

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer MICHAEL CHEN, CAI CHANG XIAO, YIN FENG ZHENG, and ANNIE ZHENG
Address 751 Olokele Avenue, Honolulu, Hawaii 96816

Project Name (*): 751 OLOKELE AVENUE
Address: 751 Olokele Avenue, Honolulu, Hawaii 96816

Registration No. 4512
(Conversion)

Effective date: July 30, 2001
Expiration date: August 30, 2002

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

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit G Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: MICHAEL CHEN & CAI CHANG XIAO Phone: (808) 735-2082
Name* (Business)
751 Olokele Avenue, "A", Honolulu, HI 96816
Business Address

YIN FENG ZHENG & ANNIE ZHENG Phone: (808) 735-0177
Name (Business)
751 Olokele Avenue, "B", Honolulu, HI 96816
Business Address

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Real Estate
Broker*: No sale intended. See pages 5a and 20. Phone: _____
Name (Business)

Business Address

Escrow: See page 5a Phone: _____
Name (Business)

Business Address

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

Business Address

Condominium
Managing
Agent*: Self-managed by Association Phone: _____
Name of Apartment Owners (Business)

Business Address

Attorney for
Developer: Harold Chu, Attorney at Law, Phone: (808) 523-7544
A Law corporation (Business)
Name
1001 Bishop St., Ste. 1570, Pacific Tower
Business Address
Honolulu, Hawaii 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

No Sales contemplated. The Developer does not intend to sell either unit in the near future. See page 20 for additional information.

Escrow: Developer does not intend to sell either Unit in the Project. Section 514A-40 of the Condominium Property Act requires an executed escrow agreement if purchaser's funds are to be used for construction. This is a conversion of existing dwellings so construction is complete, and there will be no purchaser's funds because there are to be no sales. Section 514A-65 requires that if a purchaser's funds are received prior to receipt of a final public report that they are to be deposited in an escrow account. This is an application for an effective date for a Final Public Report and because the Units will not be sold, there will be no purchaser's funds in any case. Finally, Section 514A-67 requires that if apartments are conveyed prior to completion of construction in order to finance construction, that purchaser's funds are to be deposited in an escrow account. This project is not under construction and no units have been or will be sold. For these reasons, Developer is not required to enter into an escrow arrangement and has not done so. If a Unit is sold at any time in the future Developer will open a standard commercial residential escrow.

**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. 2000-049368
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3067
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2000-049369
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>N/A</u>

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

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules except as provided in paragraph E 1 above.

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

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: 751 Olokele Avenue Tax Map Key (TMK): (1) 2-7-35:33
Honolulu, Hawaii 96816

Address TMK is expected to change because _____

Land Area: 3,669 square feet acre(s) Zoning: A-2

Fee Owner:	<u>MICHAEL CHEN & CAI CHANG XIAO</u>	<u>YIN FENG ZHENG & ANNIE ZHENG</u>
	Name	Name
	<u>751 Olokele Avenue, "A"</u>	<u>751 Olokele Avenue, "B"</u>
	Address	Address
	<u>Honolulu, Hawaii 96816</u>	<u>Honolulu, Hawaii 96816</u>

Lessor: N/A
 Name _____
 Address _____

C. **Buildings and Other Improvements:**

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: Unit A - 2 floors
Unit B - 1 floor
 Exhibit _____ contains further explanations.

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

4. Uses Permitted by Zoning:

	<u>No. of</u>		<u>Use Permitted By Zoning</u>	
	<u>Apts.</u>			
<input checked="" type="checkbox"/> Residential	<u> 2 </u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Commercial	_____	<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"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

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

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

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: Apt A:1 Trash Chutes: _____

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Apt A</u>	<u>1</u>	<u>3/1</u>	<u>745</u>	_____	_____
<u>Apt B</u>	<u>1</u>	<u>2/1</u>	<u>590</u>	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

* 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:

1. All perimeter walls, floors, foundations and roofs of each building.
2. All pipes, wires, conduits, or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one apartment.
3. The outdoor parking pad to Apartment A.
4. The outdoor parking pad to Apartment B.

