**CONDOMINIUM PUBLIC REPORT**

Prepared & Issued by: Developer SPECTOR DEVELOPMENT, LTD.
Address 141 Paloke Street, Honolulu, Hawaii 96822

Project Name(*): ORCHID LANE
Address: 607 & 611 N. School Street, Honolulu, Hawaii 96817

Registration No. 5084 Effective date: July 31, 2003
Expiration date: August 31, 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.

X **FINAL: (white)** The developer has legally created a condominium and has filed complete information with the Commission.
[X ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with _____

___ **SUPPLEMENTARY: (pink)** This report updates information contained in the:
[ ] Preliminary Public Report dated:
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

And
[ ] Supersedes all prior public reports.
[ ] Must be read together with _____
[ ] This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203

*G:\CPR\CLIENT\SPECTOR\FINAL UPDATED FORM 2.wpd*

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

[ X] Required and attached to this report as Exhibit "H"

[ ] 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.

[ X ] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

## SPECIAL ATTENTION

**The Developer has disclosed the following:**

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

This public report does not constitute approval of the Project by the Real Estate Commission or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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EXHIBIT A: Developer's Reserved Rights
EXHIBIT B: Permitted Alterations to Apartments
EXHIBIT C: Common Elements
EXHIBIT D: Limited Common Elements
EXHIBIT E: Encumbrances Against Title
EXHIBIT F: Summary of the Provisions of the Sales Contract
EXHIBIT G: Summary of the Provisions of the Escrow Agreement
EXHIBIT H: Disclosure Abstract
EXHIBIT I: Zoning Variance No. 2002/VAR-36

## General Information On Condominiums

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

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

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

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

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

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

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

## Operation of the Condominium Project

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

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

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

## I. PERSONS CONNECTED WITH THE PROJECT

Developer: Spector Development, Ltd.
Name*
141 Paloke Place
Business Address
Honolulu, HI 96817
Phone: c/o (808) 949-0579 (Business)

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):
Elizabeth Spector - President, Secretary, Treasurer
Harold Spector - Director
Willam H. Gilardy, Jr. - Attorney for Incorporators

Real Estate Broker*: See Page 20
Name
Business Address
Phone: (Business)

Escrow: Hawaii Escrow & Title, Inc.
Name
700 Bishop Street
Business Address
Honolulu, HI 96813
Phone: (808) 532-2977 (Business)

General Contractor*: Floriano M. Acosta, Jr. dba Acosta-Imada Construction
Name
804 Kaaloa Street
Business Address
Honolulu, HI 96826
Phone: Business)

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

Attorney for Developer: Jeffrey S. Grad, Esq.
Name
841 Bishop St., Ste. 1800
Business Address
Honolulu, HI 96813
Phone: (808) 521-4757 (Business)

* 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 | | |
| [X] Recorded - | Bureau of Conveyances: | Document No. 2003-057069 |
| | | Book _____ Page _____ |
| [ ] Filed - | Land Court: | Document No. _____ |

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

Amendment to Declaration of Condominium Property Regime dated July 3, 2003 and recorded in the Bureau of Conveyances as Instrument No. 2003-146997.

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 | | |
| [X] Recorded - | Bureau of Conveyances | Condo Map No. 3548 |
| [ ] Filed - | Land Court | Condo Map No. _____ |

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

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

The Bylaws for this condominium are:

| | | |
|---|---|---|
| [ ] Proposed | | |
| [X] Recorded - | Bureau of Conveyances: | Document No. 2003-057070 |
| | | Book _____ Page _____ |
| [X] Filed - | Land Court: | Document No. _____ |

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

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

The House Rules for this condominium are:

[ ] Proposed [ ] Adopted [X] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

| | Minimum Set by Law | This Condominium |
|---|---|---|
| Declaration (and Condo Map) | 75%* | 75% |
| Bylaws | 65% | 65% |
| House Rules | --- | n/a |

* 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.

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

See attached Exhibit "A"

## III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

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

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

**Leases for 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: 607 & 611N. School Street, Honolulu, Hawaii 96817 Tax Map Key (TMK): (1) 1-7-033-008

[ ] Address [ ] TMK is expected to change because _____

Land Area: 9,920 [X] square feet [ ] acre(s) Zoning: R-5

Fee Owner: Spector Development, Ltd.
Name*
141 Paloke Street
Business Address
Honolulu, HI 96817

