

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by :

Developer Hoon Park, Trustee under Joint Development Agreement dated July 5, 1995
Address 868 Ululani Street, Suite 110, Hilo, Hawaii 96720

Project Name(*): Ululani Medical Center
Address 868 Ululani Street, Hilo, Hawaii 96720

Registration No. 3805

Effective date: December 5, 1997

Expiration date: January 5, 1999

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:
(yellow) 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.

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

SUPPLEMENTARY:
(pink) This report updates information contained in the:
[] 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
FORM: RECO-30 286/986/189/1190/892/0197

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 Commission.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, **not** a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does **not** represent a legally subdivided lot. The dotted lines and metes and bounds descriptions on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.

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

Prospective purchasers are advised that as of the effective date of this report, no additional comments have been received from the Hawaii County Planning Department. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARDS TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Hoon Park, Trustee under Joint Development Agreement Phone: (808) 961-6054
dated July 5, 1995 (Business)
c/o 868 Ululani Street, Suite 110
Business Address
Hilo, Hawaii 96720

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

Real Estate
Broker: Not applicable: Units will not be offered for sale. (see pg. 20) Phone: _____
Name (Business)

Business Address

Escrow: First American Long & Melone Escrow, Ltd. Phone: (808) 521-3846
Name (Business)
1001 Bishop Street, Suite 2770
Business Address
Honolulu, Hawaii 96813

General
Contractor: Not applicable: Project was completed in 11/96. Phone: _____
Name (Business)

Business Address

Condominium
Managing
Agent: Project will be self-managed by the Association Phone: _____
Name (Business)
of Apartment Owners
Business Address

Attorney for
Developer: Peter K. Kubota Phone: (808) 935-2422
Name (Business)
101 Aupuni Street, Suite 307
Business Address
Hilo, Hawaii 96720

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page ____
 Filed - Land Court Document No. 2386135

The Declaration referred to above has been amended by the following instruments: First Amendment to Declaration of Condominium Property Regime of Ululani Medical Center, dated November 17, 1997, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2420905.

- 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 the condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 1200

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page ____
 Filed - Land Court Document No. 23 86136

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>N/A</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:

The Developer has reserved the right to make any changes to the project documents and the project as may be required by law, any title insurance company, and institutional lender or any governmental agency prior to the conveyance or transfer of the first unit, for any reason and in any manner as the developer deems necessary, provided that no such change shall substantially alter or reduce the usable space within the unit, render unenforceable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, or reduce the obligations of the Developer for common expenses or unsold units.

[] 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 purposes 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: 868 Ululani Street Tax Map Key (TMK): (3)2-4-25:40
Hilo, Hawaii 96720

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

Land Area: approximately 68,108 [X] square feet [] acre(s) Zoning: RM-1
(Multiple-Family Residential-
Minimum 1,000 square feet)

Fee Owner: Hoon Park, Trustee under Joint Development Agreement dated July 5, 1995
 Name
c/o 868 Ululani Street, Suite 110, Hilo, Hawaii 96720
 Address

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: 3 Floors Per Building: 1

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Metal _____

4. **Permitted Uses by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Residential	____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/> Ohana	____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial*	<u>10</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	<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"/>	<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"/>	<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"/>	<input type="checkbox"/> Other: _____	____	<input type="checkbox"/> Yes <input type="checkbox"/> No

*Pursuant to Use Permit No. 129 (Hawaii County). See, Exhibit E.

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: _____

[] Number of Occupants: _____

[X] Other: See, Exhibit E: Use Permit No. 129, which approved medical facilities and related uses at the project site. Also, see Section G of the Declaration.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit 101</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,363.518 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 102</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,079.436 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 103</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,068.546 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 204</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,265.211 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 205</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 781.776 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 206</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 493.320 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 207</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,273.387 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 208</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,363.177 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 209</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,158.860 s.f. </u>	<u> </u>	<u> </u>
<u>Unit 210</u>	<u> 1 </u>	<u> 0/0 </u>	<u> 1,552.190 s.f. </u>	<u> </u>	<u> </u>

Total Number of Apartments: 10

***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: Each Apartment shall be deemed to include (i) all portions of the structure, inclusive of concrete footings, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment or which are utilized for and serve only that Apartment, (iii) all appliances and fixtures installed therein and replacements thereof, (iv) all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the Apartment.