Permitted Alterations to Apartments:

Apartment owner may renovate, remodel, make additions to, remove or restore his or her own unit.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement. (Developers are owner-occupants)

7. Parking Stalls:

Total Parking Stalls: 2

	<u>Regular</u> <u>Covered Open</u>	<u>Compact</u> <u>Covered Open</u>	<u>Tandem</u> <u>Covered Open</u>	TOTAL
Assigned (for each unit)	<u>1</u>			<u>2</u>
Guest				
Unassigned				
Extra for Purchase				
Other: _____				
Total Covered & Open:	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</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 _____ 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: _____

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 H

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 (Apt A) </u>	<u> X (Apt B)* </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 C .

as follows:

* See Exhibit I

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

The areas beneath and immediately adjacent to the dwelling as shown on the condominium map. Areas referenced herein are not legally subdivided lots.

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

described in Exhibit _____.

as follows:

<u>Apt. No.</u>	<u>Common Interest</u>
A	50%
B	50%

- 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 D describes the encumbrances against the title contained in the title report dated October 17, 2000 and issued by First American Long & Melone Title Company, Ltd.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should the lender terminate Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.

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:

There are no warranties on Apartment A or Apartment B.

2. Appliances:

There are no warranties for the appliances in Apartments A and B.

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

Apartment A was built in 1938. Apartment B was built in 1938.

H. Project Phases:

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated (No sales contemplated) (See page 5a)
Exhibit _____ 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. (An Escrow Agreement will be provided if there is a sale.)
 - 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. 4512 filed with the Real Estate Commission on August 24, 2000.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

Disclosure that no sales are contemplated, that the developer(s) are owner-occupants. The developer(s) have signed a statement that they will not be selling either unit and units are for estate planning purposes only. (See page 20a)

Disclosure regarding selection of Real Estate Broker: Because no sales are contemplated, the Developer(s) have not selected a real estate broker for the sales of apartments in this project.

In the event the developer(s) chooses to use a real estate broker for the sale of an apartment, prior to entering into a binding contract for such sale, the Developer shall **(1)** submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and **(2)** provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

STATEMENT

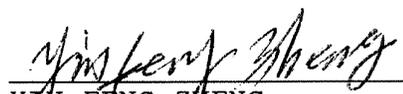
The following are all the owners of that property situated at 751 Olokele Avenue, Honolulu, Hawaii. We are the owners of the property and have submitted this property to be registered as 751 Olokele Avenue Condominium, Registration No. 4512.

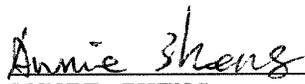
We acquired the property jointly. Since we are separate families, we are establishing the condominium property regime so we can each own our designated property separately for estate planning purposes.

The following signatures are the signatures of all the people who are on title to the subject property.

 1/21/01
MICHAEL CHEN Date

 1/21/01
CAI CHANG XIAO Date

 1/21/01
YIN FENG ZHENG Date

 1/21/01
ANNIE ZHENG Date

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

MICHAEL CHEN, CAI CHANG XIAO, YIN FENG ZHENG, ANNIE ZHENG

Printed Name of Developer

	Duly Authorized Signatory*	DATE
By:	<u><i>Michael Chen</i></u>	<u>October 23, 2000</u>
By:	<u><i>Cai Chang Xiao</i></u>	<u>October 23, 2000</u>
By:	<u><i>Yin Feng Zheng</i></u>	<u>October 23, 2000</u>
By:	<u><i>Annie Zheng</i></u>	<u>October 23, 2000</u>

Developers

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

STATEMENT OF REGISTERED PROFESSIONAL ENGINEER
AS TO CONDITION OF
STRUCTURE AND MECHANICAL/ELECTRICAL INSTALLATIONS

T.M.K. (1) 2-7-35:33 (por)

"751 OLOKELE AVENUE"

CONDOMINIUM PROJECT

The undersigned hereby declares that he has made a visual observation of the 2 buildings at 751 Olokele Avenue, Honolulu, Hawaii 96816, a proposed conversion into a condominium project, and makes the following report:

1. There was no visible evidence of unstable structural components;
2. The mechanical installation consisted of water and sewer lines. All supply piping, valves, and waste piping observed, appeared to be in operating condition.
3. The electrical installation, including meter boxes, circuit breakers, and installations within the individual units appeared to be in operating condition.

DATED: Honolulu, Hawaii; NOV 12 1999.