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building 2

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [X ] Wood

   [ ] Other_____

4. Uses Permitted by Zoning:

| | No. of Apts. | Use Permitted By Zoning | |
|---|---|---|---|
| [x ] Residential | 2 | [x ] Yes | [ ] No |
| [ ] Commercial | | [ ] Yes | [ ] No |
| [ ] Mix Res/Comm | | [ ] Yes | [ ] No |
| [ ] Hotel | | [ ] Yes | [ ] No |
| [ ] Ohana | | [ ] Yes | [ ] No |
| [ ] Industrial | | [ ] Yes | [ ] No |
| [ ] Agricultural | | [ ] Yes | [ ] No |
| [ ] Recreational | | [ ] Yes | [ ] No |
| [ ] Other-shed | | [ ] Yes | [ ] No |

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X ] 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:_____

[ ] Number of Occupants:_____

[ ] Other:_____

[ X ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -1- Trash Chutes: -0-

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Net Other Area (sf) | (Identify) |
|---|---|---|---|---|---|
| Unit A | 1 | 3/3 | 1,896 | 424 | garage-laundry |
| Unit B | 1 | 3/3 | 1,896 | 424 | garage-laundry |

Total Number of Apartments: 2

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B"

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

7. Parking Stalls:

Total Parking Stalls: -4-

| | Regular | | Compact | | Tandem | | |
|---|---|---|---|---|---|---|---|
| | Covered | Open | Covered | Open | Covered | Open | TOTAL |
| Assigned (for each unit) | 2 | | | | | | 4 |
| Guest | | | | | | | |
| Unassigned | | | | | | | |
| Extra for Purchase | | | | | | | |
| Other: | | | | | | | |
| Total Covered & Open: | -4- | | -0- | | -0- | | -4- |

Each apartment will have the exclusive use of at least -2- parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)

[ ] Other: _____

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

[X] 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):

N/A

11. Conformance to Present Zoning Code

a. [ ] No variances to zoning code have been granted.

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

The land is less than 10,000 square feet, but Zoning Variance No. 2002/VAR-36, which is attached hereto as Exhibit "I", allows two detached dwelling units to be constructed on the land.

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.

| | Conforming | Non-Conforming | Illegal |
|---|---|---|---|
| Uses | X | | |
| Structures | X | | |
| Lot | X | | |

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.

* See attached Exhibit "I" which notes that the two parking spaces and the gravel surface driveway are considered nonconforming.

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:

[ X] described in Exhibit C.

[ ] 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.

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

[ X ] described in Exhibit ___D_____.

[ ] as follows:

NOTE: Reference to said Exhibit "D" to "Dwelling Areas" does not mean legally subdivided lots.

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

[ ] described in Exhibit _____.

[ X] as follows:

Unit A - 50%
Unit B - 50%

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

Exhibit _E_____ describes the encumbrances against the title contained in the title report dated _March 31___, 2003_ and issued by __Hawaii Escrow & Title, 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 if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

| Type of Lien | Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance** |
|---|---|
| Mortgage | Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit, less escrow cancellation fee. |

F. **Construction Warranties:**

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

1. Building and Other Improvements:

   Developer is making a one year warranty from the date of substantial completion on the materials and workmanship of the Units.

2. Appliances:

   Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

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

Unit A and Unit B will be completed in _____, 2003.

H. **Project Phases:**

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

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

## IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. **Estimate of Initial Maintenance Fees:**

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

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

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

C. **Utility Charges for Apartments:**

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

[X] None [ ] Electricity (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Gas (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Water [ ] Sewer [ ] Television Cable

[ ] Other_____

## V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

[ ] 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 March 21, 2003
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other_____

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

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

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

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

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

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

   A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
   B) Declaration of Condominium Property Regime, as amended.
   C) Bylaws of the Association of Apartment Owners, as amended.
   D) House Rules, if any.
   E) Condominium Map, as amended.
   F) Escrow Agreement.
   G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
   H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 5084 filed with the Real Estate Commission on April 25, 2003.

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

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

## C. Additional Information Not Covered Above

DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER:

The Developer has not engaged a real estate broker for the sale of apartments in the Project.

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

Note: Pursuant to §16-99-3(g) and 16-99-11(d) Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Elizabeth M. Spector (RB 45410), President of Developer, is a current and active Hawaii-licensed real estate sales person, and pursuant to §16-99-11(c) HAR, "no license shall advertise "For Sale by Owner"... ."'

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 (SHL 2000) [Section 514A-1.6] (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.

SPECTOR DEVELOPMENT, LTD.
Printed Name of Developer

By: Elizabeth Spector — March 21, 2003
Duly Authorized Signatory* — Date

ELIZABETH SPECTOR, President and Treasurer
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

Paragraph 21 of the Declaration states:

"21.1 Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Unit Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such Owners or by the proper officers of the Association.

