

**CONDOMINIUM PUBLIC REPORT**

Prepared &  
Issued by:

Developer Rosalei, Limited, a Hawaii corporation  
Address 445 Kaiolu Street, Waikiki, Honolulu, Hawaii 96815  
Project Name(\*): The Rosalei  
Address: 445 Kaiolu Street, Waikiki, Honolulu, Hawaii 96815

Registration No. 5013  
(Conversion)

Effective date: February 26, 2003  
Expiration date: March 26, 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. A Final Public Report will be issued by the developer when complete information is filed.
  - FINAL:**  
(white)  
The developer has legally created a condominium and has filed complete information with the Commission.  
    - No prior reports have been issued.
    - This report supersedes all prior public reports.
    - This report must be read together with \_\_\_\_\_
  - SUPPLEMENTARY:**  
(pink)  
This report updates information contained in the:  
    - Preliminary Public Report dated: \_\_\_\_\_
    - Final Public Report dated: \_\_\_\_\_
    - Supplementary Public Report dated: \_\_\_\_\_
- And
- Supersedes all prior public reports
  - Must be read together with \_\_\_\_\_
  - This report reactivates the \_\_\_\_\_ public report(s) which expired on \_\_\_\_\_

(\*) Exactly as named in the Declaration

**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**

The Rosalei is a residential project containing 160-apartments that was originally developed as a cooperative housing project (a "co-op"). Each owner in the co-op holds a share of stock in Rosalei, Limited and a proprietary lease. The 160 condominium apartments in the Project will only be offered for sale to the existing owners in the co-op.

This Public Report shall not be used by the Developer for the sale of condominium apartments to purchasers that do not presently have an ownership interest in the co-op.

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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: Rosalei, Limited Phone: (808) 923-7565
Name\* (Business)
445 Kaiolu Street
Business Address
Waikiki, 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):

Daniel Butler, President & Director; Tom Meskan, Vice President & Director; Jeanne Hearn, Treasurer & Director; Kathryn Heller, Secretary & Director; Other Directors: Dean Limric, Don Dietz & Rebecca Ivanova

Real Estate Broker\*: None. 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\*: None Phone: (Business)
Name
Business Address

Condominium Managing Agent\*: Hawaiiana Management Company, Ltd. Phone: (808) 593-9100
Name (Business)
711 Kapiolani Boulevard, Suite 700
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Richard Kiefer & James Case Phone: (808) 242-4535
Name (Business)
Carlsmith Ball LLP, 2200 Main St., Ste. 400
Business Address
Wailuku, Hawaii 96793

\* 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 No. 2843038

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. 1507

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. 2843039

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

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

The House Rules for this condominium are:

Proposed             Adopted             Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

1. **Reservation of Power to Grant Easements.** Section N.1 of the Declaration provides that the Developer reserves to itself the non-exclusive right to grant from time to time within the Common Elements (other than the Limited Common Elements), easements and rights-of-way over, under, and across the Common Elements (other than the Limited Common Elements) for utilities, sanitary and storm sewers, drains, cable television and other utility services for two (2) or more Apartments and 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. **Required Amendments.** Section N.2 of the Declaration provides that the Developer reserves the right to 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. **Parking Assignment.** Section O of the Declaration provides that the Developer may amend the Declaration to (i) file the "as built" verified statement required by Section 514A-12 of the Act, and (ii) to change parking stall assignments for Apartments for which an Apartment Deed has not been recorded.

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: 445 Kaiolu Street Tax Map Key (TMK): (1) 2-6-17-4  
Waikiki, Honolulu, Hawaii 96815

[ ] Address [ X ] TMK is expected to change because: individual CPR numbers may be assigned to each apartment.

Land Area: 21,224 [ X ] square feet; [ ] acre(s) Zoning: Apartment

Fee Owner: Rosalei, Limited  
Name  
445 Kaiolu Street  
Address  
Waikiki, 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: 1 Floors Per Building: 13 (including one-story basement)  
 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>160</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: Bylaws Section E.3 says the Project's House Rules may restrict pets. The House Rules, Section B, currently prohibit all pets except for service animals for persons with disabilities.

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

Other: See Declaration Section F. Timeshare use, rentals for less than 30 days, and non-residential use are prohibited.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: <u>2</u>		Stairways: <u>2</u>		Trash Chutes: <u>0</u>	
Apt. Type	Quantity	BR/Bath	Net Living Area (sf) *	Net Other Area (sf)	(Identify)
101	1	0/1	342		
102	1	0/1	403		
103	1	0/1	380		
104	1	1/1	616		
105	1	0/1	403		
106	1	0/1	330		
01	11	0/1	354	61	lanai
02	11	1/1	441	86	lanai
03	11	1/1	458	61	lanai
04	11	1/1	433	86	lanai
05	11	1/1	441	86	lanai
06	11	1/1	441	86	lanai
07	11	1/1	441	86	lanai
08	11	1/1	441	86	lanai
09	11	1/1	441	86	lanai
10	11	1/1	441	86	lanai
11	11	1/1	458	61	lanai
12	11	1/1	441	86	lanai
13	11	1/1	441	86	lanai
14	11	0/1	362	61	lanai

Total Number of Apartments: 160

**\*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 described in Declaration Section B.2.b, the boundaries of each Apartment are the undecorated or unfinished surfaces of the perimeter (including party) walls, interior load bearing walls, floors, ceilings, and lanai slabs and railings (if any).

**Permitted Alterations to Apartments:** As set forth in Declaration Section M.2, an Apartment Owner may, with the prior approval of the Board and an approved county building permit (if required), make alterations to the interior of the Apartment so long as the alterations do not jeopardize the soundness or safety of any part of the Project, reduce the value thereof, adversely affect any Common Element or other Apartment, alter the uniform external appearance of the Project, or affect or impair any easement or right of any other Apartment Owner.

**Apartments Designated for Owner-Occupants Only:** Not Applicable.

7. Parking Stalls:

Total Parking Stalls: 71

	<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 (for each unit)	<u>0</u>	<u>0</u>	<u>34</u>	<u>34</u>	<u>0</u>	<u>0</u>	<u>68</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</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: cycle	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Total Covered & Open: 0 71 0 71

Each apartment will have the exclusive use of at least 0 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit C contains additional information on parking stalls for this condominium project.  
The parking stall assignments are contained in Exhibit C.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities. The pools, tennis courts and other facilities located in the Project are all part of the Beach Club Apartment and are available for use only by members of the Beach Club and their accompanied guests. Purchasers of Cottage Apartments do not automatically become members of the Beach Club or otherwise acquire any right to use such facilities.

Swimming pool                       Storage Area                       Recreation Area

Laundry Area                       Tennis Court                       Trash Chute/Enclosure(s)

Other: Meeting Room

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 the Architectural, Structural, Mechanical and Electrical Observation Reports attached as **Exhibit A** for a description of the current condition of the Rosalei's structural components and mechanical and electrical installations. NO REPRESENTATIONS ARE MADE WITH RESPECT TO THE EXPECTED USEFUL LIFE OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS.

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>    X    </u>	<u>          </u>	<u>          </u>
Structures	<u>          </u>	<u>    X    </u>	<u>          </u>
Lot	<u>    X    </u>	<u>          </u>	<u>          </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

**D. Common Elements, Limited Common Elements, Common Interest:**

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit B.

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 B**.

as follows:

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

described in **Exhibit C**.

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 D** describes the encumbrances against the title contained in the title report dated January 17, 2003 and issued by Title Guaranty of Hawaii, Inc.

**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 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>
Financing Statement in favor of First Hawaiian Bank dated October 9, 1998, recorded in the Hawaii Bureau of Conveyances as Document No. 98-173665.	Lien will be released from Unit prior to Conveyance. If Lien is not released, or if Lien is foreclosed, buyer may not be able to close on buyer's conversion from coop to condominium, in which case buyer may cancel buyer's contract, all of buyer's monies will be refunded, and buyer will retain buyer's proprietary lease of the apartment.