Permitted Alterations to Apartments: Each Apartment Owner shall have the right at said Owner's sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of the other Apartment or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in said Owner's Apartment or portions thereof or upon the Limited Common Element appurtenant to said Owner's Apartment.

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:

Note: On September 22, 1994, the Hawaii County Planning Commission approved Use Permit No. 129, which allows for the establishment of a medical office center and related uses in the Multiple-Family Residential District (RM-1 on the project site. See, Exhibit E.

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 </u>	<u> _____ </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 A.

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 A.

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 _____.

as follows:

<u>Unit No.</u>	<u>Percentage Common Interest</u>
Unit 101	11.961 per cent (11.961%)
Unit 102	9.469 per cent (9.469%)
Unit 103	9.374 per cent (9.374%)
Unit 104	11.099 per cent (11.099%)
Unit 105	6.858 per cent (6.858%)
Unit 106	4.328 per cent (4.328%)
Unit 107	11.171 per cent (11.171%)
Unit 108	11.958 per cent (11.958%)
Unit 109	10.166 per cent (10.166%)
Unit 110	13.616 per cent (13.616%)

The above percentages of common interest for each individual unit were calculated from the square foot area for each unit in relation to the total square foot area for all ten (10) units.

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 B describes the encumbrances against the title contained in the title report dated July 18, 1997 and issued by First American Long & Melone Title Company, 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 Central Pacific Bank \$1,972,500.00	Buyer's interest may be terminated, and the Buyer will receive back any deposit(s) paid to escrow less the escrow cancellation fee of not more than \$250.00. However, the Buyer's interest under the Sales Contract usually will be subordinate to the blanket lien. Therefore, upon foreclosure of the blanket lien, the lien holder may be able to terminate the Buyer's interest.

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:

Seller makes no express warranties. SELLER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENTS, THE COMMON ELEMENTS OR THE PROJECT.

Seller disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which Buyer may encounter with respect to the Apartments or the Project.

2. Appliances:

Seller warrants that all major appliances, plumbing and electrical fixtures included in the sale will be in working order consistent with their age as of the date of closing, or occupancy, if earlier. No continuing warranty is expressed or implied.

G. **Status of Construction and Estimated Completion Date:**

The project is completed, and the Notice of Completion was filed on December 17, 1996.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

- C. **Utility Charges for Apartments:**

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

None Electricity (Common Elements only Common Elements & Apartments)
 Gas (Common Elements only Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated September 9, 1997
Exhibit F 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 buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - 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. 3805 filed with the Real Estate Commission on September 11, 1997.

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

YELLOW paper stock WHITE paper stock PINK paper stock

Additional Information Not Covered Above

1. The land is zoned “Multiple-Family Residential” (MR-1) by the County of Hawaii, which designation permits by use permit those health care facilities and related uses set forth herein.
2. Prospective purchasers are advised to consult with the County of Hawaii’s Planning Department and Department of Public Works for permitted uses and structures and the construction of improvements on the land prior to purchasing.
3. Construction of structures and improvements to existing structures must conform to all applicable zoning and building laws, ordinances, rules and regulations, more particularly described in **Exhibit D** attached hereto.
4. The land areas depicted on the Project Plot Plan (or Condominium Map) submitted to the Real Estate Commission represent the following limited common elements:

<u>Unit No.</u>	<u>Limited Common Element</u> <u>(approximate land area)</u>
101	LC101 (10.625 square feet)
102	LC102 (10.625 square feet)
103	LC103 (10.625 square feet)
104	LC104 (10.625 square feet)
105	LC105 (10.625 square feet)
106	LC106 (10.625 square feet)
107	LC107 (10.625 square feet)
108	LC108 (10.625 square feet)
109	LC109 (10.625 square feet)
110	LC110 (21.250 square feet)

and the following common element:

Common Element
(approximate land area)

Common Area (55,798.704 square feet)

These aforementioned land areas do not represent legally subdivided lands.