21.2 In addition, the approval of eligible holders of first mortgages on Units to which are appurtenant at least 51% of the common interest of the project shall be required for any material amendment to the Declaration or any amendment of a provision for the express benefit of holders or insurers of first mortgages on Units. An eligible holder is a holder of a first mortgage on a Unit which has made a written request to the Association that it receive notices of proposed changes to the Declaration. A material amendment to the Declaration is one which establishes, provides for, governs or regulates any of the following: (1) voting; (2) assessments, assessment liens, or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements; (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) responsibility for maintenance and repair of the project; (7) expansion or contraction of the project for the addition, annexational or withdrawal of property to or from the project; (8) boundaries of any Unit; (9) the interest in the common elements; (10) convertibility of Units into common elements or of common elements into Units; (11) leasing of Units; (12) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her interest in the Unit; or (13) establishment of self management by the Association after professional management has previously been required by any of the mortgage holders.

21.3 Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Recording Office of a conveyance of a Unit, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Unit purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Unit as-built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

21.4 Notwithstanding the foregoing, the Owner of any Unit shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to a Unit in accordance with Paragraph 20.1 of this Declaration. Promptly upon completion of such changes, the Owner of the changed Unit shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including his common interest) and shall be irrevocable."

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

Sub-paragraph 20.1 of the Declaration states:

"Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, each Unit Owner shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all mortgage liens affecting his Unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make additional improvements upon the Dwelling Area appurtenant to the Dwelling (the foregoing are referred to collectively as "Changes" and singly, as a "Change") subject to the following conditions:

(a) All building plans for any Change shall be prepared by a licensed architect or professional engineer and such changes shall conform with County building and zoning laws and other applicable County ordinances and other State laws and requirements.

(b) Any Change to a Unit must be made within the Dwelling Area which is appurtenant to the Unit, provided that no building other than a fence or wall shall be constructed or placed within a setback area of five feet from the boundary line between the Dwelling Areas.

(c) No Change to a Unit will be made if the effect of such Change would be to exceed the Unit's "proportionate" share of the allowable floor area or Lot area coverage for the Land or the number of dwelling units permitted on the Land under the LUO applicable to the Land in effect when the Change is to be made. The "proportionate share" for each Unit shall be a fraction having as its numerator the area of the Dwelling Area appurtenant to such Unit and having as its denominator the area of both Dwelling Areas.

(d) Any such Change shall be at the expense of the Unit Owner making the Change and shall be expeditiously made and in a manner that will not unreasonably interfere with other Unit Owner's use or enjoyment of his Unit, the common elements or the Unit's appurtenant limited common elements.

(e) During the entire course of such construction, the Unit Owner making such Change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. At the request of the Association, the Association shall be named as an additional insured and evidence of such insurance shall be deposited with the Association.

(f) The Unit Owner making the Change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such Change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any substantial interruption in the services of such utilities to any other Unit Owner and shall not otherwise unreasonably interfere with other Unit Owner's use or enjoyment of his Unit, the common elements or the Unit's appurtenant limited common elements.

(g) If the consent or joinder of another Unit Owner to any Change, including obtaining building permits is required by the Act, then each Unit Owner hereby consents in advance to give such consent or join any such application for such Change, provided that all such expenses relating to the change shall be borne by the Owner making the Change.

(h) Each and every conveyance, lease and mortgage or other lien made or created on any Unit, all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to all Owners the rights set forth in this paragraph."

"EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

One freehold estate is hereby also designated in all the remaining portions of the Project, herein called "common elements", including specifically but not limited to:

(1) The Land in fee simple;

(2) All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, telephone equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, water, gas (if any), cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution;

(3) All fences, markers and walls indicating the perimeter boundaries of the Land;

(4) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

Certain parts of the common elements, herein called and designated limited common elements, are hereby set aside and reserved for the exclusive use of certain Units and such Units shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

1. Any entrance, exit, gateway, entry, patio, yard, driveway or steps which would normally be used only for the purposes of ingress to and egress from a Unit shall be a limited common element appurtenant to and reserved for the exclusive use of such Unit.

2. That portion of the Land designated as a "Dwelling Area", as shown on the Condominium Map is for the exclusive use of the Unit having the same numerical or letter designation as such Dwelling Area, namely, (i) Dwelling Area "A" 3,849 square feet is for the exclusive use of Unit A; and (ii) Dwelling Area "B" 6,071 square feet is for the exclusive use of Unit B.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. Restriction of rights of vehicle access into and from Lunalilo Freeway Federal Aid Project No. F-59 (2), as acquired by the State of Hawaii, by Final Order of Condemnation dated June 5, 1963, recorded in said Bureau in Liber 4534, Page 56.