**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements. There are no warranties regarding the building and other improvements.

2. Appliances. There are no warranties regarding appliances.

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

The Rosalei was constructed in the 1950s.

**H. Project Phases:**

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

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



V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ n/a ] Notice to Owner Occupants

[ X ] Specimen Sales Contract

**Exhibit F** contains a summary of the pertinent provisions of the sales contract.

[ X ] Escrow Agreement dated November 15, 2002.

**Exhibit G** 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. 5013 filed with the Real Estate Commission on January 22, 2003.

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**

No Real Estate Broker. Because the condominium units are only being offered for sale to the current owners in the co-op, no real estate broker is being used by the Developer. If a real estate broker is used, the Developer shall submit a copy of the executed listing agreement to the Real Estate Commission and disclose the name of the broker in the Disclosure Abstract.

Tax Matters. There may be significant tax implications associated with the transfer or conversion of the interest in the co-op to the condominium form of Ownership. An owner of an interest in the co-op is advised to seek their own tax advice. See Paragraph 5 of Exhibit F.

- 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.

Rosalei, Limited, a Hawaii corporation  
 Printed Name of Developer

By:   
 Duly Authorized Signatory\*

JANUARY 22, 2003  
 Date

John Wollstein, President  
 Print Name & Title of Person Signing Above

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

\* Must be signed for a: corporation by an officer; partnership of 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**

**Architectural, Structural, Mechanical and Electrical Observation Reports**



**ERNEST M. UMEMOTO AIA**

**Architect, Inc.**

---

January 16, 2002

The Rosalei AOA  
c/o Hawaiian Management Co., Ltd.  
Pacific Park Plaza  
711 Kapiolani Blvd., Suite 700  
Honolulu, Hawaii 96813

**THE ROSALEI CONDOMINIUM CONVERSION**

455 Kioulu Street  
Honolulu, Hawaii  
TMK:2-6-17:4

**ARCHITECTURAL OBSERVATION REPORT**

A Site Visit was done to note cursory observations of The Rosalei Condominium. Only what was visible at the walk-through is noted.

The grounds include an entry driveway off Kioulu Street just makai of Ala Wai Blvd., uncovered parking stalls at ground level, building entry, swimming pool, and planting area. There are no handicap parking stalls.

The first floor located at above street level has a common area entry and elevator lobby, office, laundry, storage, mailroom and meeting rooms. The basement has covered parking stalls, storage and utility areas. The elevator does not extend to the basement level.

There are 34 covered parking stalls and 12 motorcycle stalls in the basement. There are 37 uncovered parking stalls(one loading included). None are handicap accessible. All stalls are compact and some stalls in the basement do not meet sizes required by the Zoning Code.

No Soils & Foundation Engineer, Civil Engineer, Hazardous Waste(asbestos, lead paint, gas, fuel oil, etc.) or other Specialist were retained. No testing for termite, roofing, water infiltration, fire alarm or other systems were involved.

**The Rosalei Condominium Conversion**

c/o Hawaiiana Management Co., Ltd.

January 16, 2002

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Floor 1(one) has 6 apartments. Floor 2 through the 12th floor have 14 apartments per floor. Eleven(11) typical floors x 14 = 154 units plus 6 Floor 1 units = 160 apartments total.

The Building was built prior to the latest Building Codes, Fire Code, Board of Health Regulations and Zoning Ordinances, and may not meet all the latest requirements. Future additions and alterations may be adversely impacted by not being in compliance to the latest codes. Rebuilding in case of fire, storm or other damage may also be adversely impacted by not being in compliance to the latest codes. Life-safety items that are "grand-fathered" or non-conforming should be addressed by the AOA for upgrade even though not required by the Building Department until addition and/or renovation work permit is applied for. Review by the Fire Department is recommended.

The Building does not have handicap accessible apartments. It may not be possible to remove non-compliant ADA and FHA requirements for disability accommodation.

The Building must fulfill current requirements for:

- a) Fire Dept. Life Safety
- b) Building Dept. Hotel Occupancy
- c) Dept. of Health Swimming Pool  
There is no food service operation on site.
- d) ADA accessibility
- e) OSHA

The Project Management should hire consultants in each area above to assess current needs.

The site is in the Waikiki Special Design District which imposes strict and additional zoning requirements to the Zoning Code. Additions and alterations will require effort to address these special requirements.

The drawings for the Building was not found except for a few sheets:

- a) There may be approvals conditional to further drawings and submittals which were not found.
- b) A loading area of a different size than that found may have been required at the site.

## **The Rosalei Condominium Conversion**

c/o Hawaiiana Management Co., Ltd.

January 16, 2002

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- c) Parking different from what exists today may have been required.
- d) Shows first floor plan that differs from existing., leading us to believe that the drawing was not from the Permit Set.
- e) Alterations done do not have drawings or approved permit.

### **SITE OBSERVATIONS include:**

#### **A. SITE**

- S-1 No guest parking stalls.
- S-2 Driveway exit to Kioulu Street requires right turn only. A stranger may not be aware of the one-way direction. Recommend a sign be erected.
- S-3 Driveway traffic lanes intersect lobby pedestrian traffic. Recommend crosswalk, speed bumps, and speed limit signs.
- S-4 The pedestrian route from the street frontage to the lobby requires an ADA-compliant route if any public access occurs.
- S-5 Pedestrians are not separated from parking traffic. Curbs and railings should be considered to protect pedestrians from auto traffic.
- S-6 HECO electric vault requires clearance in front of doors. Management should review with HECO.
- S-7 No children play area provided.
- S-8 Guardrails 42" high and maximum 4" opening shall be provided along sides more than 30" above grade.
- S-9 If an accessible parking stall is added, it should be a van accessible parking stall.
- S-10 Cracks in sidewalk and slabs should be repaired immediately to prevent pedestrian injury due to tripping or slipping.
- S-11 Cracks in concrete walls and concrete projections should be repaired immediately to prevent spalling.
- S-12 See Site Survey for encroachments, access routes and other site features.
- S-13 Site walkway surfacing varies in slope and texture and could lead to slipping and tripping.
- S-14 Cracks, uneven joints, poor lighting, dirt/fungus/algae accumulation on walkways may aggravate the problem of slipping and tripping.
- S-15 No reports of site drainage problem or flooding was reported by staff.
- S-16 Barrier construction needed to protect water pumps in parking area.

**B. BUILDING**

- B-1 The first floor has exterior fire escape hinged ladder that must be lowered for use on both ends of the building. These constitute the fire escape route or all floors and do not meet Building Code as exit components. Highest priority must be given to an alteration project extending the stairways to grade.
- B-2 The basement has construction without permits that do not meet exit requirements. An alteration project is required to address all Code issues.
- B-3 Basement driveway does not meet Code requirements for backing out of stalls, turns and transitions. Traffic speed should be posted as well as sign requiring driving w/lights and mirror aids around corners. Clearly visible pedestrian paths are non-existent at many areas.
- B-4 Basement makai frontage lacks a second exit. In addition, some doors have dead-end corridors that exceed 20 feet.
- B-5 Some stair landings and widths do not have 44 inches width.
- B-6 Some stairs lack handrails on both sides.
- B-7 Some handrails exceed finger space width and handrail pipe width for a maximum of 3-1/2" from each side of a stairway.
- B-8 Some stair handrails are not less than 34 inches nor are they more than 38 inches above landings and nosing of treads.
- B-9 Some stair handrails do not extend 12 inches beyond the last riser with rounded terminations of ends.
- B-10 No safety glass labels on glass windows and doors at first floor(second level). Management should have glass company check compliance to Code.
- B-11 Exit signs should be placed as required by Code. A total design study is recommended to review exits and the exit signs required.
- B-12 Doors into exit corridors and stairs must be labeled with fire resistive capacity. Where required, they must have approved closer, hardware and smoke gasketing.
- B-13 Stairways have intermediate walls with no handrail. There is a 4" maximum opening Code requirement for openings in landing guardrails.
- B-14 Walls built on ground floor and basement without permit must be checked to see that they meet required fire resistive construction.
- B-15 Finishes in exit corridors must meet Class I flame spread classification in enclosed vertical exit ways and Class II in other exit ways. All rooms must be at least Class III.
- B-16 Floor level exit signs are required in all corridors .