5. **PURPOSES AND USE**

a. Each unit shall at all times be occupied and used for medical, dental, and health care related professional offices, related laboratory uses, and a pharmacy, in accordance with all applicable laws, permits and approvals from governmental authorities, this declaration and the bylaws, and for no other purposes.

b. There will be no hazardous, toxic or regulated substances or materials stored, produced, handled or used in any unit (other than substances and materials for medical uses and purposes which may be held, managed, used and disposed of in accordance with all applicable laws, rules and regulations). Such prohibited substances include materials and substances which are defined as hazardous or toxic, or otherwise regulated under federal or state environmental laws, rules or regulations. Each unit shall be solely responsible for the cost of disposing of all waste, including but not limited to medical waste, produced by activities in said unit.

c. No unit owner shall place or permit any sign, awning or canopy, or advertising matter or decoration or lettering which shall be visible from outside of the unit without the consent of the board

of directors. The board of directors shall establish reasonable and uniform regulations permitting the placement and maintenance of identifying signs and insignia of such sizes and material and in such locations as shall be aesthetically suitable and appropriate to the design and function of the project. The owners of each unit shall be solely responsible for the cost of maintaining or replacing signs for their respective unit.

d. A unit owner shall use his or her good faith best efforts to cooperate with all other unit owners in the use and occupancy of the project, the general conduct of business, the use of common driveway and parking areas, and the continuing appearance and operation of the project as a whole, with the objective of preserving the smooth operation of the project, its property value and its interior and exterior physical appearance and its reputation in the community.

e. The owners of the respective units shall have the absolute right to sell, lease, rent or otherwise transfer such units subject to all provisions of the Act, this declaration and the bylaws.

f. Any lease or rental agreement of a unit shall provide that it shall be subject in all respects to the provisions of the project documents and that the failure of the lessee or tenant to comply with the terms of the project documents shall be a default under the lease or rental agreement.

g. The owners and occupants of each unit shall comply with the rules, regulations and decisions of the board of directors in managing the parking area and assigning and reassigning the parking areas. With the exception of handicapped parking stalls, all unassigned parking stalls shall be for the use and benefit of patients and customers of all unit owners.

h. The owners and occupants of each unit shall not use their unit for any purpose which will injure the reputation of the project or suffer anything to be done or kept in their unit or elsewhere in the project which will (a) jeopardize the soundness of any unit or building in the project, (b) create a nuisance or interfere with or unreasonably disturb the rights of other owners and occupants, (c) reduce the value of the project, or (d) significantly affect the association's cost of insurance or its ability to obtain insurance coverage.

Disclosure re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until (1) Developers first submit to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

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.

HOON PARK, Trustee under Joint Development Agreement dated July 5, 1995
Name of Developer

By: Hoon Park 8/18/97
Duly Authorized Signatory: HOON PARK Date

Hoon Park, Trustee under Joint Development Agreement dated July 5, 1995
Print Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii

EXHIBIT A

**PROJECT DESCRIPTION, COMMON ELEMENTS,
AND LIMITED COMMON ELEMENTS**

1. DESCRIPTION OF BUILDINGS: The condominium consists of 10 units, all contained in three separate one-story buildings which are located on the land as shown on the Condominium File Plan. The buildings are constructed primarily of metal, concrete and wood.

2. DESCRIPTION OF UNITS: The units are numbered numerically and in sequence from 101 to 110 and are located, in relation to each other, as shown on the Condominium File Plan. Each unit is unfurnished and has direct access to the central courtyard which is a common element appurtenant to all units. The atrium opens to the grounds and parking area which in turn have pedestrian and vehicular access to Ululani Street.

The boundaries of each unit include the interior undecorated or unfinished surfaces of all non-party perimeter walls, the center line of all party perimeter walls which abut other units, and all doors and windows on the perimeter. The lower horizontal boundary of each unit is the upper unfinished surface of the concrete floor slab, and the upper horizontal boundary is the lower unfinished surface of the roof joist above said unit.

3. ALTERATIONS TO UNITS: The boundaries of any unit may be changed by amendment to Declaration as provided in Section L of the Declaration.

