

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: The Royal Palm Investment Company, LLC
Address: 2425 Kuhio Avenue, Honolulu, Hawaii 96815

Project Name(\*): THE ROYAL PALM AT WAIPIO - PHASE IV
Address: 94-539 Puahi Street, Waipahu, Hawaii 96797
(Conversion)

Registration No. 4871 Effective date: July 26, 2002
Expiration date: August 26, 2003

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 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

(\*)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.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800

**Disclosure Abstract:** Separate Disclosure Abstract(s) on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

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

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL NOTES**

N/A



EXHIBIT M: Breakdown of Maintenance fees for Phase IV respectively  
EXHIBITS N, N-1 Engineers' Reports  
and N-2:

### **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 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: The Royal Palm Investment Company, LLC Phone: (808) 924-1400  
 Name\* (Business)  
2425 Kuhio Avenue  
 Business Address  
Honolulu, Hawaii 96815

Names of officers or general partners of developer 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):

Manager:	<u>Bay West Royal Palm, LLC, a Virginia</u>	Managing	<u>Jonathan McManus</u>
	<u>limited liability company</u>	Member:	<u>Bay West</u>
	<u>2416 Polk Street</u>		<u>2425 Kuhio Avenue</u>
	<u>San Francisco, California 94109</u>		<u>Honolulu, Hawaii 96815</u>

Real Estate Broker\*: Properties Unlimited, Inc. Phone: (808) 487-3855  
 Name (Business)  
4510 Salt Lake Blvd., B-4  
 Business Address  
Honolulu, Hawaii 96818-3154

Escrow: Old Republic Title and Escrow of Hawaii, Ltd. Phone: (808) 566-0100  
 Name (Business)  
733 Bishop Street, Suites 2600 & 2700  
 Business Address  
Honolulu, Hawaii 96813

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

Condominium Managing Agent\*: Certified Management, Inc. Phone: (808) 836-0911  
 Name (Business)  
3179 Koapaka Street, 2nd Floor  
 Business Address  
Honolulu, Hawaii 96819-1927

Attorney for Developer: Imanaka Kudo & Fujimoto Phone: (808) 521-9500  
 Name (Business)  
745 Fort Street, 17<sup>th</sup> Floor  
 Business Address  
Honolulu, Hawaii 96813  
 Attn: Richard T. Asato, Esq.

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

**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 Nos. 2824586 & 2824587

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. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 1492

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

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

The Bylaws for this condominium are:

- Proposed  
 Recorded -Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2824588

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 requirement for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	67%	<u>67%</u>
House Rules	---	<u>By a majority of the 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 A

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:  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 Subleasehold:

**Leases for 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): \_\_\_\_\_

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: 94-539 Puahi Street Tax Map Key (TMK) : (1) 9-4-115:040  
Waipahu, Hawaii 96797

Address  TMK is expected to change because Not Applicable

Land Area: 185,875 [X] square feet [ ] acre(s) Zoning: A-1

Fee Owner: The Royal Palm Investment Company, LLC  
 Name  
2425 Kuhio Avenue  
 Address  
Honolulu, Hawaii 96815

Fee Owner: Jerry Lynch (as to apartments 2-B, 2-C, 2-D, 3-A, 3-B, 3-C and 3-D)  
 Name  
2425 Kuhio Avenue  
 Address  
Honolulu, Hawaii 96815

Lessor: N/A  
 \_\_\_\_\_  
 \_\_\_\_\_

**C. Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion

2. Number of Buildings: 12 residential bldgs. and 1 Maintenance Unit Floors Per Building 1 or 2

Exhibit B contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>104</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:

[X] Pets: Pets are permitted as set forth in the House Rules. Certified seeing eye dogs, certified signal dogs and certified service dogs for physically impaired persons are permitted.

[ ] Number of Occupants: \_\_\_\_\_

[X] Other: See Exhibit C

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 (per 4-plex), 4 (per 8-plex) and 4 (per 12-plex) Trash Chutes: N/A

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Living Area (sf)*</u>	<u>Other Area (sf) (lanai/patio)</u>	<u>(Identify)</u>
See Exhibit E-1					

Total Number of Apartments: 104

**\*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:

See Exhibit D

Permitted Alterations to Apartments:

See Exhibit D

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 will provide the information in a published announcement.

7. Parking Stalls:

Total Parking Stalls: 172

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	<u>0-2</u>	<u>0-2</u>	—	—	—	—	<u>172</u>
Guest	—	—	—	—	—	—	<u>0</u>
Unassigned	—	—	—	—	—	—	<u>0</u>
Extra for Purchase	—	—	—	—	—	—	—
Other: _____	—	—	—	—	—	—	—
Total Covered & Open:	<u>172</u>		<u>0</u>		<u>0</u>		<u>172</u>

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

- Commercial parking garage permitted in condominium project.  
 Exhibits E and E-1 contain additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.  
 Swimming Pools       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 Engineers' Report(s) attached hereto as Exhibits N, N-1 and N-2

11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted. See Exhibit F  
 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>Yes</u>	_____	_____
Structures	<u>Yes</u>	_____	_____
Lot	<u>Yes</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 G.

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 G\*.

as follows:

\*Note: Land 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 E-1

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 H describes the encumbrances against the title contained in the title report dated May 20, 2002, and issued by Old Republic Title and Escrow of Hawaii, Ltd.

Blanket Liens:

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

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

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

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

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults  
Or Lien is Foreclosed **Prior to Conveyance**

See Exhibit H-1. Upon conveyance of an apartment to a buyer, the blanket liens set forth in said Exhibit H-1 will be released as to the apartment being conveyed. If there is a default and foreclosure prior to conveyance, the buyer may lose the right to buy the apartment, but will receive his or her money back.

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 I

2. Appliances:

See Exhibit I

Note (as to 1 and 2 above): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the apartments, the Project, the common elements thereof, or as to any appliances and furnishings contained within the apartments or the Project.

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

Construction of Phase IV was completed in 1986. The Developer also completed limited renovations to each apartment of the Project in 2001.

H. **Project Phases:**

The developer [X] 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):

See Exhibit 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:

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract  
Exhibit J contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated May 22, 2002.  
Exhibit K contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Apartment Deed. Exhibit L contains a summary of the pertinent provisions of the Apartment Deed.

### 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:

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, 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. 4871 filed with the Real Estate Commission on June 17, 2002.

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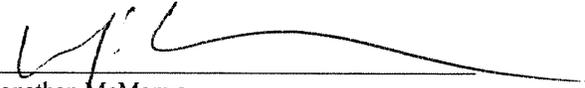
C. **Additional Information Not Covered Above**

N/A

- 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.

THE ROYAL PALM INVESTMENT COMPANY, LLC  
a Virginia limited liability company

By Bay West Royal Palm, LLC, a Virginia limited liability company  
Its Managing Member

By   
Jonathan McManus  
Its Managing Member

June 14, 2002  
\_\_\_\_\_  
Date

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**

### **DEVELOPER'S RESERVED RIGHTS TO CHANGE CONDOMINIUM DOCUMENTS**

Following is a brief summary of certain provisions set forth in the Declaration of Condominium Property Regime and the By-Laws, as indicated, for The Royal Palm at Waipio – Phase IV condominium project, wherein the Developer has reserved the right to change the condominium documents, including the Declaration, By-Laws, Rules and Regulations ("House Rules") and the Condominium Map for the project.

#### **I. DECLARATION.**

Capitalized terms shall have the meanings ascribed to such terms in the Declaration. The Royal Palm at Waipio – Phase IV condominium project shall be referred to in each of the following Exhibits to the Final Public Report for this project as either "Phase IV" or the "Project."

A. **PARAGRAPH S.** In paragraph S of the Declaration, the Developer reserves the right, at any time prior to the recordation of apartment deeds conveying to parties not a signatory to the Declaration apartments to which are appurtenant more than twenty-five percent (25%) of the common interests in the Project, to amend the Declaration and the By-Laws for the Project in any manner as the Developer may deem fit, and specifically, may amend the designation of the parking stalls appurtenant to the apartments.

B. **PARAGRAPH U.** In paragraph U of the Declaration, the Developer reserves the right for itself and its agents, to and until December 31, 2021, to:

1. Grant any easements for sewer, drainage, water and other utility facilities, and for ingress, egress or roadway purposes, over, under, along, across and through the land underlying the Project, and to quitclaim any easements in favor of the Project which are not required for the Project.

2. Grant to any person or entity easements for parking purposes on said land, without the consent or joinder of any apartment owners or their mortgagees, in the event that any parking stall located on land which is not part of the Project encroaches onto the Project.