**The Rosalei Condominium Conversion**

c/o Hawaiiana Management Co., Ltd.

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- B-17 The building should remove all readily achievable barriers to ADA accessibility in common areas. Rooms with public access will require further barrier removal work.
- B-18 Guardrail shall not be less than 42 inches.
- B-19 One-hour fire resistive occupancy separation required between dwelling units, and all rooms of different occupancies such as storage, office, utility, laundry and corridors. Parking must be separated from all other occupancies by one-hour fire resistive construction and no high hazard materials can be stored.
- B-20 The Building Code requires escape or rescue windows with specific size and sill height requirements. Some windows are not in compliance with Code.
- B-21 UL-Approved smoke detectors are required in corridor and inside each dwelling unit.
- B-22 The elevator is not ADA accessible. Use by hotel guests requires that they are ADA compliant.
- B-23 Access to pool area must be controlled to prevent access by minors.
- B-24 Wall to pool requires Code height. Access to meeting room may need barrier to pool.
- B-25 Railings at lanai should not have openings exceeding 4".
- B-26 Dwelling rooms have refrigerator and range space that are custom size not readily on sale at local appliance stores.
- B-27 Dwelling rooms should not be permitted to have window air-conditioning unit without condensate drain.
- B-28 The walls adjacent to range must be of fire resistive finish. Painted or wall covering is not permitted. A metal hood is required over the range.
- B-29 Material stored in any room must not be flammable or toxic. These items must be stored in fire resistive labeled cabinets.
- B-30 Threshold to doors should not exceed 1/2 inch and only then with sloping edges so that maximum rise at flooring is 1/4 inch at all public access.
- B-31 Fresh air ventilation of dwelling rooms, common areas, utility areas and other rooms should be checked.
- B-32 Painting, water-infiltration stoppage, roofing, caulking and other preventative maintenance work should be scheduled to address wear and tear prior to repairs becoming necessary.
- B-33 Electrical extension cords should not be allowed throughout.
- B-34 All convenience outlets within 6 feet of water source must be GFIC.
- B-35 Termite damage was not investigated but its presence is possible. A periodic treatment and eradication program is recommended.

**The Rosalei Condominium Conversion**

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- B-36 No checks were done on sprayed acoustical ceiling material.
- B-37 Stair doors must close after opening. Doors are not allowed to be held in the open position.
- B-38 Stairway riser and treads vary more than 3/8" currently permissible by Code and could cause falls.
- B-39 Doors(other than ADA locations) shall not have a threshold more than 1 inch over the floor or landing.
- B-40 Roof accessibility must be secured by lock.
- B-41 All guardrails should be a minimum 44" inches high.
- B-42 All corridors must be 44 inches wide minimum.
- B-43 Bedroom windows must have window sill not exceeding 44". A fully open 20"w x 24"h clear window must provide egress. Windows on the 1st floor bedrooms must be replaced to meet this requirement.
- B-44 Upper floor bedrooms have sliding doors which cannot be locked in place to facilitate fire escape egress.
- B-45 Within the swelling unit, a UL-Approved smoke detector is required in the hall outside any bedroom and just inside the bedroom door.
- B-46 Trash chute must have fire suppression system. Periodic maintenance and testing required.
- B-47 Basement ramp drain and sump pump may not be of adequate size to handle extreme rainfall.
- B-48 Kitchen appliances may be custom sizes difficult to replace.
- B-49 Walls adjacent to range must be fire resistive finish. Painting or wall covering is not permitted. A metal hood is required over the range.
- B-50 Dry rot found on some exterior wood railings.
- B-51 Basement requires fire sprinkler. Periodic maintenance and testing required.
- B-52 Basement exit double door does not meet minimum 3 feet width requirement.
- B-53 Bedroom sliding door may not meet ventilation requirement without adjacent jalousie windows.
- B-54 Meeting room door size and stair do not meet exit requirement.
- B-55 Upper parking deck ponds when it rains.
- B-56 Battery powered lighting on all exit routes required.
- B-57 Basement storage lockers have dead-end corridors, no exit signs and emergency lighting. This room needs smoke detectors.
- B-58 Water infiltration under pool area in basement storage room.
- B-59 Ventilation for basement parking inadequate.
- B-60 Gates to basement ramp need emergency access doorways.
- B-61 Flammables should not be stored in any storage or maintenance rooms.

**The Rosalei Condominium Conversion**

c/o Hawaiiana Management Co., Ltd.

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- B-62 Pool chemical supplies should not be stored in basement.
- B-63 Roof access hatch guardrail not high enough.
- B-64 Stair to elevator machine room(on roof) needs intermediate rail.
- B-65 Many lanai enclosures were built without Permits. Even plywood partitions have been built. The different types of material, finishes, jalousies, etc. have created a non-unified exterior to the Building.
- B-66 Open parking deck slopes toward Building. Cracks must be repaired.
- B-67 Stairway between basement and 1st floor is not wide enough to qualify as exit. Sign needed at 1st floor landing warning that it is not a fire exit route downward.
- B-68 First floor corridor has open screen block on pool side and is not fire-protected.
- B-69 Basement corridor does not have door on mauka end.
- B-70 Basement parking has window on back corners that are in setback requiring protected opening.
- B-71 Fire extinguisher no in marked cabinet.
- B-72 Laundry dryer vent must extend beyond roof.

**C. SUMMARY**

The building has held up to wear and tear very well and a strict maintenance effort has kept the complex clean and functionally able to provide for the needs of the intended use.

Respectfully submitted,

  
Ernest M. Umemoto, AIA



**HAWAII  
ENGINEERING  
GROUP, INC.**

Consulting Civil & Structural Engineers

December 19, 2001

Ernest M. Umemoto  
442 Kaleimamahu Street  
Honolulu, HI 96825

**Rosalei Condominium CPR**

**445 Kaiolu, Honolulu, Hawaii  
TMK: 1-2-14:54**

**Structural Observation Report**

On September 26, 2001, a site visit was held to note cursory observations of Rosalei Condominium at 445 Kaiolu Street. The inspection involved a 2-hour walk through of the mid-rise building. The observations were limited to the following:

- Units #104, #201, #1209 and #1211.
- Building exterior and common areas.
- Roof.
- Basement level parking area/mechanical equipment areas.
- Parking Deck

No calculations or testing of any kind was performed. Architectural, Mechanical, Electrical and other non-structural aspects were not addressed. No structural design drawings for the existing building were made available for review.

The building is a reinforced concrete cast in place structure with CMU infill walls. The building has 12 stories and one basement.

While at site the following observations were made by HEG.

Units #104, #201, #205, #1209 & #1211.

1. No damage was observed in any units listed above.



Basement Level

1. The slab on grade in basement has numerous cracks.
2. Leakage into basement from the wall adjacent to pool was observed.
3. Slots have been cut in the floor slab for drainage.

Parking Level

1. The street level parking deck has cracks that are causing leakage into the basement.
2. Some ponding of water was also observed on the deck.

Roof

1. No damage was observed.
2. New roofing was observed.

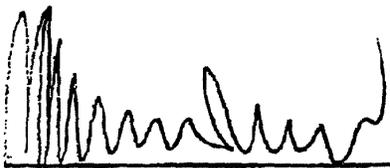
Concrete Spalling

1. Concrete spalling was observed on the rear face of the building.
2. The spalling is generally located at edges of lanais especially where the railings are embedded in concrete. This type of damage is typical in concrete building in Hawaii.