4. FLOOR AREAS OF UNITS AND THEIR COMMON INTEREST: The common interests in the common elements of the condominium which are appurtenant to the units are allocated according to the proportionate square feet of area contained in each unit. The floor areas and common interests are as follows:

Unit Number	Area Contained Within Each Unit	Common Interest of Each Unit
1. 101	1,363.518 S. F.	11.961%
2. 102	1,079.436 S. F.	9.469%
3. 103	1,068.546 S. F.	9.374%
4. 104	1,265.211 S. F.	11.099%
5. 105	781.776 S. F.	6.858%
6. 106	493.320 S. F.	4.328%
7. 107	1,273.387 S. F.	11.171%
8. 108	1,363.177 S. F.	11.958%
9. 109	1,158.860 S. F.	10.166%
10. 110	<u>1,552.190 S. F.</u>	<u>13.616%</u>
	11,399.421 S. F.	100.00%

NOTE: The areas shown are gross areas within the perimeter boundaries of each unit and may not accurately reflect the actual useable floor area. Also, the areas are approximate only, and the declarant makes no representation or warranty whatsoever as to the area of any particular unit shown above.

5. UNIT LOCATION AND ACCESS TO COMMON ELEMENTS: Units 101-110 are located as shown on the Condominium File Plan. Each unit has direct access to the common elements of the project.

6. COMMON ELEMENTS: The common elements of the project shall specifically include, but are not limited to, the following:

- a. The land described in Exhibit "A", in fee simple.
- b. All yards, grounds, landscaped areas, retaining walls, atrium, sidewalks, parking areas and driveways around and between the units.
- c. All central and appurtenant installations for common services, including power, light, air conditioning, water, telephone and sewer.
- d. Any and all 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.

7. LIMITED COMMON ELEMENTS: Certain units shall have appurtenant thereto, easements for the exclusive use of certain limited common elements as follows:

a. Limited Common Elements. The limited common element upon which each unit is located, as shown on the Condominium File Plan, is appurtenant to and for the exclusive use of such unit, as follows:

LC-101	<u>10.625</u> s.f.	LC-106	<u>10.625</u> s.f.
LC-102	<u>10.625</u> s.f.	LC-107	<u>10.625</u> s.f.
LC-103	<u>10.625</u> s.f.	LC-108	<u>10.625</u> s.f.
LC-104	<u>10.625</u> s.f.	LC-109	<u>10.625</u> s.f.
LC-105	<u>10.625</u> s.f.	LC-110	<u>21.250</u> s.f.

The Common Area, consisting of 55,798.704 square feet, more or less, as shown on the Condominium File Plan, shall be common area (and not part of the limited common elements) for use by the owners of each unit for parking, restrooms, electrical room, janitorial room, utilities and/or access to their respective units.

NOTE: THE AREAS SHOWN ARE GROSS AREAS WITHIN THE PERIMETER BOUNDARIES OF EACH UNIT AND MAY NOT ACCURATELY REFLECT THE ACTUAL USABLE FLOOR AREA. ALSO, THE AREAS ARE APPROXIMATE ONLY, AND THE DECLARANT MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER AS TO THE AREA OF ANY PARTICULAR UNIT AS SHOWN ABOVE.

