

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: 778 Wiliwili LLC, a Hawaii limited liability company
Address: 3810 Katela Avenue, Los Alamitos, California 90720

Project Name(\*): 778 WILIWILI
Address: 778 Wiliwili Street, Honolulu, Hawaii 96826

Registration No. 4260 (conversion) Effective date: November 12, 1999 Expiration date: December 12, 2000

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.

X 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.

See Exhibit A

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

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### **General Information On Condominiums**

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

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

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

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

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

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

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

### **Operation of the Condominium Project**

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

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

Until there is a sufficient number of purchasers 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: 778 Wiliwili LLC Phone: (714) 821-3970  
Name (Business)  
3810 Katela Avenue  
Business Address  
Los Alamitos, California 90720

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

Mahe Aze Albert Aze - Member/Manager  
Milagros Ciocon Aze - Member/Manager  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Savio Realty, Ltd. Better Homes and Gardens Phone: (808) 942-7701  
Name (Business)  
931 University Avenue, Suite 105  
Business Address  
Honolulu, Hawaii 96826

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211  
Name (Business)  
235 Queen Street  
Business Address  
Honolulu, Hawaii 96813

General Contractor: N/A Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Condominium Managing Agent: Hawaii First, Inc. Phone: (808) 531-5566  
Name (Business)  
900 Fort Street Mall, #1220  
Business Address  
Honolulu, Hawaii 96813

Attorney for Developer: Edward R. Brooks Phone: (808) 526-3011  
Brooks Tom Porter & Quitiquit (Business)  
Name  
737 Bishop Street, #2700  
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. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_
- Filed - Land Court: Document No. 2529895

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

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. \_\_\_\_\_
- Filed - Land Court Condo Map No. 1288

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

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. 2529897

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

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:

	Minimum Set by Law	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>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 B**

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

[X] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: September 12, 2036 Rent Renegotiation Date(s): September 13, 2001; September 13, 2011; September 13, 2021; and September 13, 2031

Lease Rent Payable: [X] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually

Exhibit C contains a schedule of the lease rent for each apartment per[X] Month [ ] Year

For Sub-leaseholds:

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

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

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

Lease Term Expires: Rent Renegotiation Date(s):

Lease Rent Payable: [ ] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually

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

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: 778 Wiliwili Tax Map Key (TMK): (1) 2-7-002-014  
Honolulu, Hawaii 96826

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 9,914  square feet  acre(s) Zoning: A-2

Fee Owner: Hazel Sau Kau Inn Lau, Trustee  
 Name  
2077 Makiki Place  
 Address  
Honolulu, Hawaii 96822

Lessor: 778 Wiliwili LLC  
 Name  
3810 Katela Avenue  
 Address  
Los Alamitos, California 90720

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 6 (no basement)

Exhibit \_\_\_\_\_ contains further explanations.

3. **Principal Construction Material:**

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. **Uses Permitted by Zoning:**

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

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

Yes  No

5. Special Use Restrictions:

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

Pets: See Exhibit D

Number of Occupants: \_\_\_\_\_

Other: See Exhibit D

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1 Stairways: 1 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> *
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 20 \*See Exhibit E

\*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 interior surfaces of the perimeter and party walls, floors and ceilings.

Permitted Alterations to Apartments: See Exhibit F

7. Parking Stalls:

Total Parking Stalls: 20

	<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>7</u>	<u>10</u>	<u>2</u>	<u>1</u>	<u>20</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>0</u>		<u>17</u>		<u>3</u>		<u>20</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 G 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/Enclosure(s)
- Other: Utility Area

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 \_\_\_\_\_ (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations  
(For conversions of residential apartments in existence for at least five years):

**See Exhibit A**

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  </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   H  .

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 H.

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 E.

as follows:

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

Exhibit I describes the encumbrances against the title contained in the title report dated August 2, 1999 and issued by Title Guaranty of Hawaii, Incorporated.

**Blanket Liens:**

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

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

[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>
<b>Mortgage, Security Agreement and Financing Statement</b>	<b>If Developer defaults under the Mortgage or the Mortgage is foreclosed prior to conveying the apartment to a Buyer, the Buyer's interest could be terminated. In the event of termination, Buyer's deposit would be returned as set forth in the Sales Contract.</b>

**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: **See Exhibit J**

2. Appliances: **See Exhibit J**

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

The project was constructed in 1971.

H. **Project Phases:**

The developer [ ] has  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   K   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated   August 20, 1999    
Exhibit   L   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. 4260 filed with the Real Estate Commission on October 1, 1999.

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YELLOW paper stock       WHITE paper stock       PINK paper stock

**C. Additional Information Not Covered Above**

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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.

778 WILIWILI LLC

Printed Name of Developer

By:  Date 8/19/15  
Duly Authorized Signatory

**Maher Azer Albert Azer - Member/Manager**

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu  
Planning Department, City & County of Honolulu

EXHIBIT A

DISCLOSURE ABSTRACT

1. Project: 778 WILIWILI  
778 Wiliwili Street  
Honolulu, Hawaii 96826
2. Developer: 778 Wiliwili LLC  
3810 Katela Avenue  
Los Alamitos, California 90720  
(714) 821-3970
3. Managing Agent: Hawaii First, Inc.  
900 Fort Street Mall, Suite 1220  
Honolulu, Hawaii 96813

4. Maintenance Fees: The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are attached hereto and made a part hereof as Exhibit "A-1". The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein. The Developer also discloses that a reserve study was done in accordance with Hawaii Revised Statutes Section 514A-83.6 and the Hawaii Administrative Rules, Chapter 107, in arriving at the estimate of reserve funds necessary to maintain the Project, contained in Exhibit "A-1".

5. Warranties: The Project consists of one building, which is a five (5) story structure with a ground level but without a basement, and contains a total of twenty (20) apartments (four apartments on each of the second through sixth floors), all of which are intended for residential use.

There are 17 parking stalls (not including tandem stalls) and 3 tandem stalls.

The building was constructed in 1971. The Project, the apartments and anything installed or contained therein are being sold in "AS IS" condition "WITH ALL FAULTS" by the Developer, without any warranties whatsoever, express or implied. Paragraphs 7 and 8 of the Deposit Receipt and Sales Contract used in connection with the Project provide as follows:

7. APARTMENT BEING SOLD "AS IS" WITH "ALL FAULTS". The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that neither Seller nor Lessor will correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

8. DISCLAIMER OF WARRANTIES.

(a) No Warranties. Buyer understands and agrees that both Seller and Lessor are disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" with "ALL FAULTS". Without limiting the generality of the foregoing, neither Seller nor Lessor will be liable to Buyer for any construction or other defects (including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein) or for any other aspects of the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller or Lessor for any defects or other matters later discovered by Buyer. Buyer should have the Apartment and the Project inspected to Buyer's satisfaction.

(b) Hazardous Materials and Condition of Project. Except as described in paragraph 6(c) above, neither Seller nor Lessor has made any independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws.

Buyer acknowledges that in light of the age of the buildings in the Project, there is asbestos and there may be other hazardous substances in the apartments, or in, under or around the Project. Because of the presence of asbestos and possible presence of other hazardous substances, Buyer should have the apartments and the Project inspected to determine the extent of such contamination and any necessary remedial action. Neither Seller nor Lessor will correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller and Lessor from any liability to Buyer if any hazardous materials are discovered.

According to a letter dated November 10, 1993 from the Building Department of the City and County of Honolulu, the building met all applicable code requirements at the time of its construction in 1971, except for two deficiencies relating to the number of dwelling units and original off-street parking spaces, which deficiencies have been corrected as shown in a subsequent letter from the Building Department dated December 29, 1993. A letter dated July 13, 1998 from the Department of Planning and Permitting of the City and County of Honolulu, confirmed that the building met all applicable code requirements at the time of its construction in 1971. All three letters are attached hereto as Exhibit "A-2". No other variances or special permits were granted to allow deviations from any applicable codes. The Developer cannot determine whether the Project contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Developer does not give any assurances that the apartments can be expanded or that variances are obtainable from the City and County of Honolulu for any proposed improvements.

6. Number of Apartments; Permitted Use. The Project contains twenty (20) apartments, all of which are intended for residential use. Each apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty (30) days; or (ii) any rental in which the occupants of the residential apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term

"time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing restrictions, the owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and By-Laws for the Project, as amended.

7. Existing Structures. The present condition of the site on which the Project is located and the structural components and the mechanical and electrical installations material to the use and enjoyment of the Project are described in reports from a structural engineer, electrical engineer, mechanical engineer and architect attached hereto as Exhibit "A-3". Although not required by law, the Developer has asked the engineers and the architect to give opinions about the condition of the Project in order to provide buyers with additional information. However, the Developer does not represent or warrant that the letters are correct or complete. The letters should not be relied upon as the opinion of the Developer. No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the Project.