The structural discrepancies observed are minor in nature, but should be corrected under the guidance of a registered professional engineer.

The observations made do not impair the overall integrity of the structure. The structure of the building is in good condition. The structure can be expected to continue to perform well with normal maintenance and up keep.

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



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Submitted: **Ather R. Dar, PE**

Date: September 26, 2001

Project: Rosalei Apartments  
445 Kaiolu Street  
Honolulu, Hawaii

TMK: 2-6-17-017

Subject: Mechanical Observation Report

A cursory site observation of typical units for the above project was conducted on September 26, 2001 specifically for the observable mechanical plumbing, ventilation, and air-conditioning systems.

This multi story building contains two levels of parking with multi stories of apartment levels. See architectural report for unit count and building description. This building is indicated to be about 47 years old. Original Mechanical, Plumbing & Electrical construction drawing sheet nos. 26, 27, 29, and 31, dated 4-1-54 by Registered Architect no. 727, Donald N. McDonald were provided for use.

The observation team visited one studio apartment, and four one-bedroom units. The units were located on the first, second, and twelve floors. These units were noted to be typical representative unit types.

Typical Studio Unit bathroom fixtures consisted of a wall hung cast iron lavatory, a shower, and a floor mounted tank type water closet. The lavatory has a dual handle faucet. The shower faucet is a single handle type with a shower head. The water closet is floor mounted tank type with a seat and cover.

Typical One-Bedroom Unit bathroom fixtures consisted of a countertop lavatory, wall hung cast iron lavatory, and a floor mounted pedestal type lavatory. The lavatories have dual handle or a single handle faucet. The shower faucet is a single handle type with a shower head. The water closet is floor mounted tank type with a seat and cover.

The typical Studio Unit Kitchen consisted of a small single compartment stainless steel sink with a two-handle faucet and a small electric range. No disposal was noted.

The typical One-Bedroom Unit Kitchens consisted of a single compartment stainless steel sink with a two-handle or a single handle type faucet. No disposal was noted.

The plumbing fixtures generally seem to be in good operational condition, but generally obsolete and do not generally seem to meet present water conservation and related plumbing code. No observations were intended for the electric range or other appliances. Various manufacturers and model types of fixtures were noted.

The bathrooms and kitchens are generally provided with a wall exhaust register. Twelve roof exhaust fans (PRV) are located on the roof. The PRVs were noted to be Greenheck GB-160-7 models. Mauka end unit kitchen was noted with a wall type exhaust fan.

The original apartment unit or building design did not include clothes washers or dryers. A common laundry area was provided on the ground level. Clothes washers and dryers are coin operated Maytag units.

A domestic house pump system is located in the pump room at basement level. The system consists of a one booster pump system. System is operational.

The hot water heating system is located in the basement mechanical room. The system seem to consists of two 300,000 BTUH input gas boiler with two 115 gallon storage tanks, and two distribution circulating pump. This boiler seems to support the present building hot water needs. The system observed seemed to be in working condition. There were no complaints for lack of hot water as noted by the manager. The combustion opening for the heater room seems questionable for code compliance.

Generally the plumbing systems observed were in usable condition but old and will need major repairs in the near future especially for portions of piping system that have not been replaced. The manager indicated that a large part of the water piping system have been replaced with copper piping. Replacement or repair of plumbing fixtures, faucets and piping had been taking place on a as-need basis or by owner's renovations.

The storage area of this building is provided with a wet-type automatic fire sprinkler system. No detail layout analysis was made to verify code compliance. Dry Standpipe system for the Makai stairwell, wet type fire sprinkler system, and fire extinguishers should be tested by a fire department certified fire inspector or by the fire department for code compliance.

There are numerous bathroom ventilation systems each consisting of a vertical shaft with an exhaust grille on the bathroom wall or an exhaust grille on the kitchen wall and a power roof exhaust ventilator (PRV) located on the roof. All PRVs were running during our visit. The PRV exhaust fans seem to be in fair condition and operational.



## **RS Engineering**

1376 Kalamiki Street  
Honolulu, Hawaii 96821

---

Phone (808) 377-9210  
Fax (808) 377-9210

December 19, 2001

**The Royal**  
445 Kaiolu Street  
Honolulu, Hawaii 96815

### **ELECTRICAL OBSERVATION REPORT**

On Wednesday, September 26, 2001, a cursory inspection was performed on the subject property to evaluate the condition of it's electrical system. The inspection was limited to observations of exposed electrical devices, equipment and wiring, fire alarm system and devices, exit signs and security lighting.

### **REFERENCES**

1. National Electrical Code, 1999  
with C & C of Honolulu Amendments
2. Uniform Fire Code, 1988  
with C & C of Honolulu Amendments

Note: The term "good condition" refers to the observed device or equipment being physically free from excessive deterioration and, if tested, fully performing it's intended function.

### **GENERAL**

The subject property is a 12 story building, built in 1954, with a parking basement below. There are 168 apartment units.

### **ELECTRICAL SERVICE SYSTEM**

The electrical service is provided by 12KV cables from Kaiolu Street to a transformer vault on the basement floor. The transformers convert the 12 KV power to 120/208 volts and the power is distributed throughout the building through distribution equipment in the each floor. There are meter sockets for each apartment but no meters. The meter sockets apparently have been bypassed and abandoned. The protective devices are draw out fuses and, although apparently functional, are very old and rusted.

## **FIRE ALARM SYSTEM**

There is a central fire alarm system for the building. The system is very limited in function and provides minimum coverage. Each elevator lobby has a smoke detector, a pull station and a bell except for the first floor. The first floor has a smoke detector, pull station and an annunciator. We were informed that the elevator system does not automatically go to specified floors in case of a fire as required by current Codes.

The apartment units varied in the type of coverage installed for smoke detection. Of the five units inspected, two had no smoke detectors. Three units had one smoke detector in the hallway, adjacent to the bedroom. None had smoke detectors in the bedrooms as required by current Codes.

## **COMMON AREA LIGHTING**

The interior exit corridors appear to be adequately lit by fluorescent fixtures. The stair landings are also lit by fluorescent fixtures and appear to be adequate.

The outside parking area is lit by light spilling from 2' fluorescent fixtures mounted on the underside of the first floor caves. These appear to be marginally adequate. No assessment was made as to whether these fixtures were operational or not. They physically appear to be in poor shape with rust and yellowing lens.

Exit signs were not provided in the exit corridors as required by current Codes. Exits were designated by red "exit" stenciled letters on the lens of the end corridor light fixtures and also on the exit doors. These light fixtures were not on emergency powered circuits.

There were no emergency lights in the basement parking garage nor in the basement exit corridor. The exit sign on the makai exit corridor was not working and there was no exit sign on the mauka side of the exit basement exit corridor.

## **LAUNDRY AREA**

The laundry area is located next to the manager's office on the first floor and has 3 washers and 6 dryers. A new panelboard was installed in the laundry room for the washers and dryers. The installation method used for this panelboard violates the National Electric Code. It is located above a shelf. The Code requires that the space above and below the panelboard be clear.

## **APARTMENT UNITS**

Five units were inspected. These were units 104, 201, 205, 1209 and 1211.

#### UNIT 104

Unit 104 is a one bedroom unit. The fusebox is located above the sink and, therefore, violates current Codes. The fusebox has 4 1P20A fuses and 1 2P60A fuse with a 2P60A main fuse. The fusebox is in poor condition.

The receptacle next to the kitchen sink is GFI protected as required by Code. There is no receptacle in the bathroom as required by current Codes.

There is a smoke detector located just outside of the bedroom.

#### UNIT 201

Unit 201 is a one bedroom unit. The fusebox is located above the sink and, therefore, violates current Codes. The fusebox has 4 1P20A fuses and 1 2P60A fuse with a 2P60A main fuse. The fusebox is in poor condition.