4. Structure position discrepancies as shown on the survey prepared by James F. Thompson, LPLS, Land Surveyor, with Walter P. Thompson, Surveying & Mapping, dated January 11, 2002.

5. Mortgage dated January 29, 2002, recorded in the Bureau of Conveyances of the State of Hawaii as Docuemnt No. 2002-018672.

6. Declaration of Condominium Property Regime dated March 21, 2003, recorded in said Bureau as Document No. 2003-057069 (Project covered by Condominium Map No. 3548). By-Laws dated March 21, 2003, recorded in said Bureau as Document No. 2003-057070.

7. Amendment to Declaration of Condominium Property Regime dated July 3, 2003 and recorded in the Bureau of Conveyances as Instrument No. 2003-146997.

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT (consisting of Standard DROA Form ("DROA Form" attached "Special Provisions to the "DROA")

1. Description of the Property to be Conveyed: Fee simple title to the Apartment, together with the furnishings and appliances and an undivided interest in the common elements.

2. Purchase Price and Terms. The purchase price set forth on page 1 of the DROA is to be paid as follows:

a. An initial deposit;

b. An additional cash deposit, if any;

c. The balance of the purchase price is to be paid to escrow by purchaser before closing.

3. Financing of Purchase. Paragraph 24 of the DROA Form (if selected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.

4. Closing Costs. Pursuant to Paragraph 14 of the Special Provisions, the Buyer is required to pay at closing all escrow fees, Buyer's notary fees and all recording fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of final closing.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 3 of the DROA Form, which is expected to occur within 90 days of the date of the DROA.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the DROA Form is selected; (b) Buyer defaults under the Sales Contract (paragraph 5.2 of the Special Provisions); or (c) Buyer dies prior to Closing Date (paragraph 5.1 of the Special Provisions). Pursuant to Paragraph 5.2 of the Special Provisions, if Buyer fails to close as required, then after ten (10) days following Seller's notice of Buyer's default, if Buyer has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.

7. No Present Transfer and Subordination to Construction Loan.

(a) The Sales Contract may be subject to existing loans, and any security interest now or hereafter obtained by Lender is or will be prior and senior to any rights arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.

(b) Seller may also assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Buyer is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to $250. If Buyer does not act within the thirty (30) day period, or if the Apartment is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3 of the Special Provisions).

b. The Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Apartment or the amenities available for the Buyer's use (paragraph 7.1 of the Special Provisions).

c. Buyer fails to qualify for permanent financing if Paragraph C-24 of the DROA Form has been selected).

9. Paragraph 10 of the Special Provisions provides that the Buyer acknowledges that he or she has examined (and agrees to be bound) by the following:

(a) The floor plans for the Project;
(b) Escrow Agreement;
(c) The Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners;
(d) The Apartment Deed;
(e) Disclosure Abstract; and
(e) The Final or Supplementary Public Report

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow & Title, Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

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

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

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

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than $25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 4 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

Note: Section 514A-63, Hawaii Revised Statutes, provides rescission rights to a purchaser under a binding contract if there is a material change in the project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project for such purchaser's use.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: ORCHID LANE
605 N. School Street
Honolulu, Hawaii 96817

(b) DEVELOPER: SPECTOR DEVELOPMENT, LTD.
141 Paloke Street
Honolulu, Hawaii 96822

Telephone: c/o (808) 949-0579

(c) MANAGING AGENT: Self-Managed by the Association of Apartment Owners

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:

The Developer is giving a one-year warranty on the materials and workmanship of the Units.

4. USE OF UNITS. The ORCHID LANE Condominium Project will consist of two (2) units which will be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the zoning ordinance for the City and County of Honolulu then in effect, provided, that the use of the Project, including the Units, shall be in conformance with the Zoning Variance No. 2002/VAR-36, attached hereto as Exhibit "I".

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES
For Period April 1, 2003 to March 31, 2004
As Prepared by Developer

| | |
|---|---|
| Estimated Annual Expenses | |
| Ground Maintenance | |
| Water | $-0- |
| * Electricity: | $-0- |
| **Fire/Liability Insurance: | $-0- |
| Management Fee: | $-0- |
| Miscellaneous: | $-0- |
| TOTAL ANNUAL EXPENSES | $-0- |
| Estimated Monthly Expenses: | $-0- |
| Estimated Monthly Maintenance Fee for Each Apartment: | $-0- |

Note: * All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

** Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association may elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

SPECTOR DEVELOPMENT, LTD.