Excerpts from the civil engineer's report indicate that the improvements appear to be well maintained and in fairly good condition. The report also states that no sewer cleanout was found and that encroachments along the perimeter of the property, if any, could not be accurately determined because it would be difficult to establish the actual boundaries and to stake the property corners.

Excerpts from the structural and civil engineer's report indicate that no signs of structural distress was observed in the building. Minor cracks in concrete walls and ground level slab were observed, but they are structurally insignificant. The report states that the structure appeared to be in good condition with no apparent sign of structural distress, and that it is reasonable to assume that with normal maintenance, the structure can be expected to perform well in the future.

Excerpts from the electrical engineer's report indicate that the existing electrical service for each building is adequately sized for the present loads. However, any significant additions to the present electrical load, such as air conditioners and clothes dryers, may require an upgrading of the service. The general condition of the building is good, and with normal replacement and upkeep, a life of ten years or more can be expected. The project complies with the electrical codes in

effect at the time of its construction. Some minor electrical repairs are required to reduce potential hazards of electrical shock, specifically, replacement of existing kitchen outlets on the counter and in the bathroom with GFI protected outlets, and the replacement of broken or missing outlet covers. Specific observations regarding security lighting, the fire alarm system, the laundry area, the roof area and certain apartments are contained in the report.

Excerpts from the mechanical engineer's report indicate that all plumbing systems observed were in usable condition and functional for the intended purposes, but may not meet present codes. Overall, the mechanical system maintenance for the building has been fair. Due to its age and above normal use, very high maintenance and replacements should be anticipated as it functions past the end of its economic life of 25 years. With property management, constant maintenance and replacement, the plumbing and ventilation systems could provide many more years of useful service. The apartments do not have clothes washers or dryers and were not designed for those appliances. In the bathrooms, the lavatories and water closets are generally old, although some of the bathtubs had been recently replaced. Most bathroom fixtures are obsolete and do not meet present water conservation codes. In the kitchens which contained a gas range and a sink with disposal, the sink faucet and disposal were in varying conditions. Other units had electric cook tops and bar sinks without disposals. The central hot water system seemed to be in fair condition and working, although the engineer noted the lack of insulation on the hot water piping and heater flue terminated in the heater room where the system is located. Also, the combustion opening for the heater room seemed questionable for code compliance. Generally, the plumbing systems observed were in usable condition, but old and probably would be in need of major repairs in the near future. The main sewer cast iron pipes located at the ceiling of the parking level had indications of a need for replacement soon. The gas water heater flue should be terminated outside of the heater room with adequate openings provided to meet current plumbing code. A fire hose cabinet located in the corridor indicated that it had been tested recently, but the dry standpipe should be tested by a certified fire inspector and maintained as required by code. Numerous bathroom ventilation systems were not functioning, and may require major repairs or replacements. Bathroom ventilation systems need to be functional to meet code. Specific observations and recommendations regarding the plumbing systems, ventilation and fire protection systems in the apartments and common areas, are contained in the report.

Excerpts from the architect's report indicate that the building is sound and very clean. Wear and tear especially of utilities is evident, but the resident manager reported no recurring problems. The building has been well maintained with the resident manager not aware of any past or existing flooding, structural or other major problems. Water infiltration through the makai/Koko Head wall corner has been repaired and is no

longer a problem. The resident manager has completed upgrading the stairway lighting. The architect made many specific observations, including: the concrete sidewalk has cracks and uneven joints that could lead to tripping; there is no GFI outlet at the exterior laundry, exterior weatherproof enclosure GFI outlet at the parking level was not seen, the building is not accessible per the Americans with Disabilities Act, the Uniform Building Code or Fair Housing Act; handrails and stairs do not conform with current standards; termite damage was observed and termite inspections recommended; deficient lighting in exit corridor; the smoke tower vestibule violates fire code requirements; no fire extinguishers or smoke detectors were seen in the common areas; certain doors must have closers, must be of fire-resistive construction and labeled accordingly and must not be propped open; the apartments do not have the capacity for installing air conditioning units; the waste sewer line has been a past problem and may need to be modified; no GFI outlets in the kitchens or bathrooms; wood cabinets must have metal hood over range and wainscot behind range must be gypsum board finished with plastic laminate; and the ceiling material was not tested for asbestos. The architect concluded that with continued maintenance and replacement of worn items, the building will continue to serve its residents well, but that the safety and fire hazard items require remedial action. Other specific observations and items to be corrected are listed in the report.

The existence of asbestos and lead-based paint and lead-based paint hazards in the Project are not known by the Developer, and the Developer has not performed an asbestos or lead paint survey of any apartment or other part of the Project. No representations are made by the Developer with respect to the existence or condition of any asbestos or lead-based paint or lead-based paint hazards in the Project. Buyer will have an opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, or to waive such inspection, as provided in Addendum "A" attached to the Sales Contract.

The information set forth in this paragraph 7 is only a summary of the observations and recommendations made by the engineers and the architect in Exhibit "A-3" and is not intended, nor should be construed by its incorporation herein, to be a representation or warranty of the Developer or more important than any other observation or recommendation contained in said Exhibit "A-3" and not contained herein. Because the Project is being sold by the Developer in "AS IS" condition with "ALL FAULTS", each buyer should carefully review Exhibit "A-3" in its

entirety. Furthermore, each buyer should inspect the buyer's Apartment and the Project or have the apartment and the Project inspected by buyer's own experts to buyer's complete satisfaction.

Dated: Los Alamitos, California, September 3, 1999.

778 WILIWILI, LLC, a Hawaii  
limited liability company

By   
Maher Azer Albert Azer  
Its Member/Manager

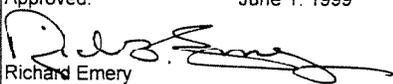
Developer

**Budget  
AOAO 778 Wiliwili  
Preliminary Report**

ACCOUNT	Month	Annual
<b>Operating Revenues</b>		
Maintenance Fees	5,850.00	70,200.00
Laundry Income	430.00	5,160.00
Late Fees	-	-
<b>Total Operating Revenues</b>	\$ 6,280.00	\$ 75,360.00
<b>Non Operating Revenues</b>		
Interest Income-Operating	5.00	60.00
<b>Total Non Operating Revenue</b>	\$ 5.00	\$ 60.00
<b>Total Revenues</b>	\$ 6,285.00	\$ 75,420.00
<b>Operating Expenses</b>		
<b>Administrative</b>		
Administrative-General	5.00	60.00
Property Mgmt-Contract	420.00	5,040.00
Property Mgmt-Other Costs	50.00	600.00
Accounting Fees-Audit/Tax	55.00	660.00
<b>Total Administrative</b>	\$ 530.00	\$ 6,360.00
<b>Operations</b>		
Electricity-Project	865.00	10,380.00
Water & Sewer	885.00	10,620.00
Gas	700.00	8,400.00
Telephone-Entrance	50.00	600.00
Elevator Service Contract	485.00	5,820.00
Refuse Contract	350.00	4,200.00
Building/Landscape Contract	120.00	1,440.00
<b>Total Operations</b>	\$ 3,455.00	\$ 41,460.00
<b>Repair &amp; Maintenance</b>		
Building	125.00	1,500.00
Fire Safety	20.00	240.00
Grounds	20.00	240.00
<b>Total Repair &amp; Maintenance</b>	\$ 165.00	\$ 1,980.00
<b>General</b>		
Taxes-General Excise	5.00	60.00
Insurance-Package	570.00	6,840.00
<b>Total General</b>	\$ 575.00	\$ 6,900.00
<b>Capital Disbursements</b>		
Capital Reserve Allowance	1,560.00	18,720.00
<b>Total Capital Disbursements</b>	1,560.00	18,720.00
<b>Total Expenses</b>	\$ 6,285.00	\$ 75,420.00
<b>Net Income</b>	\$ -	\$ -

Maintenance Fees	Month
Unit A: 3.86%	\$ 225.81
Unit B: 3.96%	\$ 231.66
Unit C: 4.46%	\$ 260.91
Unit D: 5.91%	\$ 345.74

The Developer certifies that the maintenance fees and costs as estimated by the Developer are based on generally accepted accounting principles. The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Approved: June 1, 1999  
  
 Richard Emery  
 HAWAII FIRST INC., Managing Agent

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2	1	Analysis Definition
3	1	Component Summary
4	1	Projected Expenditures
5	1	Cash Flow Projections

# 778 Wiliwili

## PROJECT DEFINITION REPORT

5/17/1999

### Project Information

Project: 778 Wiliwili  
Address: 778 Wiliwili Street  
City: Honolulu  
State: HI  
Zip: 96826-0000

Project Date: 9/01/1999  
Number of Phases: 1  
Number of Units: 20  
Number of Models: 4

### Property Description

A Reserve Study was prepared using the cash flow method of analysis for the AOA 778 Wiliwili. The Association's components were developed and inspected by the Managing Agent. Data derived was compared with similar projects on Oahu for validation. The developer was interviewed for additional component history.