The receptacle next to the kitchen sink is not GFI protected as required by Code. There is no receptacle in the bathroom as required by current Codes. The bedroom does not have sufficient receptacles to meet current Code requirements.

There are no smoke detectors in this unit.

#### UNIT 205

Unit 205 is a one bedroom unit. The fusebox is located above the sink and, therefore, violates current Codes. The fusebox has 4 1P20A fuses and 1 2P60A fuse with a 2P60A main fuse. The fusebox is in poor condition.

The receptacle next to the kitchen sink is not GFI protected as required by Code. The receptacle in the bathroom is GFI protected as required by current Codes but was not functioning at the time of our inspection.

There is a smoke detector in the corridor outside the bedroom.

#### UNIT 1202

Unit 1202 is a one bedroom unit. The fusebox is located above the sink and, therefore, violates current Codes. The fusebox has 4 1P20A fuses and 1 2P60A fuse with a 2P60A main fuse. The fusebox is in poor condition.

The receptacle next to the kitchen sink is not GFI protected as required by Code. There is no receptacle in the bathroom as required by current Codes.

There is a smoke detector in the corridor outside the bedroom.

### UNIT 1211

Unit 1211 is a one bedroom unit and has been renovated extensively. A new 20 circuit panelboard has been installed. However, the installation of this panelboard violates Code clearance requirements.

The receptacle next to the kitchen sink is GFI protected as required by Code. There is no receptacle in the bathroom as required by current Codes.

There is no smoke detector in this unit.

### **CONCLUSIONS**

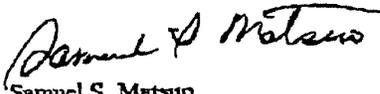
The existing electrical service for the building is adequately sized for the present loads. The loads designed for include a range and four 1P20A circuits. Although this would not meet current standards, they were probably in compliance with Codes existing during the time this facility was built.

Unit 1211 has been extensively modified. The electrical requirements are far more than the standard unit and any additional units modified to this extent should be carefully examined as to the effect on the overall building load requirements.

The requirements for exit signs and exit corridor lighting should be studied immediately since this is a life safety issue. Also, GFI receptacles should be installed as required as soon as possible.

The electrical service equipment appears to be in fair condition, considering the age of the equipment. With normal replacement and upkeep, many more years of useful life can be expected.

Submitted by:



Samuel S. Matsuo  
PhD, PE

## EXHIBIT B

### Common Elements and Limited Common Elements

#### As set forth in Declaration Section B.3, the Rosalei's Common Elements include the following:

- a. The land on which the Project is built, in fee simple, and any and all easements and appurtenances thereto.
- b. 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.
- c. All yards, grounds planters, trellises and landscaping and all garbage chutes and other refuse facilities, if any, whether within or appurtenant to the Project.
- d. All roads, parking areas, driveways, ramps, loading areas or zones, and walkways which are rationally of common use by Owners of more than one Apartment.
- e. 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.
- f. The storage rooms, storage locker area, and utility rooms in the basement of the Project as shown on the Condominium Map.
- g. The pool, deck area, entry foyer, lobby, men's and women's restrooms, office, meeting room, mailbox area, laundry room, storage room, janitor's closet on the first floor of the Project as shown on the Condominium Map.
- h. All storage areas, hallways, corridors, stairs, stairways, elevators, elevator lobbies, mechanical rooms, electrical rooms, communications rooms, trash rooms, and other similar areas which are not part of an Apartment.
- i. 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.

#### As set forth in Declaration Section B.4, the Rosalei's Limited Common Elements include the following:

- a. Parking Stalls. Certain Apartments in the Project have been assigned the exclusive use of a parking stall. The parking stall assigned to an Apartment, if any, is listed on **Exhibit C** to this Report.
- b. Mailboxes. Each Apartment shall have as a limited common element the mailbox located in the lobby of the project that bears the same number as the Apartment.

**EXHIBIT C****List of Apartments, Common Interests, and Parking Stalls**

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
101	0.422	2	342	----	
102	0.498	2	403	----	
103	0.469	2	380	----	
104	0.761	3	616	----	82
105	0.498	2	403	----	
106	0.407	2	330	----	
201	0.512	2	354	61	
202	0.651	3	441	86	
203	0.641	3	458	61	
204	0.641	3	433	86	22
205	0.651	3	441	86	
206	0.651	3	441	86	
207	0.651	3	441	86	
208	0.651	3	441	86	26
209	0.651	3	441	86	
210	0.641	3	433	86	
211	0.641	3	458	61	
212	0.651	3	441	86	20
213	0.651	3	441	86	
214	0.522	2	362	61	
301	0.512	2	354	61	
302	0.651	3	441	86	
303	0.641	3	458	61	55

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
304	0.641	3	433	86	
305	0.651	3	441	86	
306	0.651	3	441	86	74
307	0.651	3	441	86	
308	0.651	3	441	86	
309	0.651	3	441	86	
310	0.641	3	433	86	64, 69
311	0.641	3	458	61	90
312	0.651	3	441	86	80
313	0.651	3	441	86	
314	0.522	2	362	61	
401	0.512	2	354	61	
402	0.651	3	441	86	56
403	0.641	3	458	61	54
404	0.641	3	433	86	
405	0.651	3	441	86	89
406	0.651	3	441	86	
407	0.651	3	441	86	
408	0.651	3	441	86	
409	0.651	3	441	86	
410	0.641	3	433	86	91
411	0.641	3	458	61	87
412	0.651	3	441	86	97
413	0.651	3	441	86	
414	0.522	2	362	61	
501	0.512	2	354	61	

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
502	0.651	3	441	86	31, 37
503	0.641	3	458	61	96
504	0.641	3	433	86	
505	0.651	3	441	86	
506	0.651	3	441	86	
507	0.651	3	441	86	
508	0.651	3	441	86	
509	0.651	3	441	86	81
510	0.641	3	433	86	23
511	0.641	3	458	61	39
512	0.651	3	441	86	92
513	0.651	3	441	86	38
514	0.522	2	362	61	
601	0.512	2	354	61	
602	0.651	3	441	86	93
603	0.641	3	458	61	
604	0.641	3	433	86	
605	0.651	3	441	86	29
606	0.651	3	441	86	
607	0.651	3	441	86	67
608	0.651	3	441	86	
609	0.651	3	441	86	
610	0.641	3	433	86	88
611	0.641	3	458	61	
612	0.651	3	441	86	
613	0.651	3	441	86	

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
614	0.522	2	362	61	30
701	0.512	2	354	61	
702	0.651	3	441	86	41
703	0.641	3	458	61	40
704	0.641	3	433	86	46
705	0.651	3	441	86	86
706	0.651	3	441	86	
707	0.729	3	441	86	R-1, R-2
708	0.651	3	441	86	
709	0.651	3	441	86	
710	0.641	3	433	86	
711	0.641	3	458	61	36
712	0.651	3	441	86	68
713	0.651	3	441	86	
714	0.522	2	362	61	
801	0.512	2	354	61	
802	0.651	3	441	86	
803	0.641	3	458	61	
804	0.641	3	433	86	
805	0.651	3	441	86	48
806	0.651	3	441	86	98
807	0.651	3	441	86	72
808	0.651	3	441	86	25
809	0.651	3	441	86	
810	0.641	3	433	86	57
811	0.641	3	458	61	

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
812	0.651	3	441	86	
813	0.651	3	441	86	
814	0.522	2	362	61	
901	0.512	2	354	61	
902	0.651	3	441	86	
903	0.641	3	458	61	49
904	0.641	3	433	86	
905	0.651	3	441	86	
906	0.651	3	441	86	
907	0.651	3	441	86	
908	0.651	3	441	86	32
909	0.651	3	441	86	
910	0.641	3	433	86	
911	0.641	3	458	61	
912	0.651	3	441	86	73
913	0.651	3	441	86	
914	0.522	2	362	61	
1001	0.512	2	354	61	
1002	0.651	3	441	86	47
1003	0.641	3	458	61	
1004	0.641	3	433	86	94
1005	0.651	3	441	86	
1006	0.651	3	441	86	28
1007	0.651	3	441	86	42
1008	0.651	3	441	86	35
1009	0.651	3	441	86	