EXHIBIT B

LIST OF ENCUMBRANCES

1. Real property taxes as may be due and owing. Check with the County Tax Assessor.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. MORTGAGE, SECURITY AGREEMENT OR FINANCING STATEMENT
Mortgagor(s) : Hoon Park, Trustee
Mortgagee(s) : Central Pacific Bank, a Hawaii corporation
Dated : May 20, 1996
Filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2312718.
To Secure : \$1,972,500.00
4. FINANCING STATEMENT
Debtor(s) : Hoon Park, Agent and Trustee
Secured Party : Central Pacific Bank, a Hawaii corporation
Recorded May 31, 1996 in the Bureau of Conveyances as Document No. 96-077257
5. Condominium Map No. 1200, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
6. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements set forth in the Declaration of Condominium Property Regime of "Ululani Medical Center" dated June 4, 1997, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2386135, and by First Amendment to the Declaration of Condominium Property Regime of Ululani Medical Center dated November 17, 1997, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 24240905, as the same may hereafter be amended in accordance with the law or with said Declaration.
7. Terms and provisions contained in the Bylaws of the Association of Apartment Owners of Ululani Medical Center, dated June 4, 1997, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2386136, as the same may hereafter be amended in accordance with the law or with said Declaration.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>% Ownership</u>	<u>Monthly Fee X 12 months</u>	=	<u>Yearly Total</u>
101	11.961	\$ 483.42 X 12	=	\$ 5,801.00
102	9.469	\$ 382.67 X 12	=	\$ 4,592.00
103	9.374	\$ 378.83 X 12	=	\$ 4,546.00
104	11.099	\$ 448.58 X 12	=	\$ 5,383.00
105	6.858	\$ 277.17 X 12	=	\$ 3,326.00
106	4.328	\$ 174.92 X 12	=	\$ 2,099.00
107	11.171	\$ 451.50 X 12	=	\$ 5,418.00
108	11.958	\$ 483.33 X 12	=	\$ 5,800.00
109	10.166	\$ 410.92 X 12	=	\$ 4,931.00
110	13.616	\$ 550.33 X 12	=	\$ 6,604.00

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

Estimate of Maintenance Fee Disbursements:

Monthly X 12 months = Yearly Total

Utilities and Services

Air Conditioning	-0-
Electricity	
[X] common elements only	\$166.67 X 12 months = \$ 2,000.00
[] common elements and apartments	
Elevator	-0-
Gas	-0-
[] common elements only	
[] common elements and apartments	
Refuse Collection	\$266.67 X 12 months = \$ 3,200.00
Telephone	
Water and Sewer	\$283.33 X 12 months = \$ 3,400.00

Maintenance, Repairs and Supplies

Building	\$816.67 X 12 months = \$ 9,800.00
Grounds	\$400.00 X 12 months = \$ 4,800.00

Management

Management Fee	\$300.00 X 12 months = \$ 3,600.00
Payroll and Payroll Taxes	
Office Expenses	

Insurance	\$500.00 X 12 months = \$ 6,000.00
Security	\$275.00 X 12 months = \$ 3,300.00
Reserves (*). See attached Statement as to Reserve Study	\$1,000.00 X 12 months = \$ 12,000.00
Miscellaneous	\$ 33.33 X 12 months = \$ 400.00
Taxes and Government Assessments	\$ _____

Audit Fees (Accountant) \$ _____

Other

TOTAL: \$48,500.00

I, HOON PARK, Trustee of the Joint Development Agreement dated July 5, 1995, as developer for the ULULANI MEDICAL CENTER condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Hoon Park
Signature

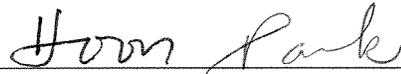
December 2, 1997
Date

(*). Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. Pursuant to Section 514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

ATTACHMENT TO EXHIBIT C
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

STATEMENT AS TO RESERVE STUDY

The Developer will maintain a reserve fund of \$12,000.00 for the first year of project operation based on an informal study of emergency repair costs which may have to be advanced by the Developer for repairs not covered by standard one-year construction warranties which apply to the project. The Developer has not conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules.



HOON PARK, Trustee under Joint Development
Agreement dated July 5, 1995

EXHIBIT D

BUILDING PERMITS AND CONSTRUCTION OF IMPROVEMENTS

1. Permits. In the securing of any building, zoning and/or land use permits ("Permits") at the County of Hawaii, State of Hawaii, and/or the federal government, and any of its departments, agencies and/or its commissions the Developer, Association and/or the owners of condominium units shall observe the following.

a. Common Elements Improvements. As to any improvements such as the improvement of any roadway and any installation of utilities that are located within the common element areas or if it is necessary to pass over and/or under a limited common element of a condominium unit, the Developer so long as it owns a unit is authorized on behalf of all of the owners to secure the permit or permits required for such improvements (this right shall pass on to the Board of Directors when the Developer no longer owns any units).

b. Limited Common Element Improvements. As to any improvements which will be within the limited common element for an owner, the Developer and thereafter the owner acquiring a conveyance of the condominium unit shall determine and is authorized on behalf of all of the owners to secure the permit or permits and to build the improvements located with the area set aside for the condominium unit, provided that the improvements comply with the Project Rules, which may be adopted by the association and any amendments thereto. The plans for improvements to any limited common element shall be submitted for approval prior to construction to the Association and to the Developer so long as the Developer owns any condominium unit.

