of all money Buyer paid to Escrow, together with a statutory rate of

interest. Cancellation as described above will be Buyer's only remedy for violations of this nature.

11. By entering into the Sales Contract, Buyer acknowledges that Buyer has never received any information of representations from Seller or any of Seller's agents regarding rental income from the Apartment or other economic or tax benefits that Buyer may receive from ownership of the Apartment. The Buyer further agrees that he or she will not participate in any rental pool for the renting of the Apartment. Buyer may be required to sign documents which satisfy the Seller that no such representations have been made.

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

A copy of the Escrow Agreement between the Developer and Long & Melone Escrow, Ltd. ("Escrow"), has been submitted to the Real Estate Commission and is available for inspection at the Broker's office. The following is a summary of some of the provisions of the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

1. A signed copy of each sales contract for an Apartment in the Project must be given to Escrow.

2. All purchasers who are to be owner-occupants as defined in Section 514A-103, Hawaii Revised Statutes, must submit an affidavit to Escrow affirming their owner-occupant status. The affidavit setting forth the purchasers' intent to be owner-occupants must be reaffirmed no earlier than their receipt of the final public report but no later than the closing of escrow for the Apartment and all prospective owner-occupants must submit the reaffirmed affidavit and proof of receipt of the final public report to Escrow.

3. All money received by the Developer from buyers under sales contracts for apartments in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits. Any interest earned on funds deposited into Escrow will accrue to the credit of the Developer unless otherwise provided.

4. Escrow may not make any disbursements of funds until certain conditions, including the issuance of a Final Public Report of the Project by the Real Estate Commission, have been met.

5. Under certain conditions, a buyer shall be entitled to a refund. Escrow shall pay this refund to the buyer without interest less a reasonable escrow cancellation fee. However, no

escrow cancellation fee will be deducted from refunds to individuals on the Developer's owner-occupant reservation list to whom no Sales Contract was ever offered.

6. If a buyer fails to claim a refund for a cancelled sales contract, Escrow shall deposit the refund in a special account in a bank or other depository selected by Escrow, in the name of the Developer as trustee for the benefit of the buyer. Escrow will then attempt to notify the buyer about the refund.

7. If a buyer is to make a payment under a sales contract directly to Escrow, Escrow shall promptly give the buyer notice of the amount and due date of the payment. If the buyer fails to make a payment to Escrow in a timely manner, Escrow will notify Developer. If the Developer subsequently notifies Escrow in writing that Developer has terminated the sales contract and provides Escrow with copies of all notices of termination sent to the buyer, Escrow will then treat any funds the buyer has already paid as though they belong to the Developer. Upon written request by the Developer, Escrow will pay all such sums to Developer minus any escrow cancellation fee.

EXHIBIT "K"

DEVELOPER'S RESERVED RIGHTS

VA/FHA APPROVAL. Notwithstanding any other provision in the Declaration to the contrary, the Developer reserves the right, but shall not be obligated to, obtain the approval of the Project from the Veterans' Administration ("VA") in order that loans secured by mortgages on apartments in the Project can be guaranteed through the VA Home Loan Guarantee Program and other federal housing assistance programs, including those administered by the Federal Housing Administration ("FHA"). In exercise of this reserved right, the Developer may, in its sole discretion, amend the Declaration to satisfy any VA or FHA requirements which the Developer deems necessary or convenient without being required to obtain the approval, consent or joinder of any person or group of persons, including without limitation, the Association of Apartment Owners, any apartment owner or any mortgagee, lien holder or any other person who may have an interest in the Project or any apartment, and may on behalf of the Association of Apartment Owners, execute and record as an amendment to the Declaration a Regulatory Agreement in form and substance meeting FHA requirements.

GRANTING OF EASEMENTS. The Developer reserves the right for itself and its agents to grant to any public utility or governmental authority easements for electricity, gas, sewer, drainage, water and other utilities over, under, along, across and through the Project, under the usual terms and conditions required by the grantee of such easement rights; to grant to any other person or entity any easements for ingress, egress or roadway purposes over, under along, across and through the Project (provided, however, that such easement rights shall be granted and exercised in such a manner as not to unreasonably damage the improvements of the Project or unreasonably interfere with the use of the land or the improvements of the Project by the apartment owners); to quitclaim any easements in favor of the Project which are not required for the Project; and to amend the Declaration, the By-Laws and the Condominium Map consistent with the granting or quitclaiming of such easement rights. Each apartment owner agrees that such apartment owner and any person claiming an interest in the Project by, through or under such apartment owner, shall, upon request, join in and execute any and all documents designating, granting and quitclaiming any such easement rights.