3. If necessary, amend this Declaration, the Condominium Map and the By-Laws consistent with any grant or reservations of rights by Owner under the Declaration, without obtaining the approval or consent of the Association, any apartment owner or any mortgagee.

4. Conduct sales of apartments on and 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.

5. Amend the Declaration to satisfy a requirement of any governmental agency of the United States or the State of Hawaii, including, but not limited to, the Veterans' Administration or the Federal Housing Administration, or to satisfy the requirements of the Federal National Mortgage Association, for the purpose of obtaining loans secured by apartments in the Project.

6. Convert and redesignate any parking stalls that are appurtenant to any of the apartments the Developer owns from limited common elements to common elements of the Project.

7. Grant exclusive easements in favor of, or a license to, any owner of an apartment in one of the other four (4) phases of The Royal Palm at Waipio condominium project (each such owner shall be referred to herein as the "Grantee") which permits the Grantee to (i) use a parking stall that is appurtenant to the Maintenance Unit, and (ii) have a right of vehicular and pedestrian access over the Project to enable the Grantee to utilize said parking stall, subject, however, to the terms and conditions set forth in the grant of easement or license (as applicable) entered into by and between the owner of the Maintenance Unit and said Grantee. The Developer shall be the initial owner of the Maintenance Unit for this purpose. Should the Developer wish to transfer ownership of the Maintenance Unit to the Association, the Association shall unconditionally accept title to the Maintenance Unit.

8. Grant to the Associations (of Phases IV and V of The Royal Palm at Waipio) the "License" to use the "Recreation Center," in accordance with the provisions of Paragraph DD of the Phase IV and V Declarations (such terms being defined in said Paragraph DD).

Each and every party acquiring an interest in the Project, by such acquisition, consents to the Developer's exercise of said reserved rights, and to the recording of any and all documents necessary to effect the same, including, without limitation, any grants of easements or amendments to the Declaration and Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

C. **PARAGRAPH BB.** In Paragraph BB of the Declaration, the Developer reserves the right to select and designate one apartment in the Project, or in any of the phases located in the multiple phase project now known as "The Royal Palm at Waipio," to offer such apartment for sale to the associations of apartment owners of phases of, or to the merged association of apartment owners, to be used as lodging for a resident manager or such other use or purpose as approved by such associations of apartment owners or the merged association.

D. **PARAGRAPH CC.** In paragraph CC of the Declaration, the Developer reserves the right to merge the applicable Project with one or more of the other Increments in The Royal Palm at Waipio condominium project as if they were each part of a single condominium project, within seven (7) years from the date the Declaration is recorded. All five (5) Increments of The Royal Palm at Waipio consist of a total of three hundred seventy-six (376) apartments that were developed as five (5) separate and distinct condominium projects. Upon merger, the management, control, administration and use of the projects which are merged, shall be unified under one association of apartment owners, and each of the projects will bear a fraction of the total common expenses (as defined in their respective declarations of condominium property regime) of the Merged Project, treating all of the projects as one project for this purpose. For each project, the numerator will be the total net living area of all apartments therein (as set forth in said declarations) and the denominator will be the total net living area of all apartments in the Merged Project. Each apartment's share of the common expenses of the Merged Project will be equal to the common interest appurtenant to said apartment (as set forth in said Declarations), multiplied by the share of common expenses allocated to the project in which the apartment is located. The association of apartment owners of each project shall be merged into a single association governing the Merged Project, and each of the merged projects will have the same share of the total votes of the Merged Project in the same proportions set forth above for the sharing of common expenses. Merger shall only affect the administration and use of the merged projects and the sharing of common expenses, and shall not affect the ownership of apartments and their appurtenant common interests in each project. However, if required so that the interest in reserve funds attributable to each apartment in the Merged Project shall be equal to such apartment's share of the common expenses and vote in the Merged Project, the board of directors of the Merged Project may make adjustments to the each apartment owner's account. In addition, the Developer shall have the right, but not the obligation, to require apartment owners in all or any of the projects being merged to make contributions in addition to their share of common expenses, to the reserves, operating account and/or other accounts. The Developer also reserves the right not to merge the Project with any other Increment.

E. **PARAGRAPH DD.** In Paragraph DD of the Declaration, the Developer reserves the right to grant to the Association a perpetual non-exclusive license to use the recreation center ("Recreation Center") which is located in and is a common element of, The Royal Palm at Waipio – Phase I condominium project. The Recreation Center consists of a swimming pool and entertainment pavilion (including sink, serving counter, refrigerator and barbeque facilities). The License will give each apartment owner a non-exclusive right to use the Recreation Center on certain terms and conditions, including, but not limited to, the payment of a portion of the maintenance and operation costs of the Recreation Center. The License is filed in the Land Court as an encumbrance against the Project.

## II. **BY-LAWS.**

In Article II, Section 2 of the By-Laws, the Developer reserves the right to exercise the powers, vote and/or 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 U of the Declaration, which rights are reserved until all of the activities described therein have been completed).

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE DECLARATION AND THE BY-LAWS FOR PHASE IV 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 "A"**  
**(Page 4 of 4)**

## **EXHIBIT B**

### **DESCRIPTION OF BUILDINGS**

Phase IV consists of twelve (12) residential buildings, designated as buildings 1, 2, 3, 21, 31, 32, 33, 34, 35, 36, 37 and 38 and the Maintenance Unit (defined in the Phase IV Declaration), and such buildings and Maintenance Unit are identified on the Condominium Map for Phase IV. Construction of the residential buildings is primarily wood frame on concrete slab foundations with interior walls constructed of wood studing and gypsum board, exterior walls covered with siding, and roofs constructed of wood and wood shakes. Buildings 1, 2, 3 and 36 are each comprised of one-story and contain four (4) apartments. Buildings 32 and 34 are each comprised of two (2) stories and contain eight (8) apartments. Buildings 31, 33, 35, 37 and 38 are comprised of two (2) stories and contains twelve (12) apartments. No Phase IV building has a basement. Phase IV contains a total of ninety-two (92) residential apartments and one Maintenance Unit.

## **EXHIBIT C**

### **USE RESTRICTIONS FOR APARTMENTS AND COMMON ELEMENTS**

The following provisions in the Declaration and By-Laws for Phase IV contain restrictions on the use of the apartments and the common elements of the project:

#### **I. DECLARATION.**

A. Pursuant to Paragraph J of each 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, and may be utilized for long-term and short-term rentals, but specifically excluding vacation rentals, 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 apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service.

B. No apartment shall be used for or in connection with the carrying on of any business, trade or profession whatsoever.

C. 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.

D. No apartment owner shall enter into any arrangement with any other apartment owner(s) in the Project whereby any rental pool of apartments or other sharing of rental income from apartments is created.

E. No apartment owner shall do or suffer or permit to be done anything on any apartment or appurtenant limited common element or elsewhere on the Project which will (i) injure the reputation of the Project, (ii) jeopardize the safety or soundness of the Project, (iii) create a nuisance or interfere with or unreasonably disturb the rights of other owners and occupants, (iv) reduce the value of the Project, (v) result in the cancellation of insurance applicable to the Project, or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the By-Laws, or (vi) increase the rate of insurance applicable to the apartments or the contents thereof, or to the Project.

F. No apartment owner shall, without the written approval and continuing consent of the Board, change the exterior appearance of said apartment in any manner.

Other than the foregoing restrictions, the owners of the 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 in the By-Laws for Phase IV.

## II. BY-LAWS.

Article VIII, Section 6 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.

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

## **EXHIBIT D**

### **BOUNDARIES TO APARTMENTS**

Each residential apartment shall be deemed to include (i) all of the walls and partitions which are not load-bearing within its perimeter or party walls, (ii) glass windows or panels, (iii) doors (except for the exterior surface of any door located on perimeter walls), (iv) the inner decorated or finished surfaces of all walls, floors, ceilings, doors and door frames and window frames, and (v) all fixtures and appliances located therein for its exclusive use. Said apartments shall not be deemed to include the (i) undecorated or unfinished surfaces of the perimeter walls or party walls or the interior load-bearing walls, (ii) the exterior surfaces of all perimeter doors, door frames and window frames, (iii) the undecorated or unfinished surfaces of the floors and ceilings surrounding each apartment, or (iv) any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, all of which shall be deemed common elements.