2. Reservations and Power of Attorney. So long as the Developer owns any condominium unit, it reserves the right and has the irrevocable power of attorney coupled with an interest on behalf of all of the owners of condominium units to act on any matter relating to the developing, construction and/or improvement including alteration, demolition and removal to develop and/or construct improvements as follows:

a. Common Elements. As to improvement of the common element and the installation of services, the Developer will advise the Association whether it is being done at Developer's cost and if not, then the Association will have to approve of and consent to the expenditure of the funds necessary to complete the improvements.

b. Limited Common Elements. As to the improvement of the limited common element for any condominium unit, the owner of the same shall have the sole authority to determine the same and/or incur the cost of the improvements provided there is compliance with the Project Rules.

3. Automatic Transfer of Reservations and Power of Attorney.

The Developer by the conveyance of all of the condominium units in the Project will automatically transfer his reservations and power of attorney coupled with an interest to the Association of Apartment Owners and/or Board of Directors as to the application for any permits relating to the common elements and the installation of services.

NOTE: No rules adopted by Developer.

Stephen K. Yamashiro
Mayor



County of Hawaii

PLANNING COMMISSION

25 Aupuni Street, Room 109 • Hilo, Hawaii 96720-4252
(808) 961-8288 Fax (808) 961-9615

CERTIFIED MAIL

OCT 11 1994

Mr. Youngki Hahn
1180 N. Kumuwaina Place
Hilo, HI 96720

Dear Mr. Hahn:

Use Permit Application (USE 94-9)
Applicant: HPR Partners
Request: Establish a medical office center
Tax Map Key: 2-4-25:39 and 40

The Planning Commission at its duly held public hearing on September 22, 1994, voted to approve the above-referenced application. Use Permit No. 129 is hereby issued to establish a medical office center on approximately 68,108 square feet of land. The site is on the mauka side of Ululani Street between its intersections with Kukuau and Hualalai Streets, Kukuau 1st, South Hilo, Hawaii.

Approval of this request is based on the following:

The granting of this request will be consistent with the general purpose of the zoned district, the intent and purpose of the Zoning Code and the County General Plan. The establishment of a medical office complex on a project site located within the State Land Use Urban District and the County's Multiple Family Residential-zoned district may be permitted through the issuance of a Use Permit by the Planning Commission. The project site is located within an area recommended for a Multiple Family Residential-1,000 square feet per unit (RM-1) zoning designation by the Hilo Community Development Plan and High Density Urban by the General Plan Land Use Pattern Allocation Guide (LUPAG) Map. The General Plan LUPAG Map designation of High Density Urban would allow for multiple family residential uses (up to 87 units per acre), commercial and related services. Therefore, the proposed use would be consistent with the designations recommended by the Hilo Community Development Plan and the General Plan. Mindful of the type of service the applicant will

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provide to residents of East Hawaii, the proposed use will complement the Land Use Element of the General Plan to "Designate and allocate land uses in appropriate proportions and mix and in keeping with the social, cultural, and physical environments of the County" and to ". . . . encourage the development and maintenance of communities meeting the needs of its residents in balance with the physical and social environment."

The Hilo Community Development Plan (CDP), adopted by Resolution in 1975, is intended to provide short and middle range implementation strategies for the goals, policies and land use pattern presented in the General Plan. While the Hilo CDP and its Zone Guide Map, adopted over 15 years ago, suggests a Multiple Residential-1,000 square feet per unit (RM-1) designation for the project site, it recognizes the need for future commercial development to reinforce existing commercial areas by encouraging it to fill in to be a unified City Center rather than further disassemble to other parts of Hilo. This City Center is defined as the area of High Density Urban Development as outlined by the General Plan, which extends southward from the Wailuku River to the general vicinity of the University of Hawaii at Hilo and includes the project site. Approval of the subject request would be in the direction of fulfilling this policy direction established by the General Plan.