It is important to recognize that a Reserve Study is a financial forecast of the future funds required to maintain the capital components of the project. It requires Directors of an Association to make reasonable efforts to project inflation, interest income, remaining life and replacement costs of the project's capital components, for a 20-year period. By its nature, it is an estimate to be used in developing the Association's annual budget. The Reserve Study is a statutory requirement of HRS 514A-83.6.

Based on this Reserve Study, the AOA 778 Wiliwili is fully funded and has complied with the requirements of HRS514A-83.6; provided however, the Association implements the funding plan and the criteria used reflects the project's actual experience during the life of the plan.

  
Richard B. Emery  
Reserve Specialist  
May 17, 1999

# 778 Wiliwili

## ANALYSIS DEFINITION REPORT

### Preliminary Report

#### Project Information

Project: 778 Wiliwili  
Address: 778 Wiliwili Street  
City: Honolulu  
State: HI  
Zip: 96826-0000

Project Date: 9/01/1999  
Analysis Date: 1/01/2000  
Number of Phases: 1  
Number of Units: 20  
Number of Models: 4

#### Analysis Parameters

Rate of Inflation: 3%  
Rate of Return on Investment: 5.2%  
Beginning Funds: \$1,000.00  
Loan/Special Assessment: No

Deferred Expenditures: No  
Contingency: 0%  
Contingency Time: None

#### Annual Contribution Factors

		2010:	0%
2001:	0%	2011:	0%
2002:	0%	2012:	0%
2003:	0%	2013:	0%
2004:	0%	2014:	0%
2005:	0%	2015:	0%
2006:	0%	2016:	0%
2007:	0%	2017:	0%
2008:	0%	2018:	0%
2009:	0%	2019:	0%

#### Additional Analysis Information

The Association's estimated total replacement reserves as of April 30, 1999 is \$0.00. The estimated replacement reserves for the preliminary budget is \$18,720.00. The Association will collect \$18,720.00 in current fiscal year. The Funding Plan further relies upon interest income from investments on reserve funds remaining in the reserve fund.

This Reserve Study reflects that the Association is fully funded.

778 Waiiwili

COMPONENT SUMMARY REPORT

Preliminary Report

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<b>Building</b>							
Awning-Entry	9/01/1999	10/00	-06/00	09/03	Y	2,500	2,786
Dry Standpipe	9/01/1999	05/00	00/00	09/04	Y	1,200	1,378
Elevator Cab	9/01/1999	10/00	-05/00	09/04	Y	4,500	5,166
Enterphone	9/01/1999	15/00	-05/00	09/09	Y	2,500	3,327
Entry Door	9/01/1999	20/00	-15/00	09/04	Y	3,000	3,444
Fan-Roof	9/01/1999	15/00	-05/00	09/09	Y	2,000	2,662
Fence-Garage	9/01/1999	20/00	-10/00	09/09	Y	2,500	3,327
Fire Alarm System	9/01/1999	20/00	-10/00	09/09	Y	7,000	9,316
Mail Boxes	9/01/1999	25/00	-05/00	09/19	Y	5,000	8,946
Painting	9/01/1997	07/00	00/00	09/04	Y	36,500	41,903
Painting-Interior	9/01/1999	07/00	-05/00	09/01	Y	7,500	7,880
Plumbing	9/01/1999	20/00	00/00	09/19	Y	5,000	8,946
Roof	9/01/1997	20/00	00/00	09/17	Y	14,000	23,610
Tile-Hallways	9/01/1999	25/00	-10/00	09/14	Y	14,000	21,606
Water Heaters	9/01/1999	15/00	-05/00	09/09	Y	1,800	2,396
Water Heaters	9/01/1999	15/00	-10/00	09/04	Y	2,700	3,100
<b>Sub Total:</b>						<b>111,700</b>	<b>149,793</b>
<b>Grounds</b>							
Lighting	9/01/1999	20/00	-05/00	09/14	Y	2,000	3,087
<b>Sub Total:</b>						<b>2,000</b>	<b>3,087</b>

778 Wiliwili

COMPONENT SUMMARY REPORT

Preliminary Report

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Mechanical</u>							
Booster Pumps	9/01/1999	25/00	-15/00	09/09	Y	25,000	33,272
Elevator Modernization	9/01/1999	30/00	-10/00	09/19	N	75,000	134,183
<b>Sub Total:</b>						<b>100,000</b>	<b>167,455</b>
<b>Grand Total:</b>						<b>213,700</b>	<b>320,335</b>

**PROJECTED EXPENDITURES**

**Preliminary Report**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Awning-Entry				2,786						
Booster Pumps										33,272
Dry Standpipe					1,378					1,597
Elevator Cab					5,166					
Enterphone										3,327
Entry Door					3,444					
Fan-Roof										
Fence-Garage										2,662
Fire Alarm System										3,327
Painting					41,903					9,316
Painting-Interior		7,880						9,691		
Water Heaters					3,100					2,396
Water Heaters										
<b>Totals</b>		<b>7,880</b>		<b>2,786</b>	<b>54,991</b>				<b>9,691</b>	<b>55,897</b>

**PROJECTED EXPENDITURES**

**Preliminary Report**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Awning-Entry				3,746						
Dry Standpipe				1,852						2,147
Elevator Cab				6,945						
Elevator Modernization				3,087						134,183
Lighting										8,946
Mail Boxes									63,400	
Painting		51,535								
Painting-Interior					11,922					
Plumbing								23,610		8,946
Roof										
Tile-Hallways				21,606						
Water Heaters										4,831
<b>Totals</b>		<b>51,535</b>		<b>3,746</b>	<b>33,490</b>	<b>11,922</b>		<b>23,610</b>	<b>63,400</b>	<b>159,053</b>

778 Wiliwili

CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Preliminary Report

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2000	1,000.00	18,719.00	78.00	588.93	0.00	20,307.93
2001	20,307.93	18,719.00	78.00	1,479.66	7,880.00	32,626.59
2002	32,626.59	18,719.00	78.00	2,273.16	0.00	53,618.75
2003	53,618.75	18,719.00	78.00	3,342.44	2,786.00	72,894.19
2004	72,894.19	18,719.00	78.00	3,458.22	54,991.00	40,080.41
2005	40,080.41	18,719.00	78.00	2,670.10	0.00	61,469.51
2006	61,469.51	18,719.00	78.00	3,809.13	0.00	83,997.64
2007	83,997.64	18,719.00	78.00	5,008.84	0.00	107,725.48
2008	107,725.48	18,719.00	78.00	6,103.35	9,691.00	122,856.83
2009	122,856.83	18,719.00	78.00	6,103.10	55,897.00	91,781.93
2010	91,781.93	18,719.00	78.00	5,423.37	0.00	115,924.30
2011	115,924.30	18,719.00	78.00	5,809.98	51,535.00	88,918.28
2012	88,918.28	18,719.00	78.00	5,270.86	0.00	112,908.14
2013	112,908.14	18,719.00	78.00	6,483.06	3,746.00	134,364.20
2014	134,364.20	18,719.00	78.00	7,106.77	33,490.00	126,699.97
2015	126,699.97	18,719.00	78.00	7,074.88	11,922.00	140,571.85
2016	140,571.85	18,719.00	78.00	8,021.57	0.00	167,312.42
2017	167,312.42	18,719.00	78.00	9,033.71	23,610.00	171,455.13
2018	171,455.13	18,719.00	78.00	8,560.20	63,400.00	135,334.33
2019	135,334.33	18,719.00	78.00	5,008.83	159,053.00	9.16
<b>Totals:</b>		<b>374,380.00</b>		<b>102,630.16</b>	<b>478,001.00</b>	

Exhibit "A-2"

BUILDING DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

HONOLULU MUNICIPAL BUILDING  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813



FRANK F. FASI  
MAYOR

HERBERT K. MURAKA  
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR  
DEPUTY

Ex93-134

November 10, 1993

Mr. Edward R. Brooks  
Foley Maehara Judge Nip & Chang  
Attorneys at Law  
2700 Grosvenor Center  
737 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Brooks:

Subject: Condominium Conversion Project  
778 Wiliwili Street  
Tax Map Key: 2-7-02: 14

This is in response to your letter dated August 23, 1993 requesting confirmation that the building located at 778 Wiliwili Street met all code requirements at the time of construction.