 A. E. F. WUNG
 Registered Professional Engineer
 License No. 1469-S

STATE OF HAWAII)
) SS;
 CITY AND COUNTY OF HONOLULU)

On this 12th day of November 1999,
 1999, before me personally appeared A. E. F. WUNG, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

5



 Notary Public, State of Hawaii
 Print Name: MARIE L. BERRY
 My commission expires: 11-19-99

EXHIBIT "B"
DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.co.honolulu.hi.us



JEREMY HARRIS
MAYOR

RANDALL K. FUJIKI, AIA
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

2000/CLOG-5519(RLK)

December 7, 2000

Mr. Harold Chu
Attorney at Law
A Law Corporation
1001 Bishop Street
Suite 1570, Pacific Tower
Honolulu, Hawaii 96813

RECEIVED
DEC 14 2000

HAROLD CHU
Attorney-at-Law

Dear Mr. Chu:

Subject: Condominium Conversion Project
751 Olokele Avenue
Honolulu, Hawaii 96816
Tax Map Key: 2-7-35: 33

This is in response to your letter dated October 11, 2000 requesting verification that the structures at the above-mentioned address met all applicable code requirements at the time of construction.

Investigation revealed that the two-story single-family detached dwelling and the one-story single-family detached dwelling with four all-weather surface off-street parking spaces met all applicable code requirements when they were constructed in 1959, and moved in 1953, respectively, on this 3,669-square-foot A-2 Medium Density Apartment zoned lot. The one-story structure is nonconforming because it does not meet the 10-foot front yard requirement.

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

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

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record.

Mr. Harold Chu
Page 2
December 7, 2000

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

Sincerely yours,

A handwritten signature in black ink, appearing to read 'R. Fujiki', written in a cursive style.

RANDALL K. FUJIKI, AIA
Director of Planning and Permitting

RKF:ft
g:\cso\olokele.cnv

EXHIBIT "C"

DESCRIPTION OF COMMON ELEMENTS

1. The land is fee simple as described in the Declaration of Condominium Property Regime.
2. All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve the apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.
3. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

1. Real property taxes due and payable. For more information contact City and County of Honolulu, Department of Finance, Real Property Tax Assessment.
2. Reservation of title to all mineral and metallic mines in favor of the State of Hawaii.
3. Reservation unto Albert Francis Judd and Bishop Trust Company, Limited, Trustees under Deed of Trust made by Charlotte Kahaloipua Iaukea, as reserved in Deed dated May 18, 1937, recorded in Liber 1390, Page 1.
4. Mortgage dated March 5, 1996, executed by Michael Chen and Cai Chang Xiao, husband and wife, and Yin Feng Zheng and Annie Zheng, husband and wife, as Mortgagor, in favor of International Savings and Loan Association, Limited, as Mortgagee, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 96-031834.
5. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by-laws set forth in the Declaration of Condominium Property Regime dated August 26, 1999, recorded as Document No. 2000-049368.
6. Condominium Map No. 3067 filed in the Bureau of Conveyances, State of Hawaii.
7. By-Laws of the Association of Apartment Owners of 751 Olokele Avenue dated March 27, 2000, and recorded as Document No. 2000-049369.
8. Saving and excepting, therefrom, 1,481 square feet conveyed to the City and County of Honolulu, by Deed dated March 3, 1953, recorded in the Bureau of Conveyances in Book 2678, Page 373.

EXHIBIT "E"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
A	0	0
B	0	0

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL \$0 \$0

I, MICHAEL CHEN, CAI CHANG XIAO, YIN FENG ZHENG AND ANNIE ZHENG, as agent for/and/or employed by _____, the condominium managing agent/developer for the 751 OLOKELE AVENUE condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

<u><i>Yin Feng Zheng</i></u>	<u>October 23, 2000</u>
<u><i>Annie Zheng</i></u>	<u>October 23, 2000</u>
<u><i>Yin Feng</i></u>	<u>October 23, 2000</u>
<u><i>Cai Chang Xiao</i></u>	<u>October 23, 2000</u>
Signature	Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT F

SUMMARY OF SALES CONTRACT

The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

1. A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.
2. That a buyer's deposits will be held in escrow until the sales contract is closed or cancelled.
3. That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. That in the event of default:
If buyer defaults:
 - (1) Seller may bring an action for breach of contract;
 - (2) Seller may retain the deposits as liquidated damages;
 - (3) Buyer is responsible for any costs incurred under the sales contract.If Seller defaults:
 - (1) Buyer may bring an action for breach of contract;
 - (2) Buyer may bring an action for specific performance;
 - (3) Seller is responsible for any costs incurred under the sales contract.