The Maintenance Unit shall be deemed to include the entire structure of the unit as depicted on the Condominium Map, including (i) the perimeter walls, any walls and partitions which are within the perimeter walls and the decorated or finished surfaces thereof, (ii) the roof, including the decorated or finished surfaces thereof, (iii) the perimeter doors, door frames, windows and window frames and the decorated or finished surfaces thereof, (iv) the foundation and all supporting members, (v) the floors and the ceilings of the Maintenance Unit and the decorated or finished surfaces thereof, (vi) the air space located between the walls, floors and ceilings noted above, (vii) any pipes, shafts, vents, ducts, pumps, wires, conduits, other utility or service lines running through the Maintenance Unit, which are utilized for and serve only said unit.

## **EXHIBIT D-1**

### **PERMITTED ALTERATIONS TO APARTMENTS**

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

#### **I. DECLARATION.**

Paragraph Q of the Declaration provides that except as otherwise provided in the Declaration, 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 and the provisions of said Paragraph Q. 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.

#### **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 for the Project.

**THIS EXHIBIT CONTAINS EXCERPTS OF THE PROVISIONS CONTAINED IN THE DECLARATION AND THE BY-LAWS FOR PHASE IV 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 E**

### **PARKING**

In Phase IV, there are one hundred seventy-two (172) parking stalls. Each of the one hundred four (104) apartments in Phase IV has at least one (1) parking stall assigned to it as a limited common element as designated in Exhibit "B" to the Phase IV Declaration and Exhibit E-2 of this Final Public Report. Fifty-one (51) of these stalls have been assigned to the Maintenance Unit as limited common elements (the "Stalls"). In Paragraph U.7 of the Phase IV Declaration, Developer has reserved the right to grant an easement or a license to any owner of an apartment in one of the other four (4) phases of The Royal Palm at Waipio ("Grantee") which permits the Grantee to (i) use a parking stall that is appurtenant to the Maintenance Unit, and (ii) have a right of vehicular and pedestrian access over the Project to enable the Grantee to utilize said parking stall, subject, however, to the terms and conditions set forth in the grant of easement or license (as applicable) entered into by and between the owner of the Maintenance Unit and said Grantee.

The Developer reserved said right so that it may provide a Stall to those owners of apartments in other phases of The Royal Palm at Waipio who wish to purchase a second parking stall for their use (for an amount determined by Developer). In the event that any owner of an apartment in Phase IV would like to purchase a second stall, Developer may, pursuant to Section 514A-14 of the Hawaii Revised Statutes, also elect to sell a Stall or Stalls to said owner (for an amount to be determined by Developer). In this scenario, Developer would execute and record and amendment to the Declaration, in accordance with the requirements of Section 514A-14 of the Hawaii Revised Statutes, which has the effect of re-assigning said Stall to the owner's apartment. Upon the recordation of said amendment, said parking stall will be a limited common element appurtenant to the purchaser's apartment.

THE DEVELOPER DOES NOT REPRESENT OR WARRANT THAT ANY STALL WILL BE AVAILABLE TO PURCHASERS OF APARTMENTS IN ANY PHASE OF THE ROYAL PALM AT WAIPIO CONDOMINIUM PROJECT. RATHER, THE STALLS APPURTENANT TO THE MAINTENANCE UNIT WILL BE AVAILABLE TO ANY PURCHASER TO PURCHASE IN THE DEVELOPER'S SOLE AND ABSOLUTE DISCRETION. IN OTHER WORDS, THE DEVELOPER RESERVES THE RIGHT NOT TO "SELL" ANY STALL APPURTENANT TO THE MAINTENANCE UNIT TO ANY OTHER OWNER.

#### **Parking Restrictions**

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 responsible for violations of parking rules by their lessees, renters or guests.

**EXHIBIT E-1**

**APARTMENT NUMBERS, DESIGNATION OF APARTMENT TYPES, NET LIVING AREA, NET LANAI AREA, PARKING STALL ASSIGNMENTS, PERCENTAGE OF COMMON INTEREST AND DESCRIPTION OF APARTMENT TYPES**

Building 1:

Apt. No.	Apartment Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
1A	Plan 4	709	122	3, 21*	1.28
1B	Plan 5	708	148	4, 152	1.28
1C	Plan 4	709	122	2, 153	1.28
1D	Plan 5	708	148	1*, 25	1.28

Building 2:

Apt. No.	Apartment Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
2A	Plan 4	709	122	19, 156	1.28
2B	Plan 5	708	148	20, 157	1.28
2C	Plan 4	709	122	6, 154	1.28
2D	Plan 5	708	148	5, 155	1.28

Building 3:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
3A	Plan 4	709	122	492, 493	1.28
3B	Plan 5	708	148	27, 498	1.28
3C	Plan 4	709	122	23, 26	1.28
3D	Plan 5	708	148	22, 160	1.28

Building 21:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
21A	Plan 3	477	138	158	0.86
21B	Plan 1	410	140	161	0.74
21C	Plan 2	480	143	163	0.86
21D	Plan 3	477	138	166	0.86
21E	Plan 1	410	140	167	0.74
21F	Plan 2	480	143	169	0.86
21R	Plan 3	477	52	159	0.86
21S	Plan 1	410	61	274	0.74
21T	Plan 2	480	56	162	0.86
21U	Plan 3	477	52	164	0.86
21V	Plan 1	410	61	170*	0.74
21W	Plan 2	480	56	168	0.86

Building 31:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
31A	Plan 3	477	138	277	0.86
31B	Plan 1	410	140	471	0.74
31C	Plan 2	480	143	286	0.86
31D	Plan 3	477	138	288	0.86
31E	Plan 1	410	140	269	0.74
31F	Plan 2	480	143	266	0.86
31R	Plan 3	477	52	276	0.86
31S	Plan 1	410	61	473	0.74
31T	Plan 2	480	56	472	0.86
31U	Plan 3	477	52	287	0.86
31V	Plan 1	410	61	268	0.74
31W	Plan 2	480	56	267	0.86

Building 32:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
32A	Plan 4	709	206	470	1.28
32B	Plan 5	708	190	296	1.28
32C	Plan 4	709	206	295	1.28
32D	Plan 5	708	190	289*, 290*	1.28
32R	Plan 4	709	54	463	1.28
32S	Plan 5	708	65	293	1.28
32T	Plan 4	709	54	294	1.28
32U	Plan 5	708	65	469	1.28

Building 33:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
33A	Plan 3	477	138	459	0.86
33B	Plan 1	410	140	457	0.74
33C	Plan 2	480	143	299	0.86
33D	Plan 3	477	138	306	0.86
33E	Plan 1	410	140	303	0.74
33F	Plan 2	480	143	304	0.86
33R	Plan 3	477	52	458	0.86
33S	Plan 1	410	61	460	0.74
33T	Plan 2	480	56	298	0.86
33U	Plan 3	477	52	300	0.86
33V	Plan 1	410	61	301	0.74
33W	Plan 2	480	56	305	0.86

Building 34:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
34A	Plan 4	709	206	307	1.28
34B	Plan 5	708	190	312	1.28
34C	Plan 4	709	206	315	1.28
34D	Plan 5	708	190	308	1.28
34R	Plan 4	709	54	311	1.28
34S	Plan 5	708	65	313	1.28

34T	Plan 4	709	54	314	1.28
34U	Plan 5	708	65	309	1.28

Building 35:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
35A	Plan 3	477	138	317	0.86
35B	Plan 1	410	140	319	0.74
35C	Plan 2	480	143	321	0.86
35D	Plan 3	477	138	328	0.86
35E	Plan 1	410	140	332	0.74
35F	Plan 2	480	143	334	0.86
35R	Plan 3	477	52	316	0.86
35S	Plan 1	410	61	320	0.74
35T	Plan 2	480	56	323	0.86
35U	Plan 3	477	52	327	0.86
35V	Plan 1	410	61	331	0.74
35W	Plan 2	480	56	333	0.86

Building 36:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
36A	Plan 4	709	122	462*, 464*	1.28
36B	Plan 5	708	148	453, 465*	1.28
36C	Plan 4	709	122	297*, 454	1.28
36D	Plan 5	708	148	461, 466*	1.28

Building 37:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
37A	Plan 3	477	138	452	0.86
37B	Plan 1	410	140	447	0.74
37C	Plan 2	480	143	444	0.86
37D	Plan 3	477	138	443	0.86
37E	Plan 1	410	140	449	0.74
37F	Plan 2	480	143	450	0.86

37R	Plan 3	477	52	451	0.86
37S	Plan 1	410	61	448*	0.74
37T	Plan 2	480	56	445	0.86
37U	Plan 3	477	52	446	0.86
37V	Plan 1	410	61	302*	0.74
37W	Plan 2	480	56	455	0.86

**Building 38:**

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
38A	Plan 3	477	138	438	0.86
38B	Plan 1	410	140	441*	0.74
38C	Plan 2	480	143	442	0.86
38D	Plan 3	477	138	437	0.86
38E	Plan 1	410	140	324	0.74
38F	Plan 2	480	143	435	0.86
38R	Plan 3	477	52	439	0.86
38S	Plan 1	410	61	310*	0.74
38T	Plan 2	480	56	440	0.86
38U	Plan 3	477	52	436	0.86
38V	Plan 1	410	61	325	0.74
38W	Plan 2	480	56	434	0.86

-NOTES:- All stalls are standard size stalls. Those stalls designated with an asterisk (\*) above are uncovered.