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
1010	0.641	3	433	86	
1011	0.641	3	458	61	95
1012	0.651	3	441	86	34
1013	0.651	3	441	86	27
1014	0.522	2	362	61	
1101	0.512	2	354	61	75
1102	0.651	3	441	86	71
1103	0.641	3	458	61	21
1104	0.641	3	433	86	50
1105	0.651	3	441	86	65
1106	0.651	3	441	86	
1107	0.651	3	441	86	
1108	0.651	3	441	86	
1109	0.651	3	441	86	85
1110	0.641	3	433	86	
1111	0.641	3	458	61	66
1112	0.651	3	441	86	61
1113	0.651	3	441	86	60
1114	0.522	2	362	61	
1201	0.512	2	354	61	
1202	0.651	3	441	86	
1203	0.641	3	458	61	53
1204	0.641	3	433	86	52
1205	0.651	3	441	86	
1206	0.651	3	441	86	33
1207	0.651	3	441	86	

<b>Apartment No.</b>	<b>Common Interest Percentage (%)</b>	<b>No. of Rooms</b>	<b>Apartment Area (square feet)</b>	<b>Lanai Area, if any (square feet)</b>	<b>Parking Stall No.</b>
1208	0.651	3	441	86	51
1209	0.651	3	441	86	62, 63
1210	0.641	3	433	86	83
1211	0.641	3	458	61	84
1212	0.651	3	441	86	
1213	0.651	3	441	86	24
1214	0.522	2	362	61	

## EXHIBIT D

### Encumbrances Against Title

The following encumbrances against title to the Project are listed in the title report dated January 17, 2003 and issued by Title Guaranty of Hawaii:

1. Financing Statement dated October 9, 1998, made by Rosalei, Limited, as debtor, in favor of First Hawaiian Bank, as secured party, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 98-173665 (not noted on Land Court Certificate of Title No. 258,141). Note: To Be Released Prior to Closing of Individual Apartment Conversions.
2. The Declaration of Condominium Property Regime of the Rosalei dated June 27, 2002, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2843038 (Land Court Condominium Map 1507).
3. The Bylaws of the Association of Apartment Owners of the Rosalei dated June 27, 2002, and recorded in said Office as Document No. 2843039, as the same may hereafter be amended.
4. Any recorded and unrecorded Proprietary Leases covering apartment units with the Co-operative Project known as "The Rosalei" and matters arising from or affecting the same. Note: The Proprietary Lease affecting any specific apartment and matters arising from or affecting the same shall be released prior to Closing of the condominium conversion of that apartment.
5. For real property taxes your attention is directed to the Director of Finance, City and County of Honolulu.

**EXHIBIT E**

**Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements**

**Estimate of Maintenance Fee Disbursements**  
**Rosalei**  
**(160 units)**

	Monthly	Yearly Total
<b>Utilities and Services</b>		
Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements and apartments	\$6,000.00	\$72,000.00
Elevator	\$1,000.00	\$12,000.00
Gas	\$2,500.00	\$30,000.00
<input checked="" type="checkbox"/> common elements only		
Refuse Collection	\$700.00	\$8,400.00
Telephone	\$300.00	\$3,600.00
Water and Sewer	\$4,000.00	\$48,000.00
TV Cable	\$3,300.00	\$39,600.00
<b>Maintenance, Repairs and Supplies</b>		
Building	\$2,467.00	\$29,604.00
Grounds	\$100.00	\$1,200.00
<b>Management</b>		
Management Fee	\$2,141.00	\$25,692.00
Payroll and Payroll Taxes	\$5,160.00	\$61,920.00
Office Expenses	\$1,700.00	\$20,400.00
<b>Insurance</b>	\$2,400.00	\$28,800.00
<b>Reserves (a)</b>	\$7,478.00	\$89,736.00
<b>Taxes and Government Assessments</b>	\$200.00	\$2,400.00
<b>Audit Fees</b>	\$217.00	\$2,604.00
<b>Other</b>	-\$2,359.00	-\$28,308.00
<b>TOTAL</b>	<b>\$37,304.00</b>	<b>\$447,648.00</b>

I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Co., Ltd., the condominium managing agent for the Rosalei 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.

\_\_\_\_\_  
 Signature

1-20-03  
 \_\_\_\_\_  
 Date

(a) A reserve study (per 514A-83.6, HRS and Subchapter 6, Title 16, Chapter 17, Hawaii Administrative Rules) has been conducted.

**THE ROSALEI - LIST OF APARTMENTS**

APT. NO.	COMMON INTEREST PERCENTAGE (%)	NO. OF ROOMS	INITIAL MAINTENANCE FEES				MONTHLY FEE	YEARLY TOTAL
			APARTMENT AREA (SQ. FEET)	LANAI AREA, IF ANY (SQ. FEET)	PARKING STALL NO.			
101	0.422	2	342			\$157.43	\$1,889.10	
102	0.498	2	403			\$185.78	\$2,229.32	
103	0.469	2	380			\$174.96	\$2,099.50	
104	0.761	3	616		82	\$283.89	\$3,406.65	
105	0.498	2	403			\$185.78	\$2,229.32	
106	0.407	2	330			\$151.83	\$1,821.96	
201	0.512	2	354	61		\$191.00	\$2,291.99	
202	0.651	3	441	86		\$242.85	\$2,914.23	
203	0.641	3	458	61		\$239.12	\$2,869.47	
204	0.641	3	433	86	22	\$239.12	\$2,869.47	
205	0.651	3	441	86		\$242.85	\$2,914.23	
206	0.651	3	441	86		\$242.85	\$2,914.23	
207	0.651	3	441	86		\$242.85	\$2,914.23	
208	0.651	3	441	86	26	\$242.85	\$2,914.23	
209	0.651	3	441	86		\$242.85	\$2,914.23	
210	0.641	3	433	86		\$239.12	\$2,869.47	
211	0.641	3	458	61		\$239.12	\$2,869.47	
212	0.651	3	441	86	20	\$242.85	\$2,914.23	
213	0.651	3	441	86		\$242.85	\$2,914.23	
214	0.522	2	362	61		\$194.73	\$2,336.76	
301	0.512	2	354	61		\$191.00	\$2,291.99	
302	0.651	3	441	86		\$242.85	\$2,914.23	
303	0.641	3	458	61	55	\$239.12	\$2,869.47	
304	0.641	3	433	86		\$239.12	\$2,869.47	
305	0.651	3	441	86		\$242.85	\$2,914.23	
306	0.651	3	441	86	74	\$242.85	\$2,914.23	
307	0.651	3	441	86		\$242.85	\$2,914.23	
308	0.651	3	441	86		\$242.85	\$2,914.23	
309	0.651	3	441	86		\$242.85	\$2,914.23	
310	0.641	3	433	86	64, 69	\$239.12	\$2,869.47	
311	0.641	3	458	61	90	\$239.12	\$2,869.47	
312	0.651	3	441	86	80	\$242.85	\$2,914.23	
313	0.651	3	441	86		\$242.85	\$2,914.23	
314	0.522	2	362	61		\$194.73	\$2,336.76	
401	0.512	2	354	61		\$191.00	\$2,291.99	
402	0.651	3	441	86	56	\$242.85	\$2,914.23	
403	0.641	3	458	61	54	\$239.12	\$2,869.47	
404	0.641	3	433	86		\$239.12	\$2,869.47	
405	0.651	3	441	86	89	\$242.85	\$2,914.23	
406	0.651	3	441	86		\$242.85	\$2,914.23	
407	0.651	3	441	86		\$242.85	\$2,914.23	
408	0.651	3	441	86		\$242.85	\$2,914.23	
409	0.651	3	441	86		\$242.85	\$2,914.23	
410	0.641	3	433	86	91	\$239.12	\$2,869.47	
411	0.641	3	458	61	87	\$239.12	\$2,869.47	
412	0.651	3	441	86	97	\$242.85	\$2,914.23	
413	0.651	3	441	86		\$242.85	\$2,914.23	
414	0.522	2	362	61		\$194.73	\$2,336.76	
501	0.512	2	354	61		\$191.00	\$2,291.99	