By _____
Elizabeth Spector
Its President and Treasurer

"Developer"

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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

EXHIBIT "I"

JEREMY HARRIS
MAYOR

RANDALL K. FUJIKI, AIA
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

(as)

July 29, 2002

Mr. Donald Clegg
Analytical Planning Consultants, Inc.
928 Nuuanu Avenue, Suite 502
Honolulu, Hawaii 96817

Dear Mr. Clegg:

| | | |
|---|---|---|
| Request | : | Zoning Variance No. 2002/VAR-36 |
| Applicant | : | Harold and Elizabeth Spector |
| Landowner | : | Spector Development, Ltd. |
| Location | : | 607 North School Street - Kapalama/Liliha |
| Tax Map Key: | | 1-7-33: 8 |

The Director of Planning and Permitting has APPROVED the above variance, subject to certain conditions. A copy of the Director's Findings of Fact, Conclusions of Law, and Decision and Order, including the conditions of approval, is attached.

NOTE: If the variance conditions contain time limits, the applicant is responsible for complying within those time limits, or the variance will lapse. If the variance is "after-the-fact", and it lapses because of failure to comply with the conditions, the applicant will be in violation of the zoning code and subject to enforcement proceedings. A new application for the same variance will not be accepted within 12 months of the lapse date.

This variance is limited to those sections of the Land Use Ordinance stated in the Findings of Fact and/or Decision and Order; and shall not be construed as approval of any other permit or review by the Department of Planning and Permitting or by any other agency.

Any party (to the case) wishing to appeal the Director's action must submit a written petition to the Zoning Board of Appeals (ZBA) within 30 calendar days from the date of mailing or personal service of the Director's written decision. (Zoning Board of Appeals Rules Relating to Procedure for Appeals, Rule

22-2, Mandatory Appeal Filing Deadline). Essentially, the Zoning Board of Appeals rules require that a petitioner show that the Director based his action on an erroneous finding of a material fact, and/or that the Director acted in an arbitrary or capricious manner, or manifestly abused his discretion. Generally, the ZBA can only consider the evidence previously presented to the Director of Planning and Permitting.

Failure to comply with ZBA Rules Chapter 22, Procedure for Appeals, may result in the dismissal of the appeal. Copies of the ZBA rules are available at the Department of Planning and Permitting. Appeals should be addressed to:

Zoning Board of Appeals
c/o Department of Planning and Permitting
650 South King Street
Honolulu, Hawaii 96813

If you have any questions or need additional information concerning this variance, please contact Adrian Siu-Li of our staff at 527-5072.

Sincerely yours,

RANDALL K. FUJIKI, AIA
Director of Planning
and Permitting

RKF:nt

Encl.

cc: Harold and Elizabeth Spector

Posse Doc 166013

DEPARTMENT OF PLANNING AND PERMITTING
OF THE CITY AND COUNTY OF HONOLULU

STATE OF HAWAII

| | |
|---|---|
| IN THE MATTER OF THE APPLICATION<br>OF<br>HAROLD AND ELIZABETH SPECTOR<br>FOR A VARIANCE | FILE NO. 2002/VAR-36 |

I certify that this is a full, true and correct copy of the original document on file with the Department of Planning and Permitting, City and County of Honolulu.
Roberta Bannister
29 JULY 2002
DATE

FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND DECISION AND ORDER

## I. APPLICATION

A. Basic Information

| | | |
|---|---|---|
| APPLICANT | : | Harold and Elizabeth Spector |
| LANDOWNER | : | Spector Development, Ltd. |
| AGENT | : | Analytical Planning Consultants, Inc. |
| LOCATION | : | 607 North School Street - Kapalama/Liliha |
| TAX MAP KEY | : | 1-7-33: 8 |
| LAND AREA | : | 9,920 Square Feet |
| ZONING | : | R-5 Residential District |

The Department of Planning and Permitting (DPP) held a public hearing on July 11, 2002, to consider the application. The applicant and all other interested persons present were given an opportunity to be heard. The record of the hearing is on file with the Department.

B. Proposal: To allow two single-family dwellings on an R-5 Residential lot that lacks twice the minimum lot area. The lot is 9,920 square feet, which is 80 square feet, or 1.6 percent, less than the required 5,000-square foot area for a second dwelling unit. See Exhibit B.

C. Variance Required: Land Use Ordinance (LUO) Sections 21-3.70-1(b) [Table 21-3.2] and 21-8.30(a), relating to lot area regulations.

D. Applicant's Justification: The applicant provided justification statements which are part of the file.

Mailed JUL 29 2002
Date

## II. FINDINGS OF FACT

On the basis of the evidence presented, the Director has found:

A. Description of Site and Surrounding Uses: The site is a vacant, irregular-shaped lot. It is flat and has no adverse topographic conditions. The surrounding uses include schools, churches, a utility substation, and other single-family dwellings. There are also two large vacant lots nearby.