Investigation revealed that a six-story apartment building with a total of twenty dwelling units and 28 off-street parking spaces at the above address met all applicable code requirements when it was constructed in 1971.

However, investigation also revealed the following deficiencies:

1. An additional 30 dwelling units have been added without approval of the Department of Land Utilization and the Building Department.
2. Three of the required parking spaces have been eliminated without approval. Spaces Nos. 21 through 24 have been converted to storage and equipment use and space No. 28 has been landscaped.

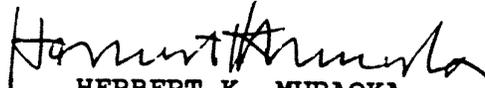
Mr. Edward R. Brooks  
November 10, 1993  
Page 2

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

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

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

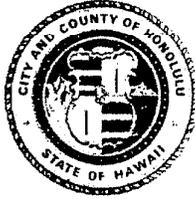
Very truly yours,



HERBERT K. MURAOKA  
Director and Building Superintendent

BUILDING DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

HONOLULU MUNICIPAL BUILDING  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813



FRANK F. FASI  
MAYOR

HERBERT K. MURAOKA  
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR  
DEPUTY

Ex93-147

December 29, 1993

Mr. Edward R. Brooks  
Foley Maehara Judge Nip & Chang  
Attorneys at Law  
2700 Grosvenor Center  
737 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Brooks:

Subject: Condominium Conversion Project  
778 Wiliwili Street  
Tax Map Key: 2-7-002: 014

This is to confirm that the deficiencies mentioned in our letter dated November 10, 1993 have been corrected. The building has been converted back to twenty dwelling units and the original off-street parking spaces restored.

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

Very truly yours,

A handwritten signature in dark ink, appearing to read "Herbert K. Muraoka".

HERBERT K. MURAOKA  
Director and Building  
Superintendent

Subscribed and sworn to  
before me this 29<sup>th</sup> day of  
December, 1993.

A handwritten signature in dark ink, appearing to read "Mary E. Brown".  
\_\_\_\_\_  
Notary Public, First Judicial Circuit  
State of Hawaii  
My commission expires: 4-13-97

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**  
650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813  
Phone: (808) 523-4414 • Fax: (808) 527-6743

JEREMY HARRIS  
MAYOR



JAN NAOE SULLIVAN  
DIRECTOR

LORETTA K.C. CHEE  
DEPUTY DIRECTOR

Ex98-34 (AS)

July 13, 1998

Mr. Edward R. Brooks  
Brooks Tom Miller & Porter  
Attorneys at Law  
2700 Grosvenor Center  
737 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Brooks:

Subject: Condominium Conversion Project  
778 Wiliwili Street  
Tax Map Key: 2-7-02: 14

This is in response to your letter dated June 2, 1998 requesting confirmation that the building located at 778 Wiliwili Street met all applicable code requirements at the time of construction.

Investigation revealed that the six-story apartment building with a total of 20 dwelling units and 28 off-street parking spaces met all applicable code requirements when it was constructed in 1971.

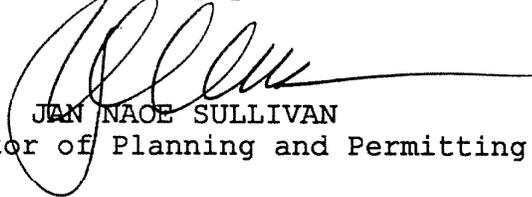
For your information, the Department of Planning and Permitting cannot determine whether this project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

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

Mr. Edward R. Brooks  
July 13, 1998  
Page 2

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

Very truly yours,

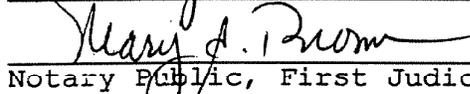


JAN NAOE SULLIVAN  
Director of Planning and Permitting

JNS:fk

Safety\B98-34.as

Subscribed and sworn to  
before me this 16<sup>th</sup> day of  
July, 1998.



Mary A. Brown  
Notary Public, First Judicial Circuit

State of Hawaii  
My commission expires: 4-13-2001

## **HAWAII ENGINEERING GROUP**

CONSULTING STRUCTURAL AND CIVIL ENGINEERS  
98-023 Hekaha St., Unit #2B, Aiea, Hawaii 96701  
PH: 808-486-2092 FAX: 808-486-9261

788 Wiliwili LLC  
C/O Dr. Maher Azer Albert Azer  
904 Via Rincon  
Palos Verdes, CA 90274

March 13, 1999

### **Wiliwili Apartments**

778 Wiliwili St.,  
Honolulu, Hawaii

### **STRUCTURAL OBSERVATION REPORT**

A cursory visual structural inspection of the subject building was performed on April 14, 1998. The inspection involved a one hour and a half walk through of the building. A representative sample of 4 units (#401A, 401B, 404A and 404B) were walked through. No calculations, measurements or testing of any kind was performed. No existing drawings or soil investigation report was made available for review.

The building is a six story structure constructed built approximately around 1971. The ground floor is an open parking garage with five floor of apartments above. For the second floor through roof, the structure consists of load bearing concrete walls and precast concrete planks with concrete topping for floor slabs (the concrete topping could not be visually verified due to floor coverings). The ground floor level consists of concrete columns and walls that support the second floor framing of cast-in-place concrete beams and concrete transfer girders. The ground level floor consists of concrete slab on grade. No information on the foundations was available.

### **OBSERVATIONS AND COMMENTS**

Most of the interior structural surfaces were covered with plaster, acoustical ceiling spray, ceramic tiles or carpet. Areas where the structure was bare or covered with only paint were the fire escapes, exterior wall surfaces, ground floor structures and roof eaves. No signs of structural distress was observed in the building. Minor cracks in concrete walls and ground level slab on grade were observed. These cracks are structurally insignificant and may be repaired by an experienced mason.

Structural Observation Report  
Wiliwili Apartments  
May 04, 1998  
Page 2 of 2

## CONCLUSIONS

The structure appears to be in good condition with no apparent sign of structural distress. It is reasonable to assume that with normal maintenance, the structure can be expected to continue to perform well in the future.

This report does not address portions of the building other than those areas mentioned, nor does it provide any warranty either expressed or implied for any portion of the existing building. If there are any comments or questions on any item above, please do not hesitate in calling.

Submitted by:



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Ather R. Dar, S.E.  
Structural Engineer

RS ENGINEERING  
1376 Kalaniiki Street  
Honolulu, Hawaii 96821  
April 26, 1999

778 Wiliwili LLC  
c/o Dr. Maher Azer Albert Azer  
904 Via Rincon  
Palos Verdes, California 90274

Subject: Wiliwili Apartments Condominium Conversion  
778 Wiliwili Street, Honolulu, Hawaii

Gentlemen:

On April 14, 1998, a cursory inspection was performed on the subject property to evaluate the condition of its electrical system.

#### GENERAL

The subject property consists of five residential floors and an additional parking level below. The building is of wood and masonry construction and was built in 1971.

#### ELECTRICAL SERVICE

The building is fed by a 2" underground ductline from a HECO pole-mounted transformer on Wiliwili Street. The main disconnect for the building is a 2-pole 200 amp enclosed circuit breaker and is located on the exterior wall of the stairway on the Diamond Head side of the parking level. The enclosure is in good condition.

Adjacent to the building main is a meter bank with 21 meter sockets with 20 meters. Two other meters, one for the house panel and one for the heat pump, are also adjacent to the building main. Each unit panelboard has its own electrical meter and is fed through a 2-pole 40 amp circuit breaker. The service equipment appears to be in good condition.

#### SECURITY LIGHTING

The lowest level, the parking level, is lit by 4-foot fluorescent fixtures and appear to provide adequate lighting. Four metal halide fixtures have been installed,

two in the laundry area and two in the electrical service area to provide additional lighting for these areas. The front entry is lit by a wall-mounted incandescent fixture and appears to be adequate.

The stairways appear to be adequately lit. The present lighting is with wall-mounted fluorescent fixtures, using circuline fluorescent fixtures.

The elevator lobbies are provided with emergency lighting units.

#### FIRE ALARM SYSTEM

There is a central fire alarm system located next to the electrical service equipment for the building. The system is tied to pull stations and fire alarm bells on each floor in the elevator lobby. Per the resident manager, the system was inspected by the fire department every six months and no problem was found in the last inspection. Individual battery-operated smoke detectors were noted in each of the units which were inspected.

#### LAUNDRY AREA

There is a laundry area with 3 washers and 4 dryers on the Ewa side of the parking level. The individual apartments do not have laundry equipment and do not have sufficient electrical power to support the use of an electrical dryer.

#### ROOF AREA

An inspection of the roof area was made. There are five ventilator fans on the roof.