The prevailing party is entitled to recover all costs incurred including reasonable attorney's fees. Escrow fees incurred shall be deducted before disbursement to the prevailing party.

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

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

- (a) Escrow will collect payments due pursuant to the sales contract.
- (b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.
- (c) Escrow will let buyers know when payments are due.
- (d) Escrow will not disburse funds until it is notified by seller that a final public report has been issued and a copy has been given to the buyer.
- (e) A buyer's funds will be refunded without interest, less a cancellation fee if buyer cancels the sales contract and either the seller requests that buyer's funds be returned prior to issuance of the final public report, or buyer's funds were obtained prior to the issuance of the final public report and buyer decides to cancel their reservation prior to receipt of the final public report.
- (f) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.
- (g) Escrow will arrange for and supervise the signing of all necessary documents.
- (h) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

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

EXHIBIT H

DISCLOSURE ABSTRACT

1. a. PROJECT: 751 OLOKELE AVENUE
751 Olokele Avenue
Honolulu, Hawaii 96816
- b. DEVELOPERS: Michael Chen
Cai Chang Xiao
751 Olokele Avenue, "A"
Honolulu, Hawaii 96816

Yin Feng Zheng
Annie Zheng
751 Olokele Avenue, "B"
Honolulu, Hawaii 96816
- c. MANAGING AGENT: None. Project will be self-managed.

2. Estimated Maintenance Fee Assessments and Disbursements.

Maintenance Fees: The routine maintenance and repair of each apartment unit, including all utility charges, is the sole responsibility of each owner. The breakdown of annual maintenance fees and monthly estimate for each apartment has been based on generally accepted accounting principles and is attached as Exhibit E.

Individual Insurance: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the Project's improvements. It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and name the Association as an additional insured. As such, the premiums on said policies will be the individual responsibility of each apartment owner rather than a common expense of the Association. Purchasers should be aware that the premiums for said fire insurance will vary depending upon the insurance company and the coverage. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association shared by the apartment owners.

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

Purchasers are advised that Apartment "A" is a two-story existing structure. Said building was constructed in 1938 and as such was subject to "wear and tear" commensurate with its age. NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO SAID APARTMENT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE APARTMENT THEY DESIRE TO BUY. THE APARTMENT IS SOLD "AS IS".

Purchasers are advised that Apartment "B" is a two-story existing structure. Said building was constructed in 1938 and as such was subject to "wear and tear" commensurate with its age. NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO SAID APARTMENT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE APARTMENT THEY DESIRE TO BUY. THE APARTMENT IS SOLD "AS IS".

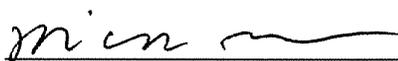
4. Use of Apartments. The 751 OLOKELE AVENUE condominium project will consist of two (2) apartments which will be used for residential purposes by the Owners, their tenants, servants, guests and invitees and for no other purpose.

5. Structural Components and mechanical and Electrical Installations.

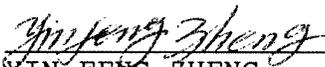
Based on a visual inspection report prepared by a licensed architect (a copy of said report is attached as Exhibit A to this public report), it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of Apartments 1 and 2 appear to be sound and in satisfactory working condition. However, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IF ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF APARTMENTS 1 AND 2.

6. Code Violations. To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or municipal regulations of the City and County of Honolulu.

DATE: October 23, 2000


MICHAEL CHEN


CAI CHANG XIAO


YIN FENG ZHENG

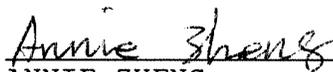

ANNIE ZHENG

EXHIBIT "I"

EFFECT OF NON-CONFORMANCE FOR PURCHASER

The Department of Planning and Permitting has determined that Apartment B is non-conforming because it does not meet the 10 ft. front yard requirement.

In the event this one structure is destroyed and has to be rebuilt, it must meet the 10 ft. front yard requirement.

At this time, no variance or special permits have been granted to allow deviation from any applicable codes. The Developer makes no warranty as to whether a variance or special permits could be obtained.