CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: *Girhold U.S. Corporation, a Hawaii corporation*
Address: *c/o A. James Wriston, Jr., P. O. Box 131, Honolulu, Hawaii 96810*

Project Name (*): *BISHOP MANOR*
Address: *920 Kaheka Street, Honolulu, Hawaii 96814*

Registration No. *5169* *(Conversion)*

Effective date: **September 2, 2003**
Expiration date: **October 2, 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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

IMPORTANT NOTICE

There are several significant aspects of this Project which prospective purchasers should be aware of. Prospective purchasers should carefully review this Final Public Report and all the Exhibits that are attached to it. Amongst other significant matters, purchasers should be aware that:

(1) The building was constructed in 1962. The Developer is not making or giving any warranties about the apartments, the building, and any other improvements comprising the Project including the compliance of the Project with the Building Code and applicable Zoning Ordinances. Since constructed, the building was utilized as a residential rental property. See attached Exhibits "I", "J" and "L".

(2) The Disclosure Abstract identified as Exhibit "L" includes inspection reports or studies performed by an architect and various engineers (the "Design Professionals"). In some instances the Design Professionals have made recommendations to upgrade or undertake renovations or changes to existing mechanical, plumbing, or electrical components or installations. The Developer will not be making any of the recommended improvements but is making a contribution of approximately $108,000.00 to the Association's capital reserve fund. Furthermore, the Design Professionals only inspected a limited sampling of the apartments in the Project. Accordingly, each purchaser is advised to conduct his own inspection of an apartment prior to purchase. The Sales Contract being used by the Developer only provides a ten (10) day inspection period. See attached Exhibits "J" and the inspection reports attached to the Disclosure Abstract in Exhibit "L". The electrical engineer's inspection report attached as Exhibit 5 to the Disclosure Abstract compares the as-built condition of a unit to the current electrical code.

(3) The Developer does not own the fee simple interest in the Project. The Developer has the option to terminate any Sales Contract for an apartment in the Project if the Developer is not able to have sufficient sales proceeds to close its purchase of the fee simple interest and to satisfy its loan obligations. See Exhibit "A" for further information. If a Sales Contract is cancelled, a purchaser will have his deposits refunded; however, if a purchaser incurred other expenses in connection with the purchase such as loan application fees, appraisal fees, inspection services, or other costs, such costs will not be reimbursed by the Developer.

(4) Exhibit "1" contains the schedule of maintenance fees for the apartments in the Project. One of the items included in the budget is a reserve for major or capital improvements. Because the building is over forty years old major repairs could occur in the near future as contrasted to newly constructed buildings. The Developer has agreed to contribute approximately $108,000.00 to initial reserves; however, that sum, together with future collections from the apartment owners, may or may not be sufficient to cover all capital repairs to the Project. See Exhibit 2 attached to the Disclosure Abstract for further information. Some of capital items

described in the Reserve Study need to be done within the next year. Prospective purchasers should be aware that the maintenance fees could increase due to unexpected repairs or higher cost of such repairs.

(5) The Developer has not made any investigation as to the existence or non-existence of any hazardous materials such as asbestos or lead based paint in the Project or the apartment units. See paragraphs 14 and 15 of Disclosure Abstract identified as Exhibit "L". A prospective purchaser would have to retain his own environmental consultant if there is a concern with any of the foregoing.

(6) The Developer intends to provide a portable washer/dryer in each of the apartment units. A possible impact of the installation and usage of such portable washer/dryers are discussed by the Design Professionals. See Exhibits 5 and 6 attached to the Disclosure Abstract.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: *Girhold U.S. Corporation* Phone: *(808) 539-0400*
Name* (Business)
c/o A. James Wriston, Jr.
P. O. Box 131
Honolulu, Hawaii 96810
Business Address

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

Dr. Nicholas S. Girdis	*President/Treasurer/Director*
A. James Wriston, Jr.	*Vice President/Secretary/Director*
Peter N. Girdis	*Director*

Real Estate Broker*: *Hawaiian Island Homes Ltd.* Phone: *(808) 951-8979*
Name (Business)
931 University Avenue, Suite 207
Honolulu, Hawaii 96826
Business Address