The receptacles and light fixtures were in very poor condition. None of the light fixtures had light bulbs in them. Per the building manager, tenants are not allowed on the roof area and, consequently, no lighting is required for the roof area.

There is a panelboard on the roof for the fans and lights. The panelboard appears to be in fair condition.

#### APARTMENT UNITS

Typical units were inspected. All were similar except for minor differences. The following observations were made.

The panelboard for the unit is located in the living room on the wall next to the bathroom closet. The panelboard is an eight circuit, 100 amp unit. A seven 1-pole 20 amp circuit breakers feed the branch conductors for lights and receptacles. The panelboard and the wiring at the panelboard appear to be in good condition.

The number of existing outlets in the bedrooms and the living room meets the current minimum standards. The kitchen receptacles on the counter and the receptacle in the bathroom are not GFI protected. These should be GFI protected. It was noted during the inspection that several receptacle covers were either broken or missing. These should be replaced to reduce the hazard of electrical shock.

Smoke detectors were noted in the living room and in some bedrooms. There are telephone outlets in the bedrooms and the kitchen.

Hot water is provided to the units from centrally located water heaters on the parking level. The range for the apartment units is gas operated.

#### CONCLUSIONS

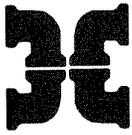
The existing electrical service is adequately sized for the present loads. Any significant additions to the present loads such as air conditioning units, however, may require an upgrading of the service.

The general condition of the building is good and with normal replacement and upkeep, a life of ten years or more can be expected.

The project complies with electrical codes in effect at the time of its construction. Some minor electrical repairs are required to reduce potential hazards.

Very truly yours,

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



**LANGE MOTONAGA, INC.**

Mechanical Engineers • 826 Kaneohe St. • Suite 305 • Honolulu, HI 96814 (808) 946-7774

Date: March 15, 1999

To: 788 Wiliwili LLC  
c/o Dr. Maher Azer Albert Azer  
904 Via Rincon  
Palos Verdes, California 90274

Project: 778 Wiliwili Condo Conversion  
Honolulu, Hawaii

Subject: Mechanical Observation Report

A cursory site observation of typical units for the above project was conducted on April 14, 1998 specifically for the observable mechanical plumbing system.

This multi story building contains one ground level of parking with five levels of apartment units above. See architectural report for unit count. This building is indicated to be about 32 years old. No existing drawings are available for use.

The observation team visited units in apartment 401 and 404 which were noted to be representative of typical unit types which were selected by the manager and architect. A typical bathroom consisted of fixtures which included old cast iron or new steel bathtub, square cast iron counter lavatory, and floor mounted tank type water closet. Some unit bathtubs were noted to have been replaced. Generally the lavatories, and water closets were old with some new bathtubs that were recently replaced. Most fixtures are obsolete and do not meet present water conservation codes.

The kitchen consisted of a gas range, and a single compartment stainless steel sink with disposal. The sink faucets and disposals noted were in fair condition and of various makes and condition. Studio units were observed with no gas range but with electric cook tops and stainless steel bar sink without disposals. No observations were intended for the gas range.

These apartments did not have clothes washers or dryers and were not designed for these appliances. A laundry area was located on the ground floor in the parking level. There were three used clothes washer and four used clothes dryers available for tenants use.

The old hot water system still remains which consist of a central four tank electric heat pump system located in the parking level. One large 360,00 BTU input, 65 gallon Rheem gas water heater seem to support the apartment building. The system observed seemed to be in fair condition and working. There were no complaints for

lack of hot water as noted by the manager. Noted the lack of insulation on the hot water piping and heater flue terminated in the room. The combustion opening for the heater room seem questionable for code compliance.

Generally the plumbing systems observed were in usable condition but old and probably will be in need of major repairs in the near future. The manager indicated sanitary piping blockages and leaks in the past were repaired and are being maintained on demand basis. Replacement or repair of plumbing fixtures, faucets and piping have been taking place on a as-need basis. The main sewer cast iron pipes located at the ceiling of the parking level have indications of a need for replacements soon. The gas water heater flue should be terminated outside of the heater room with adequate openings provided to meet the current plumbing code.

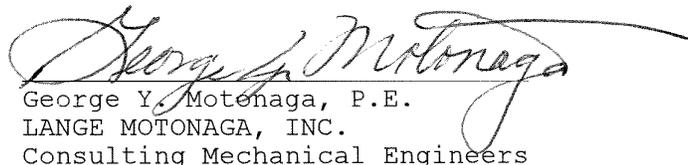
A fire hose cabinet was located in the corridor. The tags indicated that they were tested recently. A dry standpipe was noted which should also be tested by a certified fire inspector and maintained as required by code.

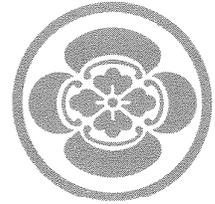
There were numerous bathroom ventilation systems each consisted of a vertical shaft with an exhaust grille in the bathroom and a power roof ventilator (PRV) located on the roof. Fire PRVs were noted on the roof. All PRVs were not functioning during our visit. These exhaust fans could be the original ones and therefore it may require major repairs or replacements. Bathroom ventilation systems needs to be functional to meet code.

All plumbing systems observed were in usable condition and functional for the intended purposes but may not meet present codes. Overall, the mechanical system maintenance for this building has been fair. Due to its age and above normal use, very high maintenance and replacements should be anticipated as it functions past the end of its economic life of 25 years. With proper management, constant maintenance and replacement, these plumbing and ventilation systems could provide many more years of useful service.

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

Submitted by:

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



WILIWILI APARTMENTS REPORT

Tax Map Key: 1<sup>st</sup> Div. 2-7-2:14  
March 15, 1999

A visit was made to the site on March 15, 1999 to note the existing conditions. In general, all improvements appear to be well maintained and in fairly good condition.

The project site is located on the Ewa-makai (southwesterly) corner of the intersection of Date and Wiliwili Streets in McCully. The site is fairly level, and is bounded on the northerly side by Date Street, Wiliwili Street to the east, and concrete walls along the westerly and southerly property lines. A concrete driveway provides vehicular access from Wiliwili Street, and concrete walkways provide pedestrian access from the streets to the building entrance on Date Street.

The ground level consist mainly of concrete pavement with much of the pavement occurring under the building. Exposed pavement is sloped to drain toward the planing areas along the periphery of the site. 17 parking stalls and 3 tandem stalls are marked. Parking for mopeds and motorcycles is also provided. Areas for building equipment and storage have been created int he northeasterly portion of the parking area by a chain link fence enclosure. A laundry area is tucked into a recess in the parking area on the Ewa side of the entrance to the building.

Existing water service is through a meter on the mauka side of the concrete driveway from a 6" main along Wiliwili Street. Fire protection is provided by an existing fire hydrant across the street on the Ewa-mauka (northwesterly) corner of the Date/Wiliwili intersection. No sewer cleanout was found.

Based on our previous experience regarding Land Surveying matters in the area, we have found that actual ground conditions do not reflect record property line data. Establishing the actual boundariers and staking the property corners will be difficult. As a result, encroachments along the perimeter, if any, cannot be accurately determined.



*Natalie K. Imata*

Natalie K. Imata  
Licensed Professional Land Surveyor  
Certificate Number 5816



**ERNEST M. UMEMOTO AIA**

**Architect, Inc.**

---

March 15, 1999

778 Wiliwili LLC  
c/o Dr. Maher Azer Albert Azer  
904 Via Rincon  
Palos Verdes, CA 90274

**Subject: 778 Wiliwili Street Condominium**  
**ARCHITECTURAL OBSERVATION REPORT**

Observation Visits were made to 778 Wiliwili Street, Honolulu, Hawaii by our team of Architect and Engineers. cursory surveys of typical units were made. There were no Construction Drawings, Permit Documents, As-Built Drawings, Operation & Maintenance Records and Repair Records to examine. No Soils Engineering, Structural Calculations, Utilities As-Builts, Asbestos Testing and Environmental Studies were made.

The Building is sound and very clean. Wear and tear especially of utilities is evident, but the Resident Manager reports no recurring problems. The Building has been well maintained with the Resident Manager not aware of any past or existing flooding, structural or other major problems. Water infiltration through the wall (makai, Koko Head corner) has been repaired and no longer is a problem. The Resident Manager has completed upgrading stairway lighting. The Fire Department has been consulted and through inspection told the Resident Manager of their requirements.

We observed the following items on the site and exterior:

1. The concrete sidewalk has cracks and uneven joints that could lead to tripping.
2. Water valve box has no cover.
3. There is no GFI outlet at the exterior laundry.
4. Exterior weatherproof enclosure GFI outlet for tenants use at the parking level was not seen.
5. The riser and tread of the stairway to the entry varies more than allowed by the current Building Code.
6. The parking area and route to entry are visible to the street.