THE ROSALEI - LIST OF APARTMENTS							
APT. NO.	COMMON INTEREST PERCENTAGE (%)	NO. OF ROOMS	APARTMENT AREA (SQUARE FEET)	LANAI AREA, IF ANY (SQUARE FEET)	PARKING STALL NO.	MONTHLY FEE	YEARLY TOTAL
502	0.651	3	441	86	31, 37	\$242.85	\$2,914.23
503	0.641	3	458	61	96	\$239.12	\$2,869.47
504	0.641	3	433	86		\$239.12	\$2,869.47
505	0.651	3	441	86		\$242.85	\$2,914.23
506	0.651	3	441	86		\$242.85	\$2,914.23
507	0.651	3	441	86		\$242.85	\$2,914.23
508	0.651	3	441	86		\$242.85	\$2,914.23
509	0.651	3	441	86	81	\$242.85	\$2,914.23
510	0.641	3	433	86	23	\$239.12	\$2,869.47
511	0.641	3	458	61	39	\$239.12	\$2,869.47
512	0.651	3	441	86	92	\$242.85	\$2,914.23
513	0.651	3	441	86	38	\$242.85	\$2,914.23
514	0.522	2	362	61		\$194.73	\$2,336.76
601	0.512	2	354	61		\$191.00	\$2,291.99
602	0.651	3	441	86	93	\$242.85	\$2,914.23
603	0.641	3	458	61		\$239.12	\$2,869.47
604	0.641	3	433	86		\$239.12	\$2,869.47
605	0.651	3	441	86	29	\$242.85	\$2,914.23
606	0.651	3	441	86		\$242.85	\$2,914.23
607	0.651	3	441	86	67	\$242.85	\$2,914.23
608	0.651	3	441	86		\$242.85	\$2,914.23
609	0.651	3	441	86		\$242.85	\$2,914.23
610	0.641	3	433	86	88	\$239.12	\$2,869.47
611	0.641	3	458	61		\$239.12	\$2,869.47
612	0.651	3	441	86		\$242.85	\$2,914.23
613	0.651	3	441	86		\$242.85	\$2,914.23
614	0.522	2	362	61	30	\$194.73	\$2,336.76
701	0.512	3	354	61		\$191.00	\$2,291.99
702	0.651	3	441	86	41	\$242.85	\$2,914.23
703	0.641	3	458	61	40	\$239.12	\$2,869.47
704	0.641	3	433	86	46	\$239.12	\$2,869.47
705	0.651	3	441	86	86	\$242.85	\$2,914.23
706	0.651	3	441	86		\$242.85	\$2,914.23
707	0.729	3	441	86	R-1, R-2	\$271.95	\$3,263.40
708	0.651	3	441	86		\$242.85	\$2,914.23
709	0.651	3	441	86		\$242.85	\$2,914.23
710	0.641	3	433	86		\$239.12	\$2,869.47
711	0.641	3	458	61	36	\$239.12	\$2,869.47
712	0.651	3	441	86	68	\$242.85	\$2,914.23
713	0.651	3	441	86		\$242.85	\$2,914.23
714	0.522	2	362	61		\$194.73	\$2,336.76
801	0.512	2	354	61		\$191.00	\$2,291.99
802	0.651	3	441	86		\$242.85	\$2,914.23
803	0.641	3	458	61		\$239.12	\$2,869.47
804	0.641	3	433	86		\$239.12	\$2,869.47
805	0.651	3	441	86	48	\$242.85	\$2,914.23
806	0.651	3	441	86	98	\$242.85	\$2,914.23
807	0.651	3	441	86	72	\$242.85	\$2,914.23
808	0.651	3	441	86	25	\$242.85	\$2,914.23

**THE ROSALEI - LIST OF APARTMENTS**

APT. NO.	COMMON INTEREST PERCENTAGE (%)	NO. OF ROOMS	APARTMENT AREA (SQUARE FEET)	LANAI AREA, IF ANY (SQUARE FEET)	PARKING STALL NO.	MONTHLY FEE	YEARLY TOTAL
809	0.651	3	441	86		\$242.85	\$2,914.23
810	0.641	3	433	86	57	\$239.12	\$2,869.47
811	0.641	3	458	61		\$239.12	\$2,869.47
812	0.651	3	441	86		\$242.85	\$2,914.23
813	0.651	3	441	86		\$242.85	\$2,914.23
814	0.522	2	362	61		\$194.73	\$2,336.76
901	0.512	2	354	61		\$191.00	\$2,291.99
902	0.651	3	441	86		\$242.85	\$2,914.23
903	0.641	3	458	61	49	\$239.12	\$2,869.47
904	0.641	3	433	86		\$239.12	\$2,869.47
905	0.651	3	441	86		\$242.85	\$2,914.23
906	0.651	3	441	86		\$242.85	\$2,914.23
907	0.651	3	441	86		\$242.85	\$2,914.23
908	0.651	3	441	86	32	\$242.85	\$2,914.23
909	0.651	3	441	86		\$242.85	\$2,914.23
910	0.641	3	433	86		\$239.12	\$2,869.47
911	0.641	3	458	61		\$239.12	\$2,869.47
912	0.651	3	441	86	73	\$242.85	\$2,914.23
913	0.651	3	441	86		\$242.85	\$2,914.23
914	0.522	2	362	61		\$194.73	\$2,336.76
1001	0.512	2	354	61		\$191.00	\$2,291.99
1002	0.651	3	441	86	47	\$242.85	\$2,914.23
1003	0.641	3	458	61		\$239.12	\$2,869.47
1004	0.641	3	433	86	94	\$239.12	\$2,869.47
1005	0.651	3	441	86		\$242.85	\$2,914.23
1006	0.651	3	441	86	28	\$242.85	\$2,914.23
1007	0.651	3	441	86	42	\$242.85	\$2,914.23
1008	0.651	3	441	86	35	\$242.85	\$2,914.23
1009	0.651	3	441	86		\$242.85	\$2,914.23
1010	0.641	3	433	86		\$239.12	\$2,869.47
1011	0.641	3	458	61	95	\$239.12	\$2,869.47
1012	0.651	3	441	86	34	\$242.85	\$2,914.23
1013	0.651	3	441	86	27	\$242.85	\$2,914.23
1014	0.522	2	362	61		\$194.73	\$2,336.76
1101	0.512	2	354	61	75	\$191.00	\$2,291.99
1102	0.651	3	441	86	71	\$242.85	\$2,914.23
1103	0.641	3	458	61	21	\$239.12	\$2,869.47
1104	0.641	3	433	86	50	\$239.12	\$2,869.47
1105	0.651	3	441	86	65	\$242.85	\$2,914.23
1106	0.651	3	441	86		\$242.85	\$2,914.23
1107	0.651	3	441	86		\$242.85	\$2,914.23
1108	0.651	3	441	86		\$242.85	\$2,914.23
1109	0.651	3	441	86	85	\$242.85	\$2,914.23
1110	0.641	3	433	86		\$239.12	\$2,869.47
1111	0.641	3	458	61	66	\$239.12	\$2,869.47
1112	0.651	3	441	86	61	\$242.85	\$2,914.23
1113	0.651	3	441	86	60	\$242.85	\$2,914.23
1114	0.522	2	362	61		\$194.73	\$2,336.76
1201	0.512	2	354	61		\$191.00	\$2,291.99