The desired use will not be materially detrimental to the public welfare nor cause substantial adverse impact to the community's character or surrounding properties. On the contrary, the proposed medical office complex would be a benefit to the general public welfare. Surrounding properties include the Hawaii Public Safety Building, the Ululani Professional Center, a preschool, apartment complexes and other intensive commercial and multiple family residential uses. The establishment of a medical office complex on the project site would not be out of character with these uses located within the immediate area nor would noise or visual impacts generated by the proposed complex adversely affect surrounding properties. The nearest single family dwellings are located adjacent to the northwest of the project site in the vicinity of Kukuau Street. Landscaping will be required during Plan Approval review of the proposed complex to mitigate any potential noise and visual impacts to these residential properties. As a medical establishment, the hours of operation generally run from 8:00 a.m. to 5:00 p.m. during the weekdays and a half-day on Saturdays, which will not impose upon the evening hours when most residents within the area are at home. Related uses such as the proposed pharmacy, laboratory and radiology unit (X-ray) will be limited to a scale which

benefits the clients of the practitioners located within the facility and not compete with other similar uses which service the public at large and which are located within Commercial-zoned districts, such as the typical drug store. This will ensure that non-medical uses are not established through the approval of this Use Permit. Should other types of commercial uses be contemplated, a change of zone of the project site would be the appropriate land use regulatory process.

The granting of the proposed use will not adversely affect similar or related existing uses within the surrounding area, community or region. Use Permits have been granted by the Planning Commission for similar medical office complexes within the general vicinity of the project site. Most of these medical offices have been established along Kinoole Street. Approval of this Use Permit application will not have an adverse impact on other medical office complexes previously approved through the issuance of a Use Permit by the Planning Commission. Throughout the County, the provision of medical facilities to service the needs of our residents have always been a top priority of County government. The on-going demand for such services and facilities are well known. Approval of the subject request would be in a direction of fulfilling this basic need.

Finally, the desired use will not unreasonably burden public agencies to provide roads and streets, sewers, water, drainage, school improvements, police and fire protection, and other related infrastructure. Water, sewer and roads systems are adequate to accommodate the proposed development, provided that the recommended system improvements as conditioned within this approval recommendation are implemented. Primary access to the project site is provided by Ululani Street, a County-maintained roadway having a pavement width of 28 feet with curbs within a 40-foot wide right-of-way. Secondary access is provided through Kukuau Street, a County-maintained roadway having a pavement width of 18 feet within a 16-foot wide right-of-way. These roadways can adequately support traffic generated by the proposed use, provided that certain improvements as conditioned by this approval recommendation are provided. The Planning Commission, through the issuance of Use Permits, has imposed certain roadway improvements as conditions of approval of similar requests for the establishment of medical office complexes. Similarly, it is recommended that curb, gutter and sidewalk improvements be provided along the project site's Ululani and Kukuau Street frontages. A 19-foot wide future road-widening setback shall be delineated on plans submitted for the consolidation of the parcels within project site and on plans submitted for Plan Approval review.

The County's water system is available to support the proposed medical office complex. Water can be provided through water lines located along Kukuau and Ululani Streets. A County sewer line is located on the project site's Kukuau Street frontage. The applicant will be required, through existing regulations, to hook-up to the Kukuau Street sewer line in a manner meeting with the approval of the Department of Public Works or the Department of Health, whichever agency is applicable. All other essential utilities and services are or will be made available to the project site.