The following parking stalls shall be assigned to the Maintenance Unit: (i) covered stalls: 271-273, 275, 279-281, 326, 329, 474, 477-479, 480-487, 489-491, 494, 496 and 497, and (ii) open stalls: 24, 264, 265, 270, 278, 282-285, 291, 292, 318, 322, 330, 431, 432, 433, 456, 467, 468, 475, 476, 488 and 495.

The Percentage of Common Interest attributable to the Maintenance Unit shall be 0.01%.

**DESCRIPTION OF APARTMENT TYPES:**

**Plan 1 Apartments**

Each Plan 1 studio apartment contains a separate kitchen and bathroom and a living room/dining room combined with a sleeping area. Plan 1 studios contain 410 square feet of living area. In addition, first story apartments have a limited common element courtyard

enclosed with a privacy fence and second story apartments have a limited common element lanai.

Plan 2 and Plan 3 Apartments

Plan 2 and Plan 3 apartments each contain a single bathroom, a living room/dining room, a kitchen and one bedroom. The Plan 2 and Plan 3 apartments each contain 480 and 477 square feet of net living area, respectively. In addition, first story apartments have a limited common element courtyard/lanai enclosed with a privacy fence and second story apartments have a limited common element lanai.

Plan 4 and Plan 5 Apartments

Plan 4 and Plan 5 apartments each contain a single bath, a living room, a dining room, a kitchen and two (2) bedrooms. The Plan 4 and Plan 5 apartments also contain 709 and 708 square feet of net living area, respectively. In addition, first story apartments have a limited common element courtyard/lanai enclosed with a privacy fence and second story apartments have a limited common element lanai.

**BREAKDOWN OF APARTMENT TYPES AND COMMON INTEREST**

Model	% Common Interest	Number in Project	Total % Common Interest
1	0.74	24	17.76
2	0.86 (.85 for 38W)	24	20.64
3	0.86	24	20.64
4	1.28	16	20.48
5	1.28	16	20.48
Maintenance Unit	0.01	1	0.01

The common interest attributable to each apartment was calculated by dividing the net living area of each individual apartment by the total net living area of all apartments within the Project. In order to permit the common interest for all apartments to equal exactly one hundred percent (100%), as required by Chapter 514A of the Hawaii Revised Statutes, the common interest attributable to Plan 2 apartment was decreased by .01%, and the common interest attributable to Apartment No. 38W was further decreased by .01%.

**EXHIBIT F**

**CONFORMANCE TO PRESENT ZONING CODE**

According to a letter dated May 2, 2002, from the Department of Planning and Permitting, City and County of Honolulu, the buildings in Phases I, IV and V met all applicable code requirements at the time of their construction in 1986. Special Permit No. 85/SP-82 for joint development was approved on December 18, 1985. No variances or other special permits were granted to allow deviations from any applicable codes. The Developer cannot determine whether Phases I, IV or III contain any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

## **EXHIBIT G**

### **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), including the land on which the building is located and all common elements mentioned in the Act which are actually constructed on said land. Said common elements include, but are not limited to the following:

1. The land described in Exhibit "A" to the Declaration.
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 and walkways of each building.
3. All yards, grounds, planters, landscaping, gardens, planting areas, refuse and like facilities.
4. All driveways, loading areas, parking area entryways and exitways.
5. All central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television, 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, compressors, vents and other apparatus and installations existing for, or in each building for common use.
6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment.

#### **II. LIMITED COMMON ELEMENTS.**

Paragraph F of each 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" attached to each Declaration.
2. One (1) mailbox which mailbox bears the same number as the number of the apartment.

3. The ground floor apartments shall have appurtenant thereto for their enjoyment the lanai and any fenced yard area which adjoins it, as shown on the Condominium Map and indicated on Exhibit "B," and the fence which surrounds the fenced yard area is also be a limited common element appurtenant to such apartment.

4. Each second floor apartment shall have for its exclusive use and enjoyment the lanai immediately adjacent to such apartment, as shown on the Condominium Map and indicated on Exhibit "B."

5. Those portions of the concrete walkways and pads which are adjacent to and provide immediate access to the various apartments are limited common elements appurtenant to the apartments to which they are adjacent and for which they provide access.

6. The exterior stairways and railings which serve the various second story apartments are limited common elements appurtenant to and for the exclusive use of the apartments which they serve.

7. The Maintenance Unit shall have appurtenant thereto as limited common elements Parking Stall Nos. 24, 264, 265, 270-273, 275, 278-285, 291, 292, 318, 322, 326, 329, 330, 431, 432, 433, 456, 467, 468, 474-479, 480-489, 488-491 and 494-497.

## EXHIBIT H

### ENCUMBRANCES AGAINST TITLE

#### PHASE I:

1. For real property taxes due and owing, reference is made to the Tax Assessor, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Annexation instrument dated February 8, 1995, recorded in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 1282262, annexing the within premises to Gentry-Waipio and subjecting the projects to that certain Gentry-Waipio Community Area Declaration of Covenants, Conditions and Restrictions dated November 17, 1978, recorded in said Office as Document No. 909239, as amended by that certain instrument dated November 17, 1980, recorded in said Office as Document No. 1042252.
4. That certain Unilateral Agreement and Declaration for Conditional Zoning dated February 12, 1982, recorded in said Office as Document No. 1105595.
5. Easement 4513 as shown on Map No. 664, as set forth by Land Court Order No. 75725, filed on October 21, 1985 in said Office; for access and utility purposes.
6. Easement 4515 as shown on Map No. 664, as set forth by Land Court Order No. 75725, filed on October 21, 1985 in said Office; for drainage purposes.
7. Grant of Easement in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, dated December 16, 1986, recorded in said Office as Document No. 1514740; granting an easement over Easement 4515.
8. Easement 4516 as shown on Map No. 664, as set forth by Land Court Order No. 75725, filed on October 21, 1985 in said Office; for sewer purposes.
9. Grant of Easement in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, dated December 16, 1986, recorded in said Office as Document No. 1514781; granting an easement over Easement 4516.
10. Agreement for Issuance of Special Use Permit Under Section 21-2.71, Revised Ordinances of Honolulu, 1978 dated December 18, 1985, recorded in said Office as Document No. 1341011.
11. Easement 4514, as shown on Map No. 664, as set forth by Land Court Order No. 75725, filed on October 21, 1985 in said Office; for access and utility purposes.
12. Condominium Map No. 1492, filed in said Office.
13. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by laws set forth in that certain The Royal Palm at Waipio– Phase IV

Cancellation; and Restatement Declaration of Condominium Property Regime dated July 3, 2002, recorded in said Office as Document Nos. 2824586 & 2824587; but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

14. Restatement of By-Laws of the Association of Apartment Owners of The Royal Palm at Waipio - Phase IV dated July 3, 2002, recorded in said Office as Document No. 2824588.

15. Declaration for Parking Encroachments dated November 1, 1996, recorded in said Office as Document No. 2346071, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

16. Recreation Area License Agreement dated October 6, 1998, recorded in said Office as Document No. 2495879.

17. Grant of Easement in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, and GTE Hawaiian Telephone Company, Incorporated, a Hawaii corporation, dated June 15, 1999, recorded in said Office as Document No. 2575820; granting an easement for utility purposes.

18. Terms, provisions and conditions as contained in that certain Apartment Deed dated August 28, 2000, recorded in said Office as Document No. 2648147, and the effect of any failure to comply with such terms, provisions and conditions.

19. Any and all easements encumbering the apartments of the projects and/or the common interest appurtenant thereto, as created by or mentioned in said Declarations of Condominium Property Regime, as said Declarations may be amended from time to time in accordance with the law, and/or in the Apartment Deed and/or as delineated on said Condominium Maps.