B. Subdivision Actions: The Real Property Tax Assessment Office records show the following lot area changes:

In 1937, the lot was 21,325 square feet. In 1957, 7,100 square feet was added, increasing the lot size to 28,425 square feet. In 1962, another 117 square feet was added to the lot.

On July 5, 1962, a subdivision [File No. 1961(438)] was approved for the State to acquire several properties between Houghtailing Street and Nuuanu Avenue, in conjunction with the construction of the Lunalilo Freeway, Federal Aid Project No. F 59(2). As a result, 18,622 square feet of the lot was acquired by the State.

C. Public Hearing Testimony: The agent spoke in support of the request. He summarized the justifications outlined in the application. The 80-square-foot deficiency was a result of a portion of the original lot being condemned for road widening. The lot area deficiency is very minimal. He also stated that two single-family dwellings would be more in keeping with the surrounding neighborhood, since there are no two-family detached dwellings in the neighborhood.

No other testimony was given.

## III. ANALYSIS

A. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (1) the applicant would be deprived of the reasonable use of such land or building if the provisions of the zoning code were strictly applicable. The applicant would be denied reasonable use if not allowed two single-family dwellings on the site. Although the lot lacks twice the minimum required lot area, there are mitigating circumstances which support a variance. The site is permitted two dwelling units in the form of a two-family dwelling. Thus, the proposal would not exceed the maximum density in terms of number of dwelling

units. In 1962, 18,622 square feet of the lot was acquired by the State for the Lunalilo Freeway. This resulted to the current 9,920-square foot "boot"-shaped lot. If not for the area lost to "road-widening", the lot would have had enough area for two single-family dwellings. Nevertheless, the lot area deficiency of less than 2 percent is minimal. The proposal does not question the reasonableness of the zoning code.

B. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (2) the request of the applicant is due to unique circumstances and not the general conditions in the neighborhood, so that the reasonableness of the neighborhood zoning is not drawn into question. There are no adverse topographic conditions that prevent conforming development. However, there are unique circumstances that support the request. The lot area deficiency is only 1.6 percent, or 80 square feet, of the additional 5,000 square feet of lot area needed for a second dwelling. It is not possible to acquire the additional lot area from the adjacent lots, since they are substandard in lot area. However, the deficiency is so slight that there would be minimal impact, if any, on privacy and open space of the adjacent lots.

There are several substandard lots in the neighborhood. Except for a nearby vacant lot which is over 24,000 square feet, and two church lots, the site is the largest on the block. The site is distinguishable from other lots, and it is not likely the request could be duplicated in this area. Therefore, it would be reasonable to allow the two single-family dwellings provided they meet all residential district development standards.

C. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (3) the request, if approved, will not alter the essential character of the neighborhood nor be contrary to the intent and purpose of the zoning ordinance. The proposal will not alter the essential character of the neighborhood. Although a two-family detached dwelling is permitted on the site, two single-family dwellings would be more in keeping with the neighborhood, since there are no other two-family dwellings around. That agent stated that all other zoning code requirements will be met, including height, yard, setback, lot coverage and parking. The request will not reduce light, air or open space on adjoining lots. The lot area deficiency is minimal, and the request is supportable.

## IV. CONCLUSIONS OF LAW

The Director hereby makes the following Conclusions of Law:

A. There is evidence that the applicant would be deprived of a reasonable use of the land or building if the provisions of the zoning code were strictly applied.

B. The request of the applicant is due to unique circumstances and not to general neighborhood conditions, and it does not question the reasonableness of the neighborhood zoning.

C. The request will not alter the essential character of the neighborhood and it is not contrary to the intent and purpose of the zoning ordinance.

## V. DECISION AND ORDER

Pursuant to the foregoing Findings of Fact and Conclusions of Law, the Director of Planning and Permitting hereby APPROVES the application for a variance to allow two single-family dwellings on an R-5 Residential lot that lacks twice the minimum lot area, subject to the following conditions:

A. All structures, including both single-family dwellings, shall meet all other zoning code regulations, including yard, height, setbacks, off-street parking and building area.