Page 1 of 4

**778 Wiliwili Street Condominium**  
**ARCHITECTURAL OBSERVATION REPORT**  
March 15, 1999  
Page 2 of 4

7. Enter phone system provides limited security requirements.
8. The Building is not accessible per current ADA, UBC & FHA requirements.
9. There are 20 parking stalls, all compact and all except two are covered.
10. There are 3 tandem stalls, all compact and two are covered.
11. There are no loading or guest stalls.
12. The elevator does not service the ground level.
13. The trash dumpster is in a fenced utility area.
14. The utility panels are adjacent to the parking, and should be provided with better lighting for servicing.
15. the roof eaves were rusting. They were repaired and should be maintained.
16. Roofing shows no cracks.
17. Resident Manager claims that no paint or other flammables are stored in common area storage closets.

Building Interior Common Areas have the following observation items:

1. The entry door adjacent to the enter phone has a step-up higher than allowed by Code. The vestibule and stair are less than the required 3'-8" exit width. The stairs have only one handrail.
2. All mailboxes are on the 2nd Floor, Elevator Lobby.
3. Recommend that all Common Area door handles be changed to lever type.
4. Fire exit stairs are 3'-6" to 3'-9" wide. Code requires 3'-8" width.
5. The handrail does not conform to current standards and only is provided on one side without extending beyond the last riser.
6. The stairway riser and tread vary and some do not conform to current standards.
7. common Area hallways vary in width with some less than the required 3'-8" exit width.
8. The Fire Alarm Bell and Pull Alarm are mounted near one exit stairway entry. There should be another one on the other side.
9. There is a Fire Hose Cabinet on every floor.
10. Emergency Lights are located on the 2nd Floor, and Elevator Lobbies. Proper test procedures should be maintained.
11. Termite damage was seen. Termite inspections should be maintained.
12. Lighting in exit corridor deficient.

**778 Wiliwili Street Condominium**  
**ARCHITECTURAL OBSERVATION REPORT**  
March 15, 1999  
Page 3 of 4

13. The Smoke Tower Vestibule on the mauka/Ewa stairway Entry has varying widths. The railing is loose on a few locations. The opening between the pickets are larger than 5" in many instances.
14. The Smoke Tower Vestibule has been shortened by wooden storage closet with non fire-rated wall construction, finish and door in violation of fire exit corridor fire-resistive construction requirements.
15. No Fire Extinguishers were seen.
16. Smoke Detectors were not observed in Common Area. There should be a hardwire smoke detector outside each apartment entry door.
17. Elevator Emergency Phone should be maintained.
18. The Koko Head side stairway door to roof has no closer. The occupants are not allowed on the roof and the doors are locked.
19. The guardrail on the roof has openings between the pickets larger than 5" in many instances.
20. Doors and frames to storage closets and adjacent elevator lobby must have closer and be of fire-resistive construction.
21. Doors to stairs and smoke tower vestibules must no be propped open.

Apartment Units have the following observation items:

1. Smoke Detectors are of questionable location, type, adequacy of numbers and battery powered. They should be hard wired and maintained.
2. Individual units have kitchens with garbage disposal units. Units do not have capacities for installing their own air-conditioning, washer, dryer, and dishwasher units.
3. The waste sewer line has been a past problem. The system may need to be modified.
4. Guardrails have pickets spaced larger than 5" clear openings.
5. No GFI outlets in kitchen and bathroom.
6. Wood cabinets must have metal hood over range and wainscot behind range must be gypsum board finished with plastic laminate.
7. Open space at water closet less than Code requirements.
8. The ceilings are sprayed acoustic and are difficult to patch. The material has not been tested for asbestos.
9. VAT flooring and mastic has not been tested for asbestos.
10. Doors need caulking and do not have eyepiece. All entry doors have deadbolts.
11. Some door thresholds are over 1/2" high.

**778 Wiliwili Street Condominium  
ARCHITECTURAL OBSERVATION REPORT**

March 15, 1999

Page 4 of 4

12. Corridor doors which are fire-resistive elements do not have closers and often were found open. They must closed to protect fire exit in the Common Area corridors. The doors are lacking fire resistive labels on both door and frame.

The 778 Wiliwili Street Condominium Building is well-suited for the intended use as Multi-Family Residential Apartment Units. The normal wear and tear items mentioned above are to be expected. With continued maintenance and replacement of worn items, the Building will continue to serve its residents well. The safety and fire hazard items require remedial action.

Respectfully submitted,



Ernest M. Umemoto, AIA

cc: Randy Brooks, Esq.

EXHIBIT B

DEVELOPER'S RESERVED RIGHTS  
TO CHANGE CONDOMINIUM DOCUMENTS

Following is a brief summary of certain provisions in the Declaration, By-Laws and the Sales Contract, as indicated, wherein the Developer has reserved the right to change the condominium documents, including the Declaration, By-Laws and the Condominium Map:

I. DECLARATION

In paragraph R of the Declaration, the Developer reserves the right, at any time prior to the conveyance of an apartment to a buyer, to amend the Declaration and the By-Laws in any manner as the Developer may deem fit.

In paragraph T of the Declaration, the Developer reserves the right for itself and its agents, until such time as all the apartments in the Project are sold, to:

A. Grant utility and access easements and quitclaim any easements in favor of the Project which are not required for the Project. Apartment owners agree, upon request, to join in and execute any and all documents designating, granting and quitclaiming any such easements.

B. Amend the Declaration, the Condominium Map and By-Laws consistent with any grants or reservations of the Developer under the Declaration.

C. Conduct sales of apartments at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales.

D. Amend the Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any purchaser or owner of an apartment, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency.

## II. BY-LAWS

In Article II, Section 2 of the By-Laws, the Developer reserves the right to exercise the powers, vote and act for the Association and the Board on all matters until the first apartment in the Project is conveyed to a buyer (except as to those rights reserved to the Developer in paragraph T of the Declaration, which rights are reserved until all of the activities described therein have been completed).

## III. SALES CONTRACT

In paragraph 16 of the Deposit Receipt and Sales Contract, the Developer, as Seller, reserves the right to modify all documents related to the Project, including the Declaration, By-Laws, Condominium Map, Condominium Deed, Disclosure Abstract and any exhibits to such documents.

The Seller also reserves the right to change the configurations of, or to alter the number of rooms of or to decrease or increase the size of, or to change the location of any apartment in accordance with complete plans and specifications therefor prepared by a licensed architect, and to make other changes in the apartments and in the common elements, and to increase or decrease the purchase price of the Apartment or any other apartment in the Project.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE DECLARATION, THE BY-LAWS AND THE SALES CONTRACT RESPECTING THE DEVELOPER'S RESERVED RIGHTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO THE DEVELOPER'S RESERVED RIGHTS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT C

SUMMARY OF APARTMENT LEASES

As of the date of this Final Public Report, the Project is covered by a Master Lease between Hazel Sau Kau Inn Lau, Trustee of the Hazel Sau Kau Inn Lau Revocable Living Trust dated December 22, 1988, as lessor (the "Lessor"), and the Developer, as lessee. The Master Lease will be cancelled and an Apartment Lease With Restrictions and Covenants (the "Apartment Lease") will be issued from the Lessor directly to the buyer (the "Lessee") or to the Developer, who will assign the Apartment Lease to the Lessee.

Every Apartment Lease will be for a term beginning on the date of the Apartment Lease and ending on September 12, 2036.

Under each Apartment Lease, rent must be paid monthly on the first day of every month, from the date of the Apartment Lease to and including September 12, 2001, in the amounts set forth in Exhibit C-1. The rent for each of the remaining three (3) ten (10) year periods and one (1) five (5) year period must be mutually agreed upon by and between the Lessor and the Lessee. If they fail to agree, then the annual rental for any such period (payable in equal monthly installments) shall be the Lessee's proportionate share (equal to the Lessee's percentage interest in the common elements) of six percent (6%) of the then fair market value of the land on which the Project is located, exclusive of improvements and as if unencumbered by the apartment lease and all other apartment leases issued by the Lessor; provided, however, that in no event will the aggregate annual rent payable by all lessees in the Project be less than NINE THOUSAND AND No/100 DOLLARS (\$9,000.00) nor more than that payable during the immediately preceding rental period plus twenty percent (20%) thereof. Such rent is to be determined by appraisal in accordance with the Apartment Lease.

At the end of the term of the Apartment Lease, the Lessee must deliver to the Lessor the Lessee's undivided interest in the land. The Lessee, with the approval of and together with all of the other apartment owners in the Project, may during the term of the Apartment Lease, remove or dispose of the building. If the building is not removed or disposed of by the end of the term, then the Lessee and all of the other apartment owners must deliver the building to the Lessor in good order, repair and condition, reasonable wear and tear excepted.