**THE ROSALEI - LIST OF APARTMENTS**

<b>APT. NO.</b>	<b>COMMON INTEREST PERCENTAGE (%)</b>	<b>NO. OF ROOMS</b>	<b>APARTMENT AREA (SQUARE FEET)</b>	<b>LANAI AREA, IF ANY (SQUARE FEET)</b>	<b>PARKING STALL NO.</b>	<b>MONTHLY FEE</b>	<b>YEARLY TOTAL</b>
1202	0.651	3	441	86		\$242.85	\$2,914.23
1203	0.641	3	458	61	53	\$239.12	\$2,869.47
1204	0.641	3	433	86	52	\$239.12	\$2,869.47
1205	0.651	3	441	86		\$242.85	\$2,914.23
1206	0.651	3	441	86	33	\$242.85	\$2,914.23
1207	0.651	3	441	86		\$242.85	\$2,914.23
1208	0.651	3	441	86	51	\$242.85	\$2,914.23
1209	0.651	3	441	86	62, 63	\$242.85	\$2,914.23
1210	0.641	3	433	86	83	\$239.12	\$2,869.47
1211	0.641	3	458	61	84	\$239.12	\$2,869.47
1212	0.651	3	441	86		\$242.85	\$2,914.23
1213	0.651	3	441	86	24	\$242.85	\$2,914.23
1214	0.522	2	362	61		\$194.73	\$2,336.76
	<b>99.999</b>		<b>68,760</b>	<b>12,144</b>	<b>TOTALS</b>	<b>\$37,304.21</b>	<b>\$447,650.48</b>

The By-Laws provide for additional monthly assessments for parking stalls (\$13.00), air conditioning (\$20.00), and second refrigerator (\$5.00).

## EXHIBIT F

### Summary of Condominium Conversion Contract

The specimen Condominium Conversion Contract filed with the Commission sets forth the terms on which current owners of an apartment in the Rosalei pursuant to a co-op proprietary lease may convert their ownership to fee simple, condominium ownership. Those terms include the following:

1. **Co-op to Condo Conversion; Conversion Fee.** In order to convert from co-op to condominium form of ownership, a current Owner shall pay a conversion fee of \$350.00 that covers a portion of the costs that the Developer has incurred in setting up the condominium and converting the apartments from co-ops to condominiums. The Owner must also surrender his or her shares in the Developer (Rosalei, Limited), free and clear of any liens, mortgages, or other encumbrances. When the Owner does so, the Developer will execute and record an Apartment Deed conveying fee simple title to the Apartment to the Owner.

2. **Existing Mortgages.** The Owner is solely responsible for arranging for the release or termination at closing of any mortgages, pledges, lien or other encumbrances on his or her apartment. If Owner must refinance an existing mortgage of owner's proprietary lease in connection with the conversion, Owner's obligations under the Condominium Conversion Contract are contingent on Owner's ability to do so.

3. **Closing Costs.** At Closing, the Developer shall pay the following closing costs: the costs of preparing Owner's Deed and Owner's Surrender of Stock, Escrow's basic \$225.00 escrow fee and notary fees for the Deed and Surrender, the recording fees for the recordation of the Deed, and any conveyance tax payable in connection with the recordation of the Deed. At Closing, Owner shall be responsible for paying the closing costs, if any, other than those payable by the Developer. Such additional closing costs may include, without limitation, (1) the costs of refinancing any mortgage that Owner may have, (2) the costs of purchasing a policy of title insurance if owner elects to purchase it, (3) the costs of preparing any releases or similar documents necessary to release any liens or mortgages that encumber Owner's Proprietary Lease or Stock, (4) the notary and recording fees for any such releases or similar documents, and (5) any Escrow fees beyond the basic Escrow fee due to any complexities of Owner's conversion.

4. **Acceptance of the Apartment "As Is".** Because the Project is an existing building being converted to condominium ownership, and because the Owner already owns the apartment (under a proprietary lease), the apartment is sold and conveyed to the Owner on a strictly "AS IS, WHERE IS" basis. The Apartment shall be conveyed to the Owner together with and subject to the lessor's interest in Owner's existing Proprietary Lease of the apartment.

#### 5. Tax Matters.

The transaction that the Condominium Conversion Contract provides for may have adverse tax consequences to the Developer and to Owner. Under Section 336 of the U.S. Internal Revenue Code (the "Code"), the general rule is that a corporation (such as the Developer) will recognize gain or loss on the distribution of deeds to the apartments (and the undivided interests in the common elements) to those cooperative shareholders who are not owner-occupants as defined in the Code, as if the distributed property were sold to the shareholders at fair market value. The Code provides in Section 216(e) that a cooperative housing corporation like the Developer will recognize no gain or loss on its distribution of a deed to a cooperative stockholder in exchange for the cooperative stockholders stock and proprietary lease, provided that the apartment represented by the deed will have been the cooperative stockholder's principal residence for the period beginning two years before the day of the distribution and will be the cooperative shareholder's principal place of residence within the meaning of Code Section 121. Under Code Section 121, property is treated as the principal place of residence of the taxpayer if, during the five year period ending on the date of sale or exchange, such property has been owned and used by the taxpayer as the taxpayer's principal place of residence for periods aggregating two or more years. However, a corporation will potentially recognize gain or loss on the distribution of other apartment deeds whose exchange with the corporation will not qualify for non-recognition of gain under Section 216(e). Any taxes payable by the corporation will be based upon the fair market value of the "distributed property". The fair market valuation of the

distributed property is unclear, and depending upon its valuation the corporation will have taxable income. The Board of Directors of the Rosalei believes that each condominium apartment in the Project has no appreciable value just before the exchange because each apartment is encumbered by a proprietary lease, but there is no guarantee that the Internal Revenue Service will accept this opinion. The income of a corporation which will be liquidated will be the joint and several obligation of its shareholder if corporate assets are insufficient to pay any tax which is due.

In addition to the possible tax to the Developer, there may also be tax ramifications at the level of the cooperative stockholder (i.e., the existing owner who converts to condominium ownership). The general rule is that the cooperative stockholder must recognize gain to the extent that the fair market value of the condominium unit received exceeds the basis of the cooperative stock and proprietary lease being exchanged. The tax liability to the stockholder may be reduced and may even be avoided if the stockholder has held the cooperative apartment as its principal place of residence (as defined under Code Section 1034) and the gain does not exceed \$250,000 for a single owner or \$500,000 for a husband and wife filing a joint return. In addition, the stockholder may be entitled to treat the transaction as a tax-free exchange if the stockholder has held the cooperative apartment as an investment or business property under Code Section 1031. A stockholder who is neither an owner-occupant nor an investor may be required to recognize gain to the extent of the value of the condominium unit compared to the owner's basis in the owner's stock in the Developer and proprietary lease. State tax implications similar to the federal tax implication described in this Section may arise under the tax laws of the State of Hawaii.

As the facts and circumstances of each shareholder will differ, each shareholder is advised to seek his/her own tax advice to determine whether he/she would have any federal or state tax liability as a shareholder of the Developer or as recipient of a fee simple condominium apartment in exchange for his/her proprietary lease and stock in the Developer.

The Condominium Conversion Contract specifically provides that each Owner assumes all tax risk and possible liability described above and releases the Developer, its directors, officers and agents from any obligation for further disclosure with respect to potential liability and from any obligation to make any payments on account thereof. The Contract also provides that, if prior to closing, the Developer has obtained an opinion of tax counsel (which it is not obligated to obtain) that the conversion to the form of condominium ownership creates significant tax liability to the Developer, then the Developer may elect at any time prior to closing to terminate this Conversion Contract without liability to Owner, whereupon Escrow shall cause the Deposit, if any, to be returned to Owner.

**The foregoing is only a summary of some of the key terms of the Condominium Conversion Contract for the Rosalei. You should read the full text of the Condominium Conversion Contract with care.**

## **EXHIBIT G**

### **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.

You should read the full text of the Escrow Agreement with care.