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

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

Business Address

Condominium Managing Agent*: *Management, Inc.* Phone: *(808) 735-3030*
Name (Business)
3615 Harding Avenue, Suite 403
Honolulu, Hawaii 96816
Business Address

Attorney for Developer: *Diane Yuen Praywell, Esq.* Phone: *(808) 539-0400*
Name (Business)
Ashford & Wriston
1099 Alakea Street, 14th Floor
Honolulu, Hawaii 96813
Business Address

*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. *2003-137077 and 2003-137078**
Book _____ Page _____

[ ] Filed - Land Court: Document No. _____

**Joinder of Fee Owner*

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

[X] Recorded - Bureau of Conveyances Condo Map No. *3609*

[ ] 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. *2003-137079 and 2003-137080**
Book _____ Page _____

[ ] Filed - Land Court: Document No. _____

**Joinder of Fee Owner*

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 [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	*75%*
Bylaws	65%	*67%*
House Rules	---	*Board may change*

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

2. Developer:

[X] 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:

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 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: *920 Kaheka Street, Honolulu, Hawaii 96814* Tax Map Key (TMK): *(1) 2-3-18-19*

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

Land Area: *15,834* [X] square feet [ ] acre(s) Zoning: *A-3*

Fee Owner/Lessor *The Trustees of the Estate of Bernice Pauahi Bishop***
Name
567 South King Street, Suite 200
Honolulu, Hawaii 96813
Address

***Exhibit "A" attached hereto contains further explanation*

Lessee *Girhold U.S. Corporation*
Name
c/o A. James Wriston, Jr.
P.O. Box 131
Honolulu, Hawaii 96810
Address

C. **Buildings and Other Improvements**:

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

2. Number of Buildings: *one (1)* Floors Per Building: *three (3)*

[X] Exhibit *"B"* contains further explanations.

3. Principal Construction Material:

[X] Concrete [ ] Hollow Tile [X] Wood

[X] Other *Glass*

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning	
[X]	Residential	*27*	[X] Yes	[ ] No
[ ]	Commercial		[ ] Yes	[ ] No
[ ]	Mix Res/Comm		[ ] Yes	[ ] No
[ ]	Hotel		[ ] Yes	[ ] No
[ ]	Timeshare		[ ] Yes	[ ] No
[ ]	Ohana		[ ] Yes	[ ] No
[ ]	Industrial		[ ] Yes	[ ] No
[ ]	Agricultural		[ ] Yes	[ ] No
[ ]	Recreational		[ ] Yes	[ ] No
[ ]	Other		[ ] 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:

[X] Pets: *shall not be kept, bred or used for any commercial purposes*

[ ] Number of Occupants: _____

[X] Other: *See Exhibit "C" attached hereto*

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: *None* Stairways: *two (2)* Trash Chutes: *None*

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
A	*6*	*1/1*	*435*		
B	*5*	*0/1*	*358*		
C	*2*	*2/1*	*671*		
D	*2*	*2/1*	*594*		
E	*3*	*1/1*	*427*		
F	*3*	*1/1*	*449*		
G	*6*	*2/1*	*604*		

Total Number of Apartment: *27* *See Exhibit "D" for further information and Exhibit "G" which contains information about privacy yards.*

*** 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 net living area of enclosed portions of each respective apartment is measured from the interior surface of perimeter walls.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior loadbearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through an apartment which are utilized for or serve more than one apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls and partitions which are not loadbearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and the fixtures originally installed therein.

Permitted Alterations to Apartments: *See Exhibit "E" attached hereto.*

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

7. Parking Stalls:

Total Parking Stalls: *27*

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	*11*	*4*	*9*	*3*			*27*
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	*15*		*12*		*0*		*27*

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

[ ] Commercial parking garage permitted in condominium project.

[X] Exhibit *"F" contains additional information on parking stalls for this condominium project*

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

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

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

[X] Other: *See description of common elements in Exhibit "G"*

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):

See the Disclosure Abstract (Exhibit "L") for more information.
No representation is made as to the useful life of the Project or any component of the Project.