The Apartment Lease requires that the Lessee understand, acknowledge and agree that the Lessor did not develop or construct the improvements on the land or prepare the documents for the Project. And the Lessee must acknowledge and agree that the Lessor is leasing the premises in "AS IS" condition with "ALL FAULTS". The Lessee must acknowledge and

agree that the Lessor has not made any representations or warranties about the apartment, the land or the Project, and the Lessee must release and indemnify the Lessor from and against any obligation or responsibility concerning the apartment, the land and the Project, as provided in the Apartment Lease.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN PROVISIONS CONTAINED IN THE APARTMENT LEASE. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THE APARTMENT LEASE BEFORE DECIDING TO PURCHASE AN APARTMENT IN THE PROJECT.

EXHIBIT C-1

Monthly Lease Rents to September 12, 2001

<u>Apartment No.</u>	<u>% Common Interest</u>	<u>Monthly Lease Rent</u>
201	4.46	\$33.45
202	5.91	\$44.33
203	5.91	\$44.33
204	3.96	\$29.70
301	3.86	\$28.95
302	5.91	\$44.33
303	5.91	\$44.33
304	3.96	\$29.70
401	4.46	\$33.45
402	5.91	\$44.33
403	5.91	\$44.33
404	3.96	\$29.70
501	3.86	\$28.95
502	5.91	\$44.33
503	5.91	\$44.33
504	3.96	\$29.70
601	4.46	\$33.45
602	5.91	\$44.33
603	5.91	\$44.33
604	3.96	\$29.70

## EXHIBIT D

### SPECIAL USE RESTRICTIONS

The following provisions in the Declaration and By-Laws, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

#### I. DECLARATION

Pursuant to paragraph J of the Declaration, each apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The apartments shall not be rented by the apartment owners thereof for transient or hotel purposes, as defined in the Declaration. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. No apartment owner shall enter into any arrangement with any other apartment owner whereby any rental pool of apartments or other sharing of rental income from apartments is created. Other than the foregoing restrictions, the apartment owners shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws.

#### II. BY-LAWS

Article VIII, Section 4 of the By-Laws lists a variety of restrictions affecting the use of the apartments and common elements, including, without limitation, restrictions as to the posting of advertisements, posters or other signs on or about the Project; noise; disposal of garbage; uses which may cause an increase in the ordinary premium rates or cancellation or invalidation of any insurance maintained by or for the Board; noxious or offensive activities; the storage of furniture, packages or other objects which could obstruct transit through the common elements; the alteration or removal of any furniture belonging to the Association; the construction or placement in the Project of any building or structure; the alteration of any common elements of the Project; installation or maintenance of any television or other antennas in the Project visible from any point outside of the Project; and the keeping of pets.

### III. HOUSE RULES

Section A of the House Rules lists restrictions affecting the apartments, including, without limitation, restrictions as to the exterior appearance of the apartments (i.e., prohibitions against attaching or hanging awnings, venetian blinds, window guards, planters, garments and other objects to the exterior of the apartments); noise; the keeping of pets; disposal of rubbish; the keeping of explosives or other flammable, noxious materials; and the conduct of guests.

Section B of the House Rules lists restrictions affecting the common and limited common elements of the Project, including, without limitation, restrictions as to soliciting for sales of goods and services; the storage of surfboards and bicycles; the alteration or removal of the furniture made available in the common areas; obstructing access in the Project; litter; the conduct of children; removal, picking or transplanting of any of the Project landscaping; and use of the laundry area and facilities.

Section C of the House Rules lists general restrictions affecting the Project, including, without limitation, restrictions as to creating any hazards in the Project; waterbeds; hazardous materials; fireworks; and renting of the apartments.

Section D of the House Rules lists restrictions affecting vehicles in the Project, including, without limitation, prohibitions against the washing and cleaning of cars and motorcycles; storage of personal items in the parking stalls; movement of vehicles while in the Project; parking which may impede or prevent ready access to any entrance or to any exit from the Project by another vehicle; and repairing automobiles or motorcycles in the Project.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN USE PROVISIONS STATED IN THE DECLARATION, BY-LAWS AND HOUSE RULES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE USE-RELATED PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT E

DESCRIPTION OF APARTMENTS

Apartments 201, 401 and 601 in the Project consist of two (2) bedrooms, two (2) bathrooms, a den, a living/dining area and a kitchen.

Apartments 202, 302, 402, 502 and 602 in the Project consist of three (3) bedrooms, three (3) bathrooms, a living/dining area and a kitchen.

Apartments 203, 303, 403, 503 and 603 in the Project consist of three (3) bedrooms, three (3) bathrooms, a living/dining area and a kitchen.

Apartment 204, 304, 404, 504 and 604 in the Project consist of two (2) bedrooms, two (2) bathrooms, a living/dining area and a kitchen.

Apartment 301 and 501 in the Project consist of two (2) bedrooms, two (2) bathrooms, a living/dining area and a kitchen.

Each apartment has appurtenant to such apartment as a limited common element, the lanai(s) immediately adjacent thereto as shown on the Condominium Map. The apartment number, approximate net living area, lanai area and percentage common interest of each of the apartments are set forth in Exhibit E-1 attached hereto and made a part hereof.

EXHIBIT E-1

<u>Apt. No.</u>	<u>Approximate Net Living Area (Sq. Ft.)</u>	<u>Approximate Lanai Area (Sq. Ft.)</u>	<u>Parking Space(s) *</u>	<u>Percentage Common Interest</u>
201	887	54	18C	4.46
202	1,177	110	19C	5.91
203	1,177	110	20C	5.91
204	788	54	15C	3.96
301	767	54	11CT/23CT	3.86
302	1,177	110	12CT/22CT	5.91
303	1,177	110	13CT/21CT	5.91
304	788	54	14C	3.96
401	887	54	16C	4.46
402	1,177	110	17C	5.91
403	1,177	110	1C	5.91
404	788	54	2C	3.96
501	767	54	3C	3.86
502	1,177	110	4C	5.91
503	1,177	110	5C	5.91
504	788	54	6C	3.96
601	887	54	7C	4.46
602	1,177	110	8C	5.91
603	1,177	110	9C	5.91
604	788	54	10C	3.96

\*All stalls are compact size; stalls 11CT/23CT, 12CT/22CT and 13CT/21CT are tandem; and stalls 12CT/22CT, 13CT/21CT, 14C, 15C, 16C, 17C, 18C, 19C and 20C are covered and the remaining stalls are uncovered or partially covered.

EXHIBIT F

PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws permit alterations to the apartments as follows:

I. DECLARATION

Paragraph P of the Declaration provides that except as otherwise provided in the Declaration, rebuilding, restoration or replacement of the Project, or construction of any additional building or structural alteration or addition to any building different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) or more of the apartment owners, accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file 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.

Any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment which do not alter the characteristics of such apartment or limited common element, shall require the written consent and approval of the apartment owner's plans therefor only by the holders of all liens affecting such apartment (if the lien holders require such consent and approval) and the Board, and such alterations or additions may be undertaken without an amendment to the Declaration or the filing of a complete set of floor plans of the Project so altered.

No owner shall install any solar energy devices or make any addition or alteration in or to such owner's apartment which may affect the common elements or change the exterior appearance of the Project, without the prior written consent thereto of the Board.

II. BY-LAWS

Article VIII, Section 3(A) of the By-Laws provides that additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board, except as provided for in the Declaration.

THIS EXHIBIT CONTAINS EXCERPTS OF THE PROVISIONS  
CONTAINED IN THE DECLARATION AND THE BY-LAWS RESPECTING PERMITTED  
ALTERATIONS TO THE APARTMENTS. PROSPECTIVE OWNERS SHOULD READ  
AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO PERMITTED  
ALTERATIONS CONTAINED IN THE AFORESAID DOCUMENTS.

## EXHIBIT G

### PARKING

There are seventeen (17) compact parking stalls of which seven (7) are covered and ten (10) are uncovered or partially covered, and three (3) tandem compact parking stalls of which two (2) are covered and one (1) is uncovered. Each of the twenty (20) apartments in the Project has appurtenant to such apartment as a limited common element the parking space designated in Exhibit "B" to the Declaration and Exhibit E-1 above. There are no guest parking stalls.

The Condominium Property Act (Chapter 514A, Hawaii Revised Statutes) provides that owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the Declaration and the respective apartment deeds or condominium conveyance documents involved, which said amendment need only be signed and approved by the owners of the apartments whose parking stalls are being changed, their respective mortgagees, if any, and the condominium conveyance document lessor, if applicable.