20. Assignment of Development Rights dated December 1, 2000, recorded in said Office on December 27, 2000 as Document No. 2673510.

21. Mortgage dated December 19, 2001, made by The Royal Palm Investment Company, LLC, a Virginia limited liability company, and Jerry Lynch, husband of Jeri Lu Lynch, as Mortgagor, in favor of Bank of Hawaii, a Hawaii corporation, as Mortgagee, recorded in said Office on December 26, 2001 as Document No. 2764737.

22. Financing Statement (UCC-1) recorded on December 26, 2001 at the Bureau of Conveyances of the State of Hawaii as Document No. 2001-203553.

23. Assignment of Sales Contracts and Sales Proceeds dated December 18, 2001, recorded in said Office on December 27, 2001 as Document No. 2765133.

24. Assignment of Rents dated December 19, 2001, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 2001-204352.

25. Mortgage dated December 19, 2001, made by the Royal Palm Investment Company, LLC, a Virginia limited liability company, and Jerry Lynch, husband of Jeri Lu Lynch, as Mortgagor, and Bank of Hawaii, a Hawaii corporation, as Mortgagee, recorded in said Office on January 15, 2002 as Document No. 2769692.

26. Second Assignment of Sales Contracts and Sales Proceeds dated December 19, 2001, recorded in said Office on January 15, 2002 as Document No. 2769693.

27. Second Assignment of Rents dated December 19, 2001, recorded at the Bureau of Conveyances of the State of Hawaii on January 15, 2002 as Document No. 2002-006591.

28. Financing Statement (UCC-1) recorded on January 15, 2002 at the Bureau of Conveyances of the State of Hawaii as Document No. 2002-006592.

29. Assignment of Development Rights dated July 3, 2002, recorded in said Office as Document No. 2824581.

(NOTE: ENCUMBRANCES 21 THROUGH 28, INCLUSIVE, WILL BE REMOVED AT THE CLOSING OF THE SALE OF EACH APARTMENT.)

**EXHIBIT H-1**  
**BLANKET LIENS**

1. Mortgage dated December 19, 2001, made by The Royal Palm Investment Company, LLC, a Virginia limited liability company, and Jerry Lynch, husband of Jeri Lu Lynch, as Mortgagor, in favor of Bank of Hawaii, a Hawaii corporation, as Mortgagee, recorded in said Office on December 26, 2001 as Document No. 2764737.
2. Financing Statement (UCC-1) recorded on December 26, 2001 at the Bureau of Conveyances of the State of Hawaii as Document No. 2001-203553.
3. Assignment of Sales Contracts and Sales Proceeds dated December 18, 2001, recorded in said Office on December 27, 2001 as Document No. 2765133.
4. Assignment of Rents dated December 19, 2001, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 2001-204352.
5. Mortgage dated December 19, 2001, made by the Royal Palm Investment Company, LLC, a Virginia limited liability company, and Jerry Lynch, husband of Jeri Lu Lynch, as Mortgagor, and Bank of Hawaii, a Hawaii corporation, as Mortgagee, recorded in said Office on January 15, 2002 as Document No. 2769692.
6. Second Assignment of Sales Contracts and Sales Proceeds dated December 19, 2001, recorded in said Office on January 15, 2002 as Document No. 2769693.
7. Second Assignment of Rents dated December 19, 2001, recorded at the Bureau of Conveyances of the State of Hawaii on January 15, 2002 as Document No. 2002-006591.
8. Financing Statement (UCC-1) recorded on January 15, 2002 at the Bureau of Conveyances of the State of Hawaii as Document No. 2002-006592.

**EXHIBIT 1**  
**WARRANTIES**

Paragraph 15 of the Purchase Agreement used in connection with the Phase IV provides as follows:

**NO WARRANTIES AND REPRESENTATIONS AS TO APARTMENTS.** The Apartment is being sold in existing "as is" condition. Seller makes no express warranties with respect to the Apartment. SELLER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE COMMON ELEMENTS OR THE PROJECT. Purchaser acknowledges that Seller has made no warranties, express or implied, with respect to the Property, its quality or grade, or any common element or anything installed therein, its quality or grade. In particular Seller disclaims any and all responsibility or liability for any malfunctions, construction or design defects, including, without limitation, any latent or hidden defects which time may reveal or any other problems which Purchaser may encounter with respect to the Apartment or the Project. Purchaser acknowledges Seller's disclaimers and expressly waives any rights, claims or actions against Seller arising out of or connected with any defects with respect to the Property.

THIS EXHIBIT CONTAINS EXCERPTS OF PROVISIONS CONTAINED IN EACH PURCHASE AGREEMENT RESPECTING WARRANTIES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AFORESAID DOCUMENT RELATING TO SUCH WARRANTIES.

## EXHIBIT J

### SUMMARY OF PERTINENT PROVISIONS OF PURCHASE AGREEMENT

The specimen Purchase Agreement ("Agreement") for Phase IV contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Old Republic Title & Escrow of Hawaii, Ltd. ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement. All payments to be made under the Agreement shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement.

B. The Purchaser specifically acknowledges and agrees that the Condominium Declaration contains reservations of certain rights in favor of Seller, the Association and other owners and contains certain other provisions to which the Purchaser consents.

C. The "Closing Date" shall be the date specified in the Purchase Agreement. All payments shall be due and payable in full on the Closing Date, and, if not paid on said date due to Purchaser's failure to act in a diligent manner in order for said payment to be made on said date, then such nonpayment shall result in a default under the Agreement. If Purchaser, after the delivery by Seller of a copy of the Final Public Report, together with any Supplementary Public Report issued for the Project, either personally or by registered or certified mail with return receipt requested, shall fail to execute a form of receipt and notice of Purchaser's right to cancel the Agreement (or shall fail to give his written approval or acceptance to any material change to the Project as requested by Seller pursuant to the provisions of Hawaii Revised Statutes Section 514A-63, as amended) within thirty (30) days of such receipt, Seller may at its option: (i) cancel the Agreement upon ten (10) days' written notice to Purchaser of such cancellation and upon such cancellation Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by its failure to give said written notice of cancellation) to treat such failure as a deemed acceptance ("Deemed Acceptance") of such Public Report and as a waiver of the right to cancel the Agreement (or as a Deemed Acceptance of such material change, as the case may be).

D. The Purchase Price does not include closing costs which include, among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, real property tax and other prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, credit report costs and all other applicable mortgage costs. Purchaser shall pay a start-up fee equal to two (2) months' of the estimated maintenance fee in advance.

E. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

F. Purchaser shall not be entitled to possession of the Apartment as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

G. Notices to either party may be delivered personally or mailed.

H. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any sales person that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

I. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

J. Purchaser has examined and approved the estimate of monthly maintenance charges for the Property as shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any such changes.

\* \* \* \* \*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT FOR PHASE IV. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PURCHASER'S RIGHTS AND OBLIGATIONS UNDER SAID PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE ACTUAL PURCHASE AGREEMENTS TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND ANY ACTUAL PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

## **EXHIBIT K**

### **SUMMARY OF PERTINENT PROVISIONS OF ESCROW AGREEMENT**

The Escrow Agreement (the "Escrow Agreement"), executed by and between Old Republic Title & Escrow of Hawaii, Ltd., as Escrow, and The Royal Palm Investment Company, LLC and Jerry Lynch, as Seller, provides in part as follows:

A. When Seller (Developer) shall enter into a Deposit Receipt and Sales Contract for the conveyance of an apartment or other interest in the Project ("Sales Contract"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Sales Contract to Escrow together with the address of the Buyer. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Buyers, including those received on any Sales Contract, and all payments made on loan commitments from lending institutions on account of any apartment in the Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Sales Contracts, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any Buyer's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from Buyers or prospective Buyers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms the Escrow Agreement.

C. Escrow shall make no disbursements of Buyers' funds or proceeds from the sale of apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has received a letter from Seller stating that the Buyers have signed the required Receipt and Notice of Right to Cancel or are deemed to have receipted for the public reports and to have waived their right to cancel, and stating further that no subsequent events have occurred which would give the Buyers the right to rescind, the Sales Contracts have "become binding" and "the requirements of Sections 514A-40, 514A-39.5 and 514A-63" of the Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65, Hawaii Revised Statutes, and further that the requirements of Section 514A-62 of the Hawaii Revised Statutes have been met.

D. Each Buyer shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Buyer, promptly after request for return by the Buyer if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Buyer the funds of the Buyer then being held by Escrow;

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Seller;

(3) The conditions providing for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes (as amended on the date upon which the Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided to Seller.

Upon the return of said funds to the Buyer as aforesaid, Escrow shall return to Seller such Buyer's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract; and thereupon the Buyer shall no longer be obligated under the Sales Contract. Other documents delivered to Escrow relating to the sale of the apartment identified in such Sales Contract will be returned to the person from whom or entity from which they were received.

Upon the cancellation of any Sales Contract as specified above, Escrow shall be entitled to a \$25.00 cancellation fee.

E. If the Buyer fails to make any payment on or before the due date thereof or if the Buyer does or fails to do any act which would constitute an event of default under the Sales Contract, Seller shall promptly give to such Buyer and to Escrow, written notice of default. If Buyer has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Sales Contract and has notified the Buyer, or (2) that Buyer is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 14 of the Agreement, shall thereafter treat all funds of the Buyer paid under such Sales Contract, less Escrow's cancellation fee, as funds of Seller and not of the Buyer. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Sales Contract of such Buyer and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Sales Contract shall be returned to the person from whom or entity from which such documents were received.

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

**EXHIBIT "L"**

**SUMMARY OF APARTMENT DEED FORM**

The specimen Apartment Deed, Encumbrances and Restrictions and Reservation of Rights with Power of Attorney The Royal Palm at Waipio - Phase IV ("Deed" or "Apartment Deed") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of The Royal Palm at Waipio – Phase IV Condominium Property Regime situate at Waipio, District of Ewa, City and County of Honolulu, State of Hawaii.

B. The Grantor (Developer) is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; that the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; that the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Purchaser agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Declaration for Phase IV (as applicable), and appoints Grantor as Purchaser's attorney-in-fact to effect the same.

D. Purchaser agrees, for the benefit of all other owners of the other apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, the Bylaws and the Rules and Regulations (for the applicable project) as any of the same exist or may hereafter be amended in accordance with law and does accept and approve of the Declaration, Bylaws and Rules and Regulations.

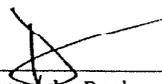
\* \* \* \* \*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE APARTMENT DEED FOR PHASE IV. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SAID APARTMENT DEED, PURCHASER MUST REFER TO THE ACTUAL APARTMENT DEED TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND ANY APARTMENT DEED, THE APARTMENT DEED WILL CONTROL.

EXHIBIT " M "   
 ROYAL PALM AT WAIPIO, PHASE IV   
 Estimated Annual Common Expense

	<u>Monthly</u>	<u>Annual</u>
<b>Utilities and Services</b>		
Television		
Security	\$663.00	\$7,956.00
Electricity (common elements only)	\$303.00	\$3,636.00
Gas	\$28.00	\$336.00
Water and Sewer	\$2,957.00	\$35,484.00
Refuse Collection	\$788.00	\$9,456.00
Telephone/Communication	\$24.00	\$288.00
Amenities	\$277.00	\$3,324.00
<b>Maintenance, Repairs, and Supplies</b>		
Building	\$105.00	\$1,260.00
Grounds	\$1,497.00	\$17,964.00
<b>Management</b>		
Management Fee	\$730.00	\$8,760.00
Payroll and Payroll Taxes	\$2,020.00	\$24,240.00
Office Expenses	\$414.00	\$4,968.00
<b>Insurance</b>	\$1,524.00	\$18,288.00
<b>Reserves</b>	\$2,438.00	\$29,256.00
<b>Taxes and Government Assessments</b>	\$6.00	\$72.00
Professional Services - Audit	\$52.00	\$624.00
Other - Legal Expenses	\$105.00	\$1,260.00
Bad Debt Expense	\$52.00	\$624.00
Vehicle Costs	\$27.00	\$324.00
<b>TOTAL</b>	<u>\$14,010.00</u>	<u>\$160,164.00</u>

I, DONALD GARWOOD, as agent and employed by CERTIFIED MANAGEMENT, INC., the condominium managing agent for the developer, for the condominium project AOA0 Royal Palm at Waipio, Phase IV, hereby certify that the above estimates of maintenance fee and assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
 \_\_\_\_\_  
 Donald L. Garwood, Broker, CMCA, AMS  
 Director of Marketing, Senior Account Executive

\_\_\_\_\_  
 06-Jun-02  
 Date

Note: The budgeted revenues and expenses are based on accrual-basis accounting.

ROYAL PALM AT WAIPIO, PHASE IV  
 ESTIMATE OF INITIAL MAINTENANCE FEE  
 and  
 MAINTENANCE FEE DISTRIBUTION

**ESTIMATE OF INITIAL PRODUCT FEE**

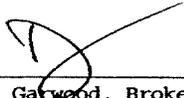
<u>APARTMENT TYPE</u>		<u>Monthly Fee</u> <u>x 12 mos.</u>	<u>Yearly</u>
Model 1	0.740	\$103.07	\$1,236.84
Model 2	0.860	\$119.78	\$1,437.36
Model 3	0.860	\$119.78	\$1,437.36
Model 4	1.280	\$172.28	\$2,067.36
Model 5	1.280	\$178.28	\$2,139.36

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

[ ] Revised on \_\_\_\_\_

ROYAL PALM AT WAIPIO, PHASE IV  
Certification of Reserve Study

I, DONALD L. GARWOOD, as agent and employed by CERTIFIED MANAGEMENT, INC. the condominium managing agent or the developer, for the condominium project, AOA ROYAL PALM AT WAIPIO, PH IV, hereby certify that a reserve study has been conducted in accordance with 514A-83.6, HRS, and the replacement reserve rules Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

  
\_\_\_\_\_  
Donald L. Garwood, Broker, CMCA, AMS  
Director of Marketing, Senior Account Executive

\_\_\_\_\_  
06-Jun-02  
Date

## EXHIBIT "N"

### ROYAL PALMS

#### ELECTRICAL DUE DILIGENCE

##### A. POWER

###### 1. Existing Conditions

- a. The complex is fed electrical service by Hawaiian Electric Company (HECO). Primary lines are routed underground to HECO single-phase pad-mounted transformers.
- b. From each HECO transformer, each building is fed underground secondary service to an electrical closet. Building services are rated at 120/240 volts, single-phase. The four-plex service is 400A, eight-plex is 400A and 12-plex is 600A.
- c. Each building electrical closet consists of a meter bank with a HECO meter per unit. Unit services are rated at 100A.
- d. Unit feeders are aluminum tri-plex cable routed through the building framing. Each unit has a flush mounted loadcenter, located in the kitchen. All unit loads are fed from its respective loadcenter.
- e. The recreation center has a separate 120/240 volt, single-phase service.
- f. Common area loads, predominantly site lighting, is metered separately.
- g. No emergency power is required.

###### 2. History

Since the original construction, no modifications have been completed to the electrical distribution.

###### 3. Recommendations

- a. Many of the electrical closets have exposed gas lines, which feed the gas water heaters, passing through directly below the meter bank. This is a potentially dangerous condition that at the time of the original construction should have never been built in this manner. It is recommended the gas lines be rerouted.
- b. The electrical distribution appears to be in good condition. No modifications are required nor anticipated.

## B. LIGHTING

1. Existing Conditions
  - a. Parking lot lighting consists of drop lens high-pressure sodium pole lights.
  - b. Pathway lights throughout the property consist of low-voltage plastic path lights.
  - c. Unit lighting consists of surface mounted fluorescent in the kitchen and incandescent in the hallways and bathrooms.
2. History
  - a. The common area lighting is the original lighting.
  - b. Unit lighting is the original lighting.
3. Recommendations
  - a. The parking lot pole lights are in fair condition and require no replacement.
  - b. Path lights are in poor shape. Many are cracked or loosely installed. There are approximately 570 path lights. Maintenance personnel have plans to replace the path lights in increments. A few path lights around the management office have been changed with the intended new low voltage luminaires. Estimated cost, based on the maintenance staff, is approximately \$15,000 (material only).
  - c. Carports currently do not have any lighting. The maintenance staff is considering using a solar powered motion light. This appears to be a very cost effective solution, at approximately \$70 per system, to provide added safety to the residents.

## C. TELECOMMUNICATION

1. Existing Conditions
  - a. Each building has voice service from Verizon.
  - b. Each building has CATV service from Oceanic Cable.
2. History

The voice and CATV services are original.

3. **Recommendations**

The voice and CATV services are operating satisfactorily and require no changes.

**EXHIBIT "N-1"**

**MECHANICAL SYSTEM OBSERVATION REPORT**

For

**ROYAL PALM RENTAL COMMUNITY**

**94-1470 KULEWA LOOP  
WAIPAHU, HAWAII 96797**

For

**BAY WEST REAL ESTATE  
2425 KUHIO AVENUE  
HONOLULU, HAWAII 96815**

**MAY 2002**

Royal Palm @ Waipio  
Mechanical Systems Report – Due Diligence  
Mechanical Enterprises Inc.  
May 2002

## GENERAL

This report assesses the condition of the existing mechanical systems for the Royal Palm Rental Community at Waipio based on our field investigations conducted on May 2, 2002 to May 3, 2002. No mechanical plans were available for review. As such, this report is based strictly on site observations and discussions with the facility maintenance crew.

The complex is made up of 45 individual buildings and was originally built in the mid 1980's. There are a total of 376 units of which, 220 are rental units. The scope of this report is limited to the typical mechanical conditions of the 220 rental units and does not cover the privately owned units.

There are basically 3 different types of buildings found in the complex. These include a single story 4-plex, a two story 8-plex and a two story 12 plex. The single story 4-plex is made up of four 2 bedroom/1 bath units. The two story 8-plex is made up of four 2 bedroom/1 bath units on the first floor and four 2 bedroom/1 bath units on the second floor. The two story 12-plex is made up of two studio units and four 1 bedroom/1 bath units on the first floor and 2 studio units and four 1 bedroom/1 bath units on the second floor.

### 1.0 MECHANICAL SYSTEMS

#### 1.1 AIR CONDITIONING & VENTILATION SYSTEM

##### A. General Description:

1. In general, all the units are designed for natural ventilation. Many of the units were equipped with tenant provided and installed window air conditioners. The management company provides the tenants with installation guidelines and requires that the tenant return the unit to its original condition upon moving out. A copy of the air conditioning guidelines are included in the appendix.
2. Every unit is equipped with a residential style, re-circulating two speed range hood with an integral light and aluminum mesh grease filter. Most units observed were equipped with either a Broan or Whirlpool range hood. It appeared that the original range hoods were manufactured by Broan's while the newer replaced units or refurbished model units were manufactured by Whirlpool.

3. Every unit is equipped with a toilet exhaust fan which is interlocked with the restroom light switch. The stacked 1<sup>st</sup> and 2<sup>nd</sup> floor units share a common exhaust duct riser which terminates with a low profile roofjack at the roof. The toilet exhaust fans appeared to be the original equipment and are Nutone Model 671. The nameplate ratings indicated 80 cfm capacity, 120v/1ph/60hz, 0.5 amps and 3.0 sones. Many of the fans were inoperable or had bad bearings.
4. Every unit is equipped with a 4" diameter dryer duct connection. The stacked 1<sup>st</sup> and 2<sup>nd</sup> floor units share a common dryer exhaust duct riser which terminates with a low profile roofjack at the roof.

**B. System Evaluation and Recommendations:**

1. Evaluation and recommendation of the ventilation system are as follows:

The range hoods in many of the units appear to be original equipment and are reaching the end of their lifespan (15 to 20 years). As such, our recommendation is to replace the original equipment range hoods with new units to match the existing. For the existing range hoods which have already been replaced due to equipment failure, we recommend that they be cleaned and refurbished including replacement of filters. The estimated cost for replacement of original range hoods with new are approximately \$500 each.

The existing toilet exhaust fans with integral grilles appear to be original equipment and are reaching the end of their lifespan (15 to 20 years). As previously noted, many of the fans were making bearing noise or not working at all. As such, our recommendation is to replace the existing toilet exhaust fans with new to match existing. The estimated cost to replace the original toilet exhaust fans are approximately \$600 each.

As the project is over 15 years old, we would recommend that all the exhaust ducts and dryer ducts be cleaned if they are not done so on a regular basis.

## 1.2 PLUMBING SYSTEMS

**A. General Description:**

1. Domestic water service for the property is provided by a water meter located next to the main entry driveway. Based on discussion with the Honolulu Board of Water Supply, the meter number is 85188401, the premise id number is 1152476 and the meter size is 8". Their records show a dual use meter which probably indicates that the domestic water and the fire hydrant lines are on the same system. Per discussions with the onsite maintenance

staff, the BWS approved backflow preventer is located in a below grade pit adjacent to the water meter.

2. The building water distribution is configured so each unit has its own cold water shut off valve. These valves are located in plastic valve boxes near the outdoor water heater closets. They are configured with 2 valves per valve box. The domestic water lines are copper and appear to be in good condition.
3. Hot water for each unit is provided by a 40 gallon gas water heater. The heaters (1 per unit) are clustered together and located in outdoor heater rooms. The hot water lines are copper and were not insulated. The gas water heaters are State Censible Model PRV40NRT4, with a 40 gallon storage capacity and rated for 32,000 btuh natural gas. Individual heater flues were combined to an 8" flue which was terminated above the roof line with a type B flue cap. Combustion air enters the heater room via multiple 14x8 air intake grilles (1 mounted high and 1 mounted low). The gas water heaters appear to be original equipment and are in fair to poor condition. The heater flues were in good condition. The intake grilles should be cleaned/refurbished as required.
4. Natural gas service is provided to each building with each unit having its own gas meter/regulator. The gas service is used only for the gas water heaters and does not service any appliances within the apartment. Below grade gas piping was noted to be steel with tape wrapping. In some cases, the below grade piping appeared to be steel with x-tru coating. Above grade piping was galvanized steel. On many of the 8-plex and 4-plex buildings, it was noted that the gas line risers were routed thru the electrical rooms which is technically a code violation. The gas meters/regulators and observed piping appeared to be in good condition.
5. Sanitary drainage and vent lines at and within the building were ABS plastic. 4" cleanouts to grade were noted around the various buildings.
6. The buildings were equipped with aluminum gutters and down spouts which terminate on grade.
7. Fire extinguishers were located at the entrances to each unit. Fire extinguishers were 5 lb capacity multipurpose type with plastic, surface mounted fire extinguisher cabinets. Fire extinguishers and cabinets were in good conditions and were up to date on testing/certification.
8. Plumbing Fixtures:

Most of the units were still equipped with the original plumbing fixtures. The original fixtures date back to the mid eighties when the project was originally constructed and are not ultra low flow, water conservation type. All of the

sales models have been refurbished and were equipped with new ultra low flow type fixtures. The following is a breakdown of the fixtures, both new and old, which were observed.

The existing original water closets are tank type, vitreous china manufactured by Crane. They were not ultra low flow type. The newly refurbished units were equipped with ultra low flow (1.6 gallons/flush), vitreous china, tank water closets manufactured by Western.

The existing original lavatories are integral counter type equipped with an overflow, a pop-up drain and a single handle Moen faucet. The newly refurbished units were equipped with new integral counter top lavatories and new single handle Moen faucet.

The existing original tub/showers were fiberglass units equipped with Moen single lever, pressure balance shower valve and showerhead. The shower valve and shower heads were replaced with new for the newly refurbished units.

The studio units located in the 12-plex were equipped with shower stalls in lieu of a combination tub shower. The stalls are constructed of marble like materials in lieu of the fiberglass construction of the tub/showers. The shower was equipped with a Moen pressure balancing shower valve and showerhead. The shower valve/head were replaced with new in the newly refurbished model units.

The existing original kitchen sinks are stainless steel, single compartment, sinks with a Moen single lever, swinging spout, kitchen faucet. The newly refurbished units were equipped with new single compartment, stainless steel sinks manufactured by Dayton and equipped with new single lever Delta faucets with pull out spouts.

Each unit's kitchen sink is equipped with an under counter garbage disposal. It appears that the original garbage disposals were 1/3 HP units manufactured by Maintenance Warehouse. It appears that many of the original disposals have been replaced with 1/2 HP Badger In-Sink-Erator units as these were installed in the newly refurbished model units.

All ground level units have enclosed courtyards that are equipped with a hose bibb with vacuum breaker.

All units were equipped with prefabricated plastic washer boxes with a drain connection and hot/cold water connections with angle valves. Washer boxes for the 1 bedrooms/studio units are located in a closet near the kitchen area. Washer boxes for the 2 bedroom 1 bath units are located in the bathroom.

Washer boxes and valves appeared to be in good condition and showed no signs of leakage etc.

**B. System Evaluation and Recommendations:**

Evaluations and recommendations of the existing plumbing systems are as follows:

1. The existing gas water heaters appear to be original equipment and are in poor condition. Surface rust and corrosion is evident, many of the P&T valves were frozen or leaking and the room itself is filled with dirt and debris. As such, we recommend that all existing gas water heaters be replaced with new to match capacities and ratings. The heater room should also be cleaned of dirt and debris and the combustion air intake grilles should be cleaned/refurbished as required. The heater flues were in good condition and can be reused. The estimated cost to replace the existing gas water heaters is \$1500 each.
2. The existing original water closets were in fair conditions with many showing discoloration and corroding/inoperable angle stops. We recommend replacing the existing original water closet with a new ultra low flow type and new supply stops as was done in the refurbished model units. The estimated cost to replace the existing water closets is \$600 each.
3. The existing lavatories were in fair conditions with occasional discolorations/water mineral buildup. The faucets also showed water mineral buildup and occasional surface rust. We recommend replacing the existing original lavatories, faucets, p-traps, supplies and angle stops with new low flow type as was done in the refurbished model units. The estimated cost to replace the existing lavatory faucets is \$350 each. As the lavatories were integral with the countertop, the price of the lavatories should be covered by the countertop replacement cost.
4. The existing showers and combination tub showers were in fair condition. Shower valves and shower heads showed water mineral buildup and occasional surface rust. We recommend replacing the existing original shower valves/shower heads with new low flow type as was done in the refurbished model units. The estimated cost to replace the existing shower valves and shower head is \$350 each.
5. The existing kitchen sinks and faucets were in fair condition. The sink and faucets showed water mineral buildup and occasional surface rust. We recommend replacing the existing original stainless steel sinks and faucets with single compartment sink and low flow faucet as was done in the refurbished model units. New installation should include replacement of existing p-trap, supplies, angle stops etc. The existing garbage disposals

should also be replaced with new as required. The estimated cost to replace the existing kitchen sink and faucet is \$800 each. The estimated cost to replace the garbage disposal is \$350 each.

6. The existing washer boxes appeared to be in good condition and can be reused. Any leaking shut-off valve should be replaced as required.
7. Existing hose bibs in enclosed yard areas were in fair to good condition. Missing vacuum breakers and broken handle should be repaired/replaced.

**APPENDIX**

## **Royal Palm at Waipio**

### **Air Conditioning Installation Specifications**

Space Coolers that require nothing to be protruded outside your Apartment require no specific approval other than they shall not have a maximum ampere rating over 15 amps or above 120 Volts or require Number 10 wiring.

All window Air Conditioner Installation require specific approval from the Site Manager. Submit your request in writing to the Site Manager and specify method of installation. Either self help or by a professional company ( specify name of company). Installation in either case shall comply with the following specifications:

#### **General:**

- 1) Shall be installed in the space of lower window.
- 2) Shall not exceed 15 amps or above 120 Volts or require Number 10 wiring.
- 3) Shall be tilted so that condensate water drains out of the drain.
- 4) Material to frame around the window Air conditioner or trim expansion shall be clear or white on the Exterior Side. In the interest of energy efficiency, joints shall be caulked with clear or white silicone exterior grade caulk.
- 5) Warning, window Air Conditioner installation may interfere with Computer if on the same electrical circuit.

#### **First Floor Installations:**

They do not require L Bracket Supports or Drain Lines.

#### **Second Floor Installations:**

- 1) Window Air Conditioner shall be supported on Two L Brackets of sufficient strength to support the weight of the Window Air Conditioner.
- 2) ½ inch diameter White PVC Drain Line shall be connected to the Window Air Conditioner's drain hole. Drain Lines shall extend all of the way to the ground and then away from the building to the edge of the grass.

#### **Final Inspection:**

Upon completion of installation, notify Site Manager and provide copy of invoice from the Professional Company. In the case of self help, a written statement that you are finished and ready for inspection. Failure to comply will result in directions to remove and permanent Disapproval.

Upon moving out from the Apartment, remove window air conditioner and return Apartment to original configuration. Screw holes shall be patched

**Royal Palms @ Waipio Typical Building Fixture Breakdown**

**4-Plex**

	Quantity	Sanitary		Domestic Water	
		FU/Fix	FU	FU/Fix	FU
Water closet (tank)	4	4	16	3	12
Lavatory	4	1	4	1	4
Tub/Shower	4	2	8	2	8
Kitchen Sink	4	2	8	2	8
Washer	4	2	8	2	8
Hose Bibb	4			1	4

**TOTAL: 44 44**

**8-Plex**

	Quantity	Sanitary		Domestic Water	
		FU/Fix	FU	FU/Fix	FU
Water closet (tank)	8	4	32	3	24
Lavatory	8	1	8	1	8
Tub/Shower	8	2	16	2	16
Kitchen Sink	8	2	16	2	16
Washer	8	2	16	2	16
Hose Bibb	4			1	4

**TOTAL: 88 84**

**12-Plex**

	Quantity	Sanitary		Domestic Water	
		FU/Fix	FU	FU/Fix	FU
Water closet (tank)	12	4	48	3	36
Lavatory	12	1	12	1	12
Tub/Shower	12	2	24	2	24
Kitchen Sink	12	2	24	2	24
Washer	12	2	24	2	24
Hose Bibb	6			1	6

**TOTAL: 132 126**

EXHIBIT "N-2"



Ken K. Hayashida, P.E.  
Michael P. Hummermann, P.E.  
Ron E. Iwamoto, P.E.  
Thang T. Pham, P.E.

May 13, 2002

Mr. Jonathan McManus  
2425 Kuhio Avenue  
Honolulu, Hawaii 96815

Dear Mr. McManus:

Re: Structural Due Diligence Study for the Royal Palm Condominiums in Waipahu, Hawaii.

At your request, we had the opportunity on May 3, 2002 to briefly review the conditions at the Palm Royal Condominiums, located in Waipahu, Island of Oahu.

The Complex consists of forty-five buildings. The number of condominium units at each building varies from eight to twelve, and the total number of units is 220. Although architectural drawings were available for review, there were no structural drawings available. The architectural drawings indicate the existence of the following building elements :

- The buildings structural system is of wood construction.
- The foundation floor system is a 4-inch concrete slab on grade.
- The foundation system is continuous footings located below bearing walls.
- The typical floor framing consists of ¾-inch Gyperete on 3/8-inch plywood sub-floor supported by 2"x12" wood joists.
- The roof construction is wood trusses.
- The lateral resisting system for the structures are shear walls.

**For this project, our scope of work consisted of the following items:**

- **Visual field survey of building.** Our survey consisted of nondestructive visual observations of exposed building structural elements at the exterior of the structure from ground and floor level locations. Our survey also included nondestructive visual observations of the interior of randomly-selected condominium units on May3,2002. Hidden conditions such as those covered by floor, ceiling or wall panels and coverings were not reviewed during our visit. This survey did not include any physical testing of building elements. Inspection for termite damage to the structures was not conducted. Inspection for the presence of termite protection measures to meet the recent standard was not performed. Since the structures were built prior

to the publication of the recent code standards, no structural analysis were performed to determine the adequacy of the existing lateral system to meet the standard provisions of the new building code.

- ♦ **Structural assessment of building.** The building was assessed based upon the visual field survey only. The assessment did not include any quantitative structural analysis of the structural system. Architectural drawings of the buildings were the only drawings available for our review.
  
- ♦ **Visual Survey of Unit Interiors.** Only a limited number of units were available to us for observation on May 3, 2002. The following are the units that were observed:
  - Unit 17-T
  - Unit 18-B
  - Unit 18-U
  - Unit 19-R and 19-U
  - Unit 20-E, 20-U, 20-A.
  - Unit 21-S
  
- ♦ **Visual Survey of Building Exteriors.** The inspection of the exterior elements were performed on buildings A, B, E, R, S, T, and U.

#### **Observations:**

In the observation we started with a walk through the interiors of the building followed by an exterior observation of the building.

#### **Interior observations:**

None of the structural floor and roof framing was exposed. All walls are covered with gypsum wall panels.

- No visible cracks or distress was observed in the interior walls.
- The floors of the inspected units appeared to be level with no notable deflections present.
- No visible cracks or distress was observed in the ceiling panels.
- We had access to the roof of building E through unit 20. Roof trusses has no apparent sign of deterioration, however the truss end connections were not visible and no determination of their condition was made.

**Exterior observations:**

- Exterior walls are 2"x4" wood studs covered with ½-inch wood siding as noted in the architectural drawings. No apparent cracks or distress were observed.
- The structural adequacy of the balcony handrails was not tested.

**The main structural elements of the building appear to be in satisfactory condition. Should there be questions, please call.**

**Sincerely,**



**Fatima H. Kempers,  
Structural Engineer  
KAI Hawaii Inc.**