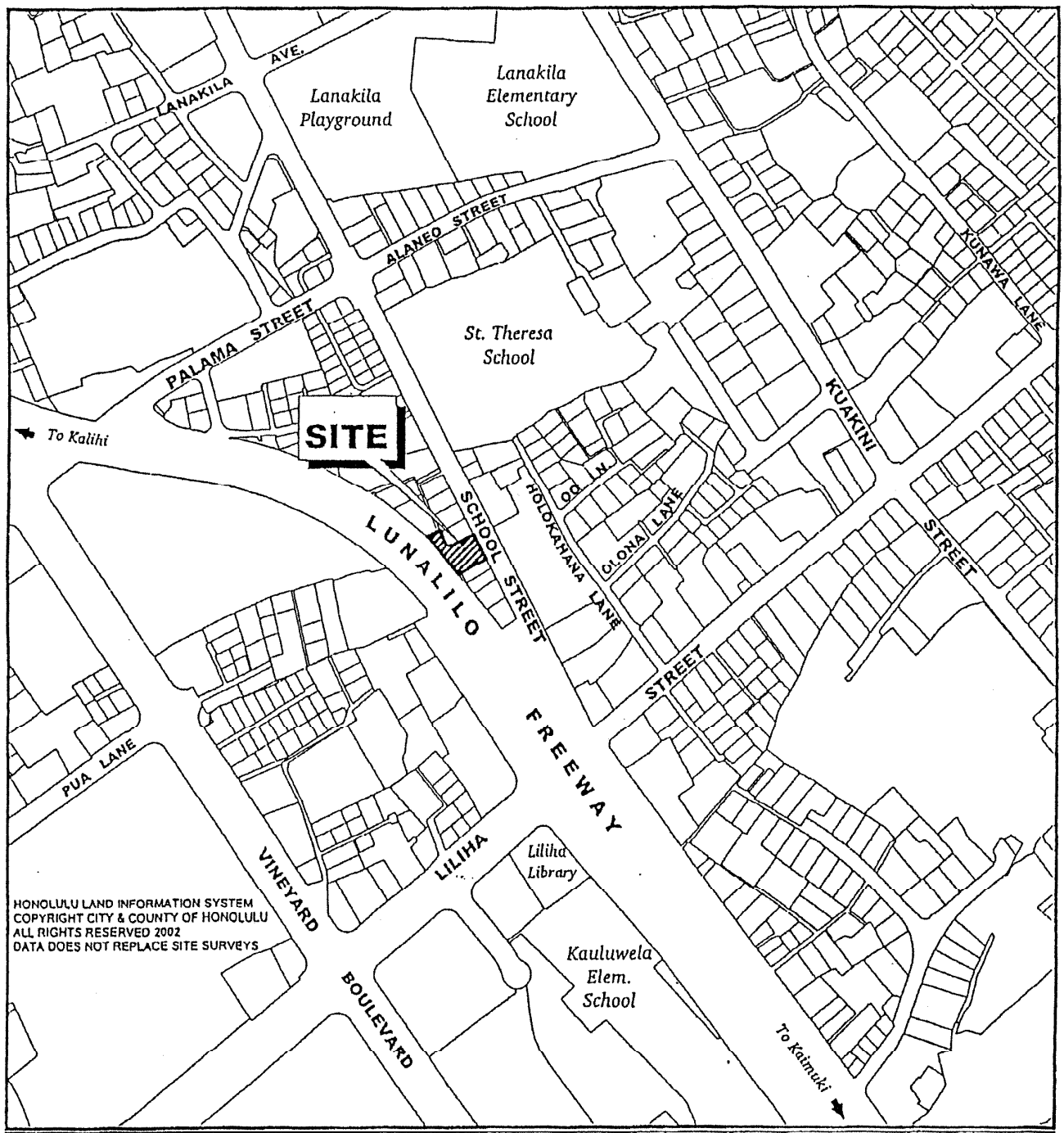
B. This variance may be revoked by the Director when, due to a material change in circumstances, one or more of the three Charter-required findings of hardship can no longer be made; or when there is a breach of the condition above stated; provided that, for good cause, the Director may amend the above condition.

Dated at Honolulu, Hawaii, this 29th day of July, 2002.