The House Rules contain specific provisions concerning vehicles and parking, which owners should thoroughly understand. The provisions cover restrictions relating to, without limitation, vehicle registration by residents with the Board of Directors or Managing Agent, washing of vehicles, storage of personal items in parking stalls, and avoidance of access problems caused by vehicles. The House Rules also address particular problems such as tow-away for unauthorized parking and operation of vehicles while in the Project. Nuisances created by repairs, maintenance, noise and improper or unsafe vehicle operating conditions are prohibited. Owners will be held responsible for violations of parking rules by their lessees, renters or guests.

## EXHIBIT H

### DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### I. COMMON ELEMENTS

Paragraph E of the Declaration describes the common elements as all portions of the land and improvements (other than the apartments), the land on which the building is located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements include, but are not limited to the following:

1. The land described in Exhibit "A".
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surfaces within each apartment), roofs, corridors, stairways, walkways, entrances and exits of the building.
3. All yards, grounds, planters, planting areas, landscaping, refuse and like facilities.
4. All driveways, parking area entryways and exitways, and the seventeen (17) compact parking stalls and three (3) tandem compact parking stalls designated on the Condominium Map.
5. The elevator, elevator pit, elevator machine room, laundry area, utility area, all mechanical rooms, electrical transformer boxes, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television and cable lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all boilers, tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the building for common use.
6. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment.

#### II. LIMITED COMMON ELEMENTS

Paragraph F of the Declaration describes the limited common elements as certain parts of the common elements which are set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The

limited common elements so set aside for each apartment are as follows:

1. The parking stall(s) designated for each of the apartments in Exhibit "B";
2. One (1) mailbox located on Floor 2, elevator lobby, bearing the same number as the number of the apartment; and
3. The lanai(s) and lanai railing(s) immediately adjacent to such apartment, as shown on the Condominium Map, for its exclusive use and enjoyment, and containing the square footage(s) described in Exhibit "D-1" above.

Notwithstanding any provision in the Declaration or in the By-Laws to the contrary, all costs of every kind pertaining to each limited common element, including but not limited to, costs of maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner(s) of the apartment(s) to which it is appurtenant. Expenses which are attributable to more than one limited common element shall be allocated between or among the affected limited common elements on a pro rata basis. Any expense which cannot be separately identified or attributed to a limited common element shall be charged as a common expense.

EXHIBIT I

ENCUMBRANCES AGAINST TITLE

1. Lease dated December 20, 1971, by and between Hazel Sau Kau Inn Lau, wife of Wilson Lau, as lessor, and Victor Kwai Beu Young, husband of Betty Higashi Young, as lessee, filed as Land Court Document No. 563849. The lessee's interest under said Lease was by mesne assignments assigned to 778 Wiliwili LLC, a Hawaii limited liability company, by instrument dated August 17, 1998, filed as Land Court Document No. 2478602. Consent given by Hazel Sau Kau Inn Lau, Trustee of the Hazel Sau Kau Inn Lau Revocable Living Trust dated December 22, 1988, by instrument dated August 17, 1999, filed as Land Court Document No. 2478603.

Said Lease is subject to the following:

(A) Mortgage, Security Agreement and Financing Statement dated October 28, 1987, filed as Land Court Document No. 1510883.

(B) Assignment of Lessor's Interest in Leases dated October 28, 1987, recorded in Liber 21341 at Page 39.

2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Condominium Property Regime for 778 Wiliwili, dated March 10, 1999, filed as Land Court Document No. 2529895. (Condominium Map No. 1288)
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners of 778 Wiliwili, dated March 10, 1999, filed as Land Court Document No. 2529897.
4. Any unrecorded leases and matters arising from or affecting the same.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey or archaeological study would disclose.
6. For real property taxes due and payable, refer to Director of Finance, City and County of Honolulu.

EXHIBIT J

CONSTRUCTION WARRANTIES

Paragraphs 7 and 8 of the Deposit Receipt and Sales Contract used in connection with the Project provide as follows:

7. APARTMENT BEING SOLD "AS IS" WITH "ALL FAULTS". The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that neither Seller nor Lessor will correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

8. DISCLAIMER OF WARRANTIES.

(a) No Warranties. Buyer understands and agrees that both Seller and Lessor are disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" with "ALL FAULTS". Without limiting the generality of the foregoing, neither Seller nor Lessor will be liable to Buyer for any construction or other defects (including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein) or for any other aspects of the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller or Lessor for any defects or other matters later discovered by Buyer. Buyer should have the Apartment and the Project inspected to Buyer's satisfaction.

(b) Hazardous Materials and Condition of Project. Except as described in paragraph 6(c) above, neither Seller nor Lessor has made any independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated

biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that in light of the age of the buildings in the Project, there is asbestos and there may be other hazardous substances in the apartments, or in, under or around the Project. Because of the presence of asbestos and possible presence of other hazardous substances, Buyer should have the apartments and the Project inspected to determine the extent of such contamination and any necessary remedial action. Neither Seller nor Lessor will correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller and Lessor from any liability to Buyer if any hazardous materials are discovered.

THIS EXHIBIT CONTAINS EXCERPTS OF PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT RESPECTING CONSTRUCTION WARRANTIES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AFORESAID DOCUMENT RELATING TO SUCH WARRANTIES.

EXHIBIT K

SUMMARY OF PERTINENT  
PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract (the "Contract"), with the Hawaii Real Estate Commission, which contains certain pertinent provisions summarized as follows:

Buyer's Acknowledgments. Buyer acknowledges that Buyer will examine and carefully read (or waive such examination and reading) prior to closing, a copy of the recorded Declaration, By-Laws and Condominium Map for the Project, the Final Public Report, the Disclosure Abstract, the form of Apartment Lease, the Condominium Escrow Agreement and all amendments to such documents, true copies of which are filed in the Office of the Commission and are available for Buyer's examination at the office of Seller's real estate broker. By signing the Apartment Lease, Buyer will be deemed to have approved all of the foregoing documents.

Cancellation Rights. In addition to any other rights of cancellation or termination reserved to Seller, if (a) Buyer's initial deposit check is returned for insufficient funds, or (b) Seller is unable to sell at least fifty percent (50%) of the apartments in the Project on or before three (3) months from the date the Final Public Report for the Project is issued, THEN, in any such event, Seller reserves the right to return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses. Until Seller so elects to cancel the Contract, it shall remain in full force and effect. If Buyer (or any one of them if Buyer is more than one person) should die prior to closing, then either Buyer or Seller has the right to cancel this Contract, and upon such cancellation, Seller will return Buyer's check or payment, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses. Until either party so elects to cancel the Contract, it shall remain in full force and effect.

Buyer's Right To Rescind. Buyer has the right to rescind the Contract under the following terms:

(a) Except for any additions, deletions, modifications and reservations made pursuant to the terms of the Declaration, if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) Buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for Buyer's use, Buyer shall have the right to rescind the sale and to receive a prompt and full refund of any monies paid. Buyer's right of rescission is waived upon satisfaction of certain specified conditions.

Default. If Buyer defaults in any payment when required or fail to perform any other obligations required of Buyer and shall fail to cure such default within ten (10) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate the Contract by written notice to Buyer. In the event of such default, the sums paid by Buyer prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for the preparation of documents in connection with Buyer's proposed purchase of the apartment. Seller may also pursue any other remedy at law or in equity for specific performance, damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

If Seller defaults in the performance of any obligation required of Seller under the Contract, Buyer shall be entitled to specific performance of the Contract or Buyer shall have the right to cancel the Contract. In the event of such cancellation, Seller shall repay to Buyer all sums paid by Buyer to Seller or Escrow Agent, and, in addition, Seller shall pay Buyer ONE HUNDRED AND NO/100 DOLLARS (\$100.00) as liquidated damages for Seller's default. Buyer expressly waives any other right or remedy against Seller.

THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE SALES CONTRACT.

EXHIBIT L

SUMMARY OF PERTINENT  
PROVISIONS OF ESCROW AGREEMENT

The Condominium Escrow Agreement (the "Escrow Agreement"), executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and 778 Wiliwili LLC, as Owner, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

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

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

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

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended; or

(e) Owner and purchaser shall have requested Escrow in writing and any one of the following events has occurred:

(i) no sales contract has been offered to the purchaser who has been placed on the Owner's reservation list of owner-occupant applicants; or

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his apartment within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Owner is limited to selling to owner-occupants; or

(iii) the purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(iv) the purchaser indicates an intent not to become an owner-occupant of such apartment.

No disbursement of purchasers' funds held in escrow shall be made unless and until the apartment deed relating to the disbursements has been recorded.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE CONDOMINIUM ESCROW AGREEMENT. PROSPECTIVE BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AGREEMENT.