11. Conformance to Present Zoning Code:

a. [X] 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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures		*Covered Entry and parking stalls*	
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.

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 *"G"*

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[X] described in Exhibit *"G"*

[ ] 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:

[X] described in Exhibits *"G"*

[ ] as follows:

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

Exhibit *"H"* describes the encumbrances against the title contained in the title report dated *July 31, 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 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**
1. *Mortgage dated July 17, 1989, in favor of First Hawaiian Bank, recorded in Liber 23531 at Page 720*	*In the event of foreclosure, a purchaser will receive a full refund of all deposits.*
2. *Assignment of Leases dated July 17, 1989, recorded in Liber 23531 at Page 753.*	*In the event of foreclosure, a purchaser will receive a full refund of all deposits.*
3. *Assignment of Lessor's Interest Under Residential Leases and Estoppel Certificate dated July 17,1989, recorded in Liber 23531 at Page 791*	*In the event of foreclosure, a purchaser will receive a full refund of all deposits.*

F. **Construction Warranties**:

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

1. Building and Other Improvements:

See Exhibit "I". THERE ARE NO WARRANTIES BEING MADE BY THE DEVELOPER.

2. Appliances:

See Exhibit "I". THERE ARE NO WARRANTIES BEING MADE BY THE DEVELOPER.

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

The building and other improvements comprising the Project were completed in 1962. The Developer did not construct or develop the Project. See Exhibit "1" for further information.

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:

[X] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or 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 *"L"* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments**:

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

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

[ ] Gas (___ Common Elements only ____ Common Elements & Apartments)

[X] Water [X] Sewer [ ] Television Cable

[X] Other *Refuse removal*

V. MISCELLANEOUS

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

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit *"J"* contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated *April 24, 2003*
Exhibit *"K"* 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. 0. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. *5169* filed with the Real Estate Commission on *August 12, 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**

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-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.

GIRHOLD U.S. CORPORATION
Printed Name of Developer

By: A. James Wriston Jr. August 11, 2003
Duly Authorized Signatory* Date

A. James Wriston, Jr., Vice President
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.**

FEE OWNER EXPLANATION

The Trustees of the Estate of Bernice Pauahi Bishop known as Kamehameha Schools ("Fee Owners") are the owners of the leased fee interest in the land included in the Bishop Manor condominium project. In substantially concurrent transactions, (1) the leased fee interest will be purchased by the Developer, Girhold U.S. Corporation, from the Fee Owners, and (2) immediately thereafter the Developer will close the sales of fee simple apartments to individual purchasers.

The Developer intends to use the proceeds from the sale of the apartments in the project to purchase Fee Owners' interest in the land and to repay certain mortgage loans. The purchase and repayment need to occur by December 31, 2003. The Developer reserves the right and option to cancel sales contracts for apartments in the Project as described in this paragraph. If by December 31, 2003, the Developer does not have sales contracts for apartments in the project where the buyers under the sales contracts are ready to close by December 31, 2003, and where the total amount payable to the Developer under the sales contracts exceeds $2,000,000.00, then the Developer may, in its sole discretion, exercise its right and option to cancel the sales contract.

DESCRIPTION OF BUILDING

The Project consists of one (1) existing building which is constructed primarily of wood, concrete and glass. The building contains three (3) stories, as more particularly shown on the Condominium Map.

The Building is U-shaped. There is a porte cochere covered entry to the Building which leads to access to the First, Second and Third Floors and to the mailboxes located on the First Floor. The First Floor also contains a laundry room, utility room, three storage rooms, and five (5) residential apartments, each of which shall have use of the yard area shown on the Condominium Map as a limited common element.

The Second and Third Floors each have identical floor plans. Each floor has a total of eleven (11) residential apartments and a walkway along the inside perimeter of the floor. Two stairways, each located at the ends of the U-shaped walkways, provide access to the Second and Third Floors. There are no elevators in the building.

The U-shaped building surrounds a swimming pool on the ground level. A deck area and fence surround the swimming pool.

