

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer SAN-MEI, INC., a Hawaii Corporation
Address 250 Ohua Avenue #2B, Honolulu, Hawaii 96815
Project Name(*): THE 745 EKELA AVENUE CONDOMINIUMS
Address: 745 Ekela Avenue, Honolulu, Hawaii 96815

Registration No. 4965

Effective date: February 18, 2003
Expiration date: March 18, 2004

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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

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

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: SAN-MEI, INC. Phone: (808) 924-2107
Name* (Business)
250 Ohua Avenue #2B
Business Address
Honolulu, Hawaii 96815

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

Lin Shiaw Ning, President & Director
Ted T.H. Ning, Secretary & Director

Real Estate Broker*: To Be Determined, See page 20 Phone: (Business)
Name
Business Address

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

General Contractor*: 57 Builders Ltd. Phone:(808) 671-6460
Name (Business)
2001 Kahai Street
Business Address
Honolulu, Hawaii 96797

Condominium Managing Agent*: Self-Managed by Association of Apartment Owners Phone: N/A
Name (Business)
Business Address

Attorney for Developer: Jonathan A. Swanson Phone: (808) 550-8380
Name (Business)
55 S. Judd Street, #2204
Business Address
Honolulu, Hawaii 96817

* 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. 2002-169924
Book _____ Page _____

Filed - Land Court: Document No. _____

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

First Amendment to to the Declaration of Condominium Property Regime of the 745 Ekela Avenue Condominiums Document No. 2002-234259 recorded on December 30, 2002 with the Bureau of Coveyances.

Second Amendment to to the Declaration of Condominium Property Regime of the 745 Ekela Avenue Condominiums Document No. 2003-003971 recorded on January 9, 2003 with the Bureau of Coveyances.

- 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. 3489

Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. 2002-169925
Book _____ Page _____

Filed - Land Court: Document No. _____

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

First Amendment to to the Bylaws of the Association of Apartment Owners of the 745 Ekela Avenue Condominiums Document No. 2002-234260 recorded on December 30, 2002 with the Bureau of Coveyances.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

See Exhibit A

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

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

Exhibit _____ 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 Sub-leasehold:

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 745 Ekela Avenue Tax Map Key (TMK): Oahu 2-7-35:25 & 26
Honolulu, Hawai'i, 96815

[] Address [] TMK is expected to change because: Not Applicable.

Land Area: 9924 [X] square feet; [] acre(s) Zoning: A-2(Apartment)

Fee Owner: San-Mei, Inc.
 Name
250 Ohua Ave., Suite 2B
 Address
Honolulu, Hawaii 96815

Lessor: n/a
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building: 3

Exhibit _____ 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>	
<input checked="" type="checkbox"/> Residential	<u>8</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other (Resort)	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: Owners and occupants of the Apartments are permitted to keep two (2) dogs, cats, or other usual common household pets, or any combination thereof, within such Owner or occupant's Apartment.

Number of Occupants: _____

Other:

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 8 (1set stairways per unit) Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A-1</u>	<u>1</u>	<u>3/2.5</u>	<u>1,376.82</u>	<u>350.36</u>	<u>garage</u>
<u>A-2</u>	<u>1</u>	<u>2/1.5</u>	<u>1,081.26</u>	<u>430.71</u>	<u>end prkg</u>
<u>A-3</u>	<u>1</u>	<u>2/1.5</u>	<u>1,081.26</u>	<u>164.09</u>	<u>end prkg</u>
<u>A-4</u>	<u>1</u>	<u>3/2.5</u>	<u>1,376.82</u>	<u>350.36</u>	<u>garage</u>
<u>B-1</u>	<u>1</u>	<u>3/2.5</u>	<u>1,376.82</u>	<u>350.36</u>	<u>garage</u>
<u>B-2</u>	<u>1</u>	<u>2/1.5</u>	<u>1,081.26</u>	<u>430.71</u>	<u>end prkg</u>
<u>B-3</u>	<u>1</u>	<u>2/1.5</u>	<u>1,081.26</u>	<u>164.09</u>	<u>end prkg</u>
<u>B-4</u>	<u>1</u>	<u>3/2.5</u>	<u>1,376.82</u>	<u>350.36</u>	<u>garage</u>

Total Number of Apartments: 8

*** 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 of different method of determining the floor area may have been used.

Boundaries of Each Apartment:

As set forth in Section B.2(b) and Exhibit "B" and Exhibit "C" of the Declaration. Purchasers should review Declaration Sections B.2(b), B.3, B.4 and C, as well as Exhibit "B", Exhibit "C" and Exhibit "D" of the Declaration for a full description of what is and what is not included in each Apartment.

Permitted Alterations to Apartments:

Generally, internal alterations to the Apartments are permitted only with the prior approval of the Project's Board of Directors. All purchasers should review the restrictions, requirements and conditions for Apartment alterations which are contained in Section M.2 of the Declaration and Article X, Section 6 of the Bylaws.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 16

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>14</u>
Guest	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Covered & Open:	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>16</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: _____

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

- There are no violations. Violations will not be cured.
 - Violations and cost to cure are listed below. Violations will be cured by _____.
- (Date)

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

Not Applicable.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

A conditional use permit was granted under Section 21-5 of the Land Use Ordinance for the joint development of two adjacent zoning lots.

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	_____	_____
Structures	<u> X </u>	_____	_____
Lot	<u> X </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 **ExhibitB***.

as follows:

* Note: Land areas referenced herein are not legally subdivided lots.

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 B**.*

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 _____.

as follows:

<u>Apartment No.</u>	<u>Common Interest (%)</u>
A-1	14.003
A-2	10.997
A-3	10.997
A-4	14.003
B-1	14.003
B-2	10.997
B-3	10.997
B-4	14.003

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 C describes the encumbrances against the title contained in the title report, dated July 30, 2002 and updated September 10, 2002, issued by Island Title Corporation.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Not Applicable	

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. The Developer has entered into a construction contract with the general contractor for the apartments whereby the general contractor has agreed to issue the customary warranty to correct any work found defective within one (1) year after the date of substantial completion of the work (as such terms will be defined in the construction contract) ("Contractor's Warranty"). The Developer does not make this warranty but will merely pass on the Contractor's Warranty upon transfer to the Owners of the Apartments. The Developer's obligations with respect to any defects will be limited to assisting such Owner in presenting to the contractor any claims based on such warranty; it being understood that such Contractor's Warranty is limited to defects reported in writing to the Developer within the first year following the date of substantial completion of the work.
2. Appliances. Upon transfer, the Developer will assign to the Owners of the Apartments without recourse all manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

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

Site work and construction of the 745 Ekela Avenue Condominiums commenced in January 2002. The Project is currently expected to be completed by November 15, 2002. Please note that these dates are estimates only and the actual dates of completion may vary.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[n/a] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit E contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October 18, 2002.

Exhibit F contains a summary of the pertinent provisions of the escrow contract.

[] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report, 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 4965 filed with the Real Estate Commission on October 31, 2002.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

Disclosure regarding selection of Real Estate Broker

The Developer(s) have not selected a real estate broker for the sale of the condominium apartments in the project at this time.

In the event the Developer(s) chooses to use a real estate broker for the sale of the a condominium apartment, prior to entering into a binding contract for such sale the Developer(s) shall **(1)** submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawai'i-licensed real estate broker, together with a duly executed Disclosure Abstract identifying the designated broker and **(2)** provide a copy of the Disclosure Abstract to the purchaser with a copy of this Public Report.

EXHIBIT A

Rights Reserved by Developer

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

1. As set forth in Section N.1 (Reservation of Power to Grant Easements) of the Declaration, the Developer may exercise its reserved right to grant from time to time within the Common Elements, including without limitation the roadways, parking areas, parking stalls, golf cart paths, and walkways in the Project, (a) easements and rights-of-way over, under, and across the Common Elements for pedestrian and vehicular access, parking, utilities, sanitary and storm sewers, drains, cable television and other utility services, (b) in its capacity as Declarant under the Master Declaration, easements as provided in Article X of the Master Declaration, and (c) the right to relocate, realign or cancel the same, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any apartment.
2. As set forth in Section N.3 (Reservation of Right to Make Amendments Required by Government Agencies and Others) of the Declaration, the Developer may exercise its reserved right make at any time prior to the recordation of an Apartment Deed for the last Apartment in the project, amendments to the Declaration, the Bylaws, or the Condominium Map that are required by law, by the Real Estate Commission, by a title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that such amendments shall not change the Common Interest appurtenant to an Apartment or substantially change the design, location or size of any Apartment for which an Apartment Deed has been recorded.
3. As set forth in Section O (Amendment of Declaration) of the Declaration, the Developer has reserved the right to amend the Declaration to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act.
4. As set forth in Section O (Amendment of Declaration) of the Declaration, the Developer has reserved the right to amend the Declaration to assign or change the assignments of individual parking stalls to individual Apartments for which an Apartment Deed has not been recorded, which assignments or changes in assignments shall be accomplished by an amendment to the Declaration.

EXHIBIT B

Common Elements and Limited Common Elements

The Common Elements of the Project include:

1. The Land, in fee simple, and any and all easements and appurtenances thereto.
2. All unfinished, undecorated portions of all perimeter (including party) walls and interior load-bearing walls, the undecorated or unfinished surfaces of floors and ceilings, all lanai slabs and railings, all structural components, foundations, floor slabs, columns, girders, beams, supports, shafts, ceilings and spaces between the ceiling and the floor slab or roof above, roofs, exterior surfaces of the Project, including any paint or coating thereon, and all exterior windows.
3. All yards, grounds planters, trellises and landscaping and all garbage chutes and other refuse facilities, if any, whether within or appurtenant to the Project.
4. All parking areas, driveways, ramps, loading areas or zones, car wash areas, and walkways which are rationally of common use by Owners of more than one Apartment.
5. All ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one Apartment and other central and appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. The nine (9) mailboxes, one for each Residential Apartment and one for the Association located near the gated entrance on Ekela Avenue.
7. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

The Limited Common Elements of the Project include:

1. Parking. Each Apartment will have appurtenant to it as a Limited Common Element, one (1) or more parking stall(s), as designated on Exhibit "D" to the Declaration.
2. Yard Areas. Each Apartment unit shall have as a Limited Common Element the Yard Area surrounding the Apartment as shown on the Condominium Map.
3. Residential Facilities. Each Apartment shall have as Limited Common Elements all ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other conduits or other utility or service lines which are utilized for or serve only that Apartment.

EXHIBIT C

Encumbrances Against Title

The following are the encumbrances against title to the Project that are contained in the title report dated July 30, 2002 and updated September 10, 2002 and issued by Island Title Corporation:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Two easements to the City and County of Honolulu dated May 19, 1955, recorded in the Bureau in Book 2978, pages 246 & 253, to construct, install, maintain, operate, repair and remove an underground sewer pipe line or pipe lines, with manholes and other equipment.
3. Terms, provisions, covenants and conditions in the Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO),, dated November 21, 2001, recorded in the Bureau as Document No. 2001-1841464.
4. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration for Holding Tank Facility dated February 11, 2002, recorded in the Bureau as Document No. 2002-026092.
5. Real property taxes as may be due and owing. Check with the County Tax Assessor for further information.

EXHIBIT D

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u>	x 12 months	= <u>Yearly Total</u>
A-1	\$151.23	x 12	= \$1,814.76
A-2	118.77	x 12	= 1,425.24
A-3	118.77	x 12	= 1,425.24
A-4	151.23	x 12	= 1,814.76
B-1	151.23	x 12	= 1,814.76
B-2	118.77	x 12	= 1,425.24
B-3	118.77	x 12	= 1,425.24
B-4	151.23	x 12	= 1,814.76
			<u>\$12,960.00</u>

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

Estimate of Maintenance Fee Disbursement:

Monthly Fee x 12 months = Yearly Total

Utilities and Services			
Air Conditioning			
Electricity			
<input checked="" type="checkbox"/> common elements only	\$40.00	x 12	= \$480.00
<input type="checkbox"/> common elements and apartments			
Elevator			
Gas			
<input type="checkbox"/> common elements only			
<input type="checkbox"/> common elements and apartments			
Refuse Collection			
Telephone			
Water & Sewer	40.00	x 12	= 480.00
Maintenance, Repairs and Supplies			
Building			
Grounds	145.00	x 12	= 1,740.00
Management			
Management Fee			
Payroll and Payroll Taxes			
Office Expenses			
Insurance	585.00	x 12	= 7,020.00
Reserves*	100.00	x 12	= 1,200.00
Taxes and Government Assessments	40.00	x 12	= 480.00
Audit Fees	130.00	x 12	= 1,560.00
Other			
TOTAL			<u>\$12,960.00</u>

I, Lin Shiaw Ning agent for/and/or employed by San-Mei, Inc.,
 the condominium managing agent/developer for the 745 Ekela Avenue Condominiums
 condominium project, hereby certify that the above estimates of initial maintenance fee assessments and
 maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Lin Shiaw Ning

 Signature

1/31/2003

 Date

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

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

Developer's Statement and Explanation that a Reserve Study Has Not Been Conducted

In estimating the Reserves assessment, the Developer has not undertaken a reserve study to determine the replacement and/or repair costs of the Project's common elements to the extent any portion of the Project may be considered "Association property" in accordance with §514A-83.6 HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. The Developer notes that while the common elements of this Project are new constructions and many of the Project's common elements may be considered "exempt association property" under §514A-83.6 HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended, the Developer has not conducted an examination of the Project's common elements to determine such exemptions.

EXHIBIT E

SUMMARY OF SALES CONTRACT

The Condominium Deposit Receipt and Sales Contract, filed with the Commission, provides for, among other things, a description of the Apartment to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Sales Contract.

Among other provisions, the specimen Sales Contract provides:

1. That the Sales Contract is only a reservation agreement until (i) a true copy of the Final Public Report and two copies of the Receipt and Notice of Right to Cancel form prescribed by the Condominium Property Act have been delivered to the Purchaser, (ii) the Purchaser has an opportunity to read the report(s), (iii) the Purchaser has executed the Receipt and Notice of Right to Cancel form (which execution shall conclusively indicate that the Purchaser has read the Reports) and has waived his right to cancel, or is deemed to have received for the reports and to have waived the Purchaser's right to cancel (if the Purchaser does not execute and return the Receipt and Notice of Right to Cancel within thirty (30) days from the date of delivery of the Report, or if the Unit is conveyed to the Purchaser prior to the expiration of said thirty (30) day period, the Purchaser shall be deemed to have received for the Reports and to have waived his right to cancel).

2. The Seller has entered into an Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with the Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. In the event a purchase is cancelled, Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.

3. The Sales Contract provides that the Purchaser's Deposits shall be placed into an interest bearing account with all of the interest to be credited to Purchaser at Closing. Purchaser will pay any processing fee required by Escrow and all costs of setting up, maintaining and closing the account.

4. The Sales Contract provides that closing costs and expenses shall be allocated as follows: Seller shall pay 60% of the premium for the Title Policy, the cost of drafting of conveyance documents, Seller's notary fees, conveyance tax, and 50% of escrow fees. Purchaser shall pay 40% of the premium for the Title Policy, and any additional costs relating to the issuance of extended coverage policy (including a lender's policy), the cost of drafting of any revisions or addenda to the purchase contract, the cost of obtaining Purchaser's consents, if any, Purchaser's notary fees, all recording fees, 50% of escrow fees, and any mortgage fees, Hawaii Hurricane Relief Fund, and Hawaii General Excise Tax.

5. The Sales Contract provides that it may not be assigned by Purchaser, in whole or in part, without the prior written consent of Seller which consent may be withheld by Seller in its sole and absolute discretion. Any assignment of the Sales Contract made without Seller's written consent is void and of no legal effect.

The foregoing is only a summary of some of the key terms of the Sales Contract. It is incumbent upon a prospective Purchaser to read the full text of the Sales Contract with care.

EXHIBIT F

SUMMARY OF ESCROW AGREEMENT

A copy of the executed Escrow Agreement for the Project between Title Guaranty Escrow Services, Inc. ("Escrow"), and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of the funds of a purchaser of an Apartment (a "Purchaser") pursuant to the Sales Contract and also provides for the retention or disbursement of the funds.

The Escrow Agreement provides in part that any interest earned on money on deposit shall be paid to the parties in accordance with the terms of the Sales Contract. In the event that the Sales Contract or Hawaii Revised Statutes Chapter 514A entitle a Purchaser to a refund of Purchaser's Deposits held by Escrow, then Escrow, upon instruction from Developer, will refund Purchaser's deposits, less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

By law the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00) so long as the cancellation occurs prior to the time the Sales Contract becomes effective (following issuance of the Final Public Report). Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.

EXHIBIT G

Apartment Schedule

This project consists of eight condominium apartment units designated for residential use. There are two apartment types which are discussed below.

<u>Apt Unit</u>	<u>Apt. Type</u>	<u>Net Square Footage (Living Area)</u>
A-1	Type A	1376.82
A-2	Type B	1081.26
A-3	Type B	1081.26
A-4	Type A	1376.82
B-1	Type A	1376.82
B-2	Type B	1081.26
B-3	Type B	1081.26
B-4	Type A	1376.82

Apartment Types

Type A: Each of these Apartments has a net living area of approximately 1376.82 square feet, has one living room, 3 bedrooms, 2.5 bathrooms, a kitchen, and a laundry storage room.

Type B: Each of these Apartments has a net living area of approximately 1081.26 square feet, has one living room, 2 bedrooms, 1.5 bathrooms, a kitchen, and a laundry storage room.