Approval of this request is subject to the following conditions:

1. The applicant, its successors or assigns shall be responsible for complying with all stated conditions of approval.
2. The applicant, successors, or assigns shall indemnify and hold the County of Hawaii harmless from and against any loss, liability, claim, or demand for the property damage, personal injury, or death arising out of any act or omission of the applicant, its successors or assigns, officers, employees, contractors, or agents under this permit or relating to or connected with the granting of this permit.
3. Final Consolidation Approval of the subject properties shall be secured from the Planning Director prior to the submittal of plans for Final Plan Approval review. The final plat maps to be submitted shall indicate a 19-foot wide future road-widening setback along the project site's entire Kukuau Street frontage.
4. Final Plan Approval for the proposed medical office complex shall be secured from the Planning Department. Plans shall identify proposed structures, paved driveway access(es) and parking stalls associated with the proposed use. Landscaping shall be indicated on plans and provided for the purpose of mitigating any adverse noise or visual impacts to adjacent properties. A 19-foot wide future road-widening setback shall be indicated along the project site's entire Kukuau Street frontage.
5. Construction of the proposed medical office complex shall be completed (Certificate of Occupancy) within 5 (five) years from the effective date of this permit.
6. The proposed medical office complex shall be limited to medical and its related uses. Related uses may include the

sale and manufacture of pharmaceuticals and the establishment of a medical laboratory and radiology unit which directly benefit the clients of the practitioners located within the proposed facility. These related uses shall not be established on a scale which would service the general public at large.

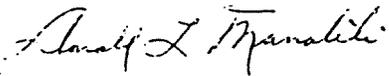
7. Access to the property from Ululani Street shall meet with the approval of the Department of Public Works. Access to Kukuau Street shall be restricted until such time that Kukuau Street is redesigned and widened beyond its existing 18-foot wide pavement within a 16-foot wide right-of-way. Access to Kukuau Street, when permitted by the Department of Public Works, shall meet with the approval of same.
8. The applicant shall provide curb, gutter, sidewalk and related improvements along the project site's entire Ululani Street frontage, exclusive of access point(s), in a manner meeting with the approval of the Department of Public Works, prior to the issuance of a Certificate of Occupancy for the proposed medical office complex.
9. Comply with all applicable laws, rules, regulations and requirements of the affected agencies, including those of the Department of Health.
10. An extension of time for the performance of conditions within the permit may be granted by the Planning Director upon the following circumstances: a) the non-performance is the result of conditions that could not have been foreseen or are beyond the control of the applicant, successors or assigns, and that are not the result of their fault or negligence; b) granting of the time extension would not be contrary to the General Plan or Zoning Code; c) granting of the time extension would not be contrary to the original reasons for the granting of the permit; and d) the time extension granted shall be for a period not to exceed the period originally granted for performance (i.e., a condition to be performed within one year may be extended for up to one additional year). Further should any of the conditions not be met or substantially complied with in a timely fashion, the Director shall initiate procedures to revoke the permit.

This approval does not, however, sanction the specific plans submitted with the application as they may be subject to change given specific code and regulatory requirements of the affected agencies.

Mr. Youngki Hahn
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Should you have any questions, please feel free to contact Rodney Nakano or Daryn Arai of the Planning Department at 961-8288.

Sincerely,



Donald L. Manalili, Chairman
Planning Commission

RKN:jdk
LHPRPa01.PC

xc: Honorable Stephen K. Yamashiro, Mayor
Planning Director
Department of Public Works
Department of Water Supply
Corporation Counsel
County Real Property Tax Division
Department of Health
Plan Approval Section
Subdivision Approval Section

EXHIBIT F

SUMMARY OF ESCROW AGREEMENT

Deposits a buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

- (a) Escrow will collect payments due pursuant to the sales contract.
- (b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.
- (c) Escrow will let buyers know when payments are due.
- (d) Escrow will arrange for and supervise the signing of all necessary documents.
- (e) Escrow will refund buyer's deposits as provided for under the sales contract.
- (f) Escrow will deliver buyer's funds to seller, less an escrow cancellation of not more than \$250.00, after proper notice to his buyer of his/her default under the sales contract.
- (g) The escrow agreement says what conditions must be fulfilled before buyer's funds can be taken out of the Trust Fund.

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

EXHIBIT G

SUMMARY OF SALES CONTRACT

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

(a) What a buyer must do to qualify for a loan if the buyer wants a mortgage loan to cover part of the purchase price.

(b) That a buyer's money will be held in escrow, under the terms of the escrow agreement.

(c) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(d) What will happen if there is a default under the sales contract.

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