DEPARTMENT OF PLANNING
AND PERMITTING
CITY AND COUNTY OF HONOLULU
STATE OF HAWAII

By _____
RANDALL K. FUJIKI, AIA
Director

RKF:pl
Attachments
Doc. 163579




SITE

Location Map

400 0 400 Feet

# LOCATION MAP

## LILIHA EXHIBIT A

**TAX MAP KEY: 1-7-033:008**

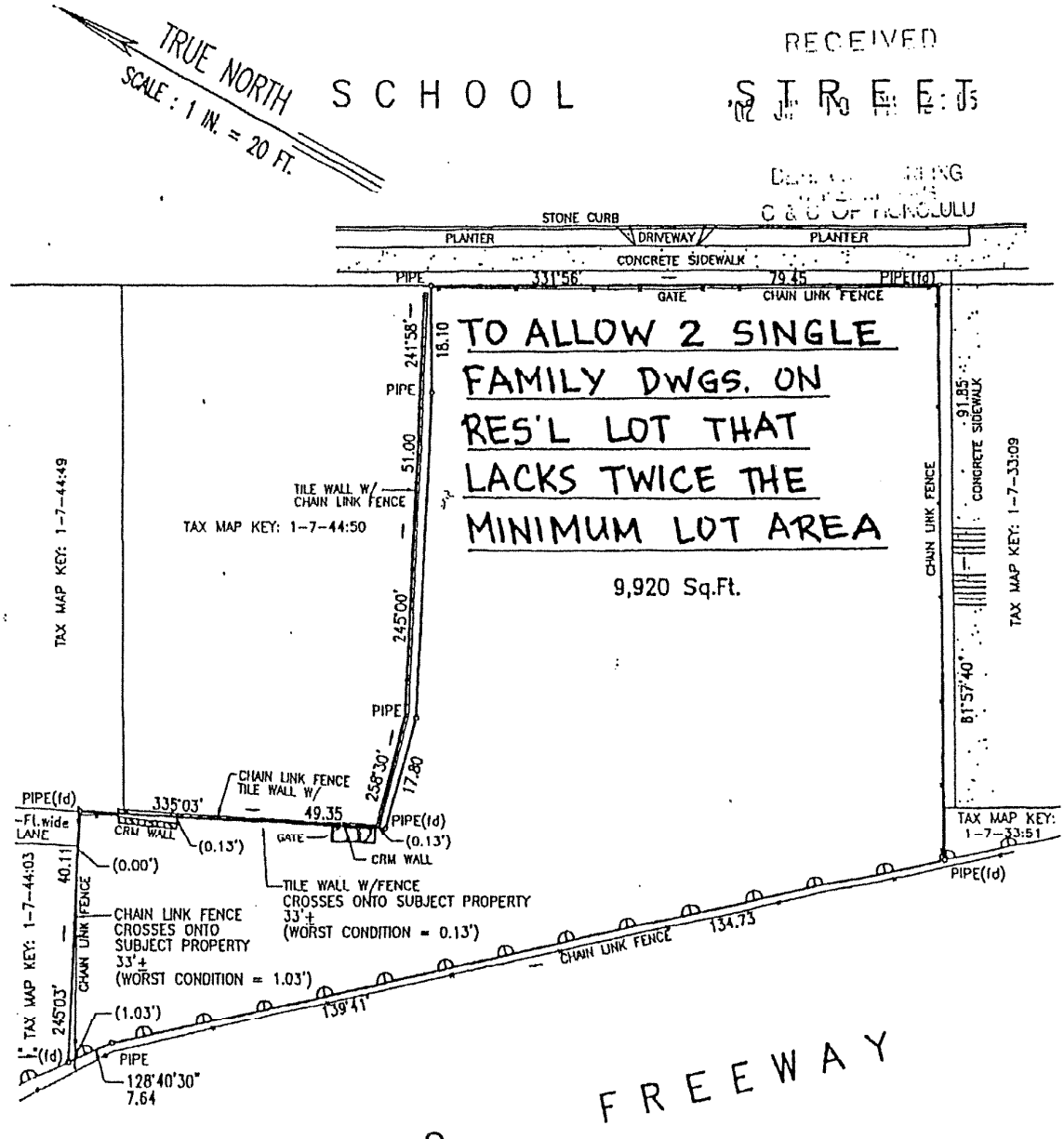
**FOLDER NO.: 2002/VAR-36**

Prepared By: DEPARTMENT OF PLANNING AND PERMITTING
City & County of Honolulu

Date Prepared: 05/13/2002

# EXHIBIT B

RECEIVED




NOTE:
Denotes no access permitted.

JAMES R. THOMPSON
LICENSED PROFESSIONAL LAND SURVEYOR
No. 3627
HAWAII, U.S.A.

THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION

James R. Thompson

TAX MAP KEY : 1 - 7 - 33 : 08

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## MAP SHOWING PERIMETER IMPROVEMENTS AFFECTING PORTIONS OF R.P. 1636, L.C. AW. 2333 TO LAI, R.P. 1650, L.C. AW. 1123 TO HONU AND R.P. 2758, L.C. AW. 2039 TO KAHUI

AT PALAMA, HONOLULU, OAHU, HAWAII

SCALE : 1 IN. = 20 FT.

JANUARY 11, 2002

WALTER P. THOMPSON, INC.