There are twenty-seven (27) parking stalls on the ground level, fifteen (15) of which are standard stalls (eleven [11] of which are covered and four [4] of which are uncovered) and twelve (12) of which are compact stalls (nine [9] of which are covered and three [3] of which are uncovered). The parking stalls are numbered 1 through 28 (with number 13 omitted). Each parking stall is a limited common element to the residential apartment to which it is assigned. The Project does not have any disability accessible parking, loading zones, nor guest parking stalls.

USE RESTRICTIONS FOR APARTMENTS AND COMMON ELEMENTS

The following provisions in the Declaration and House Rules, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. Declaration

Section H of the Declaration provides the following:

> 1. The apartments may be occupied and used as residential dwellings by the respective owners thereof, their tenants, families, domestic servants and guests, provided that the owners of the respective apartments shall have the absolute right to rent or lease such apartments for such durations of time as they shall deem appropriate, subject to all provisions of this Declaration and the Bylaws hereafter described, provided, however, that the initial term of any rental agreement or lease shall be at least thirty (30) days or such longer period as may be required under applicable law. All rental agreements and leases shall be in writing.
>
> 2. Each apartment owner may use the common elements of the Project in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners, subject to:
>
> (a) The right of the Board of Directors, upon the approval of the owners of seventy-five percent (75%) of the common interests, to change the use of the common elements; provided, however, that the conversion of a common element to a limited common element shall require the approval of all owners;
>
> (b) The right of the Board of Directors, on behalf of the Association, to lease or otherwise use for the benefit of the Association those common elements which are not actually used by any of the apartment owners for an originally intended special purpose, as determined by the Board of Directors; provided that unless the approval of the owners of seventy-five percent (75%) of the common interests is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days written notice;

(c) The right of the Board of Directors to lease or otherwise use for the benefit of the Association those common elements not falling within paragraph 2(b) above, upon obtaining: (A) the approval of the owners of seventy-five percent (75%) of the common elements, including all directly affected owners and all owners of apartments to which such common elements are appurtenant in the case of limited common elements, and (B) approval of all mortgagees of record on apartments with respect to which owner approval is required by (A) above, if such lease or use would be in derogation of the interest of such mortgagees; and

(d) The exclusive use of the limited common elements as provided in this Declaration.

II. House Rules

A. Section III of the House Rules sets forth rules relating to noise and nuisance matters, including, without limitation, restrictions as to creating any improper, offensive or unreasonable nuisances in the Project; creating any excessive noise; slamming doors, the volume of noise devices during late evening and early morning hours; guest conduct and late hour noise from entertaining.

B. Section IV of the House Rules sets forth restrictions generally affecting maintenance of the apartments and the building, including, without limitation, restrictions on altering the exterior appearance of the apartments; restrictions on the display of signs, signals, or lettering; prohibition of the attachment of any objects on the outside of the apartment or through any door or window; prohibition of waterbeds and air conditioning units; prohibition of installation of radio or television antenna within the Project; and use restrictions on appliance-type washer/dryer units if such units are made available for sale to individual apartment owners.

DESCRIPTION OF BUILDING INTERIOR AND APARTMENTS

1. **General.** The Project contains a total of twenty-seven (27) condominium apartments, all of which are intended for residential use. Each apartment is designated as a separate fee simple estate. Each apartment consists of the space within the perimeter walls, floors and ceilings of the respective apartment as shown on the Condominium Map. The apartments are more particularly described in Exhibit "B" attached to the Declaration.

2. **Apartment Numbers.** Each apartment is identified by either a one-digit or two-digit number. The location and apartment number of each apartment are shown on the Condominium Map.

3. **Apartment Types.** As shown on the Condominium Map and in Exhibit "B" attached to the Declaration, there are seven (7) apartment types, designated as Types "A", "B", "C", "D", "E", "F", and "G". Type "A" apartments have one bedroom, one bathroom, a kitchen, and a living room and contain approximately 435 square feet. Type "B" apartments have one bathroom, a kitchen, and a living room and contain approximately 358 square feet. Type "C" apartments have two bedrooms, one bathroom, a kitchen, and a living room and contain approximately 671 square feet. Type "D" apartments have two bedrooms, one bathroom, a kitchen, and a living room, and contain approximately 594 square feet. Type "E" apartments have one bedroom, one bathroom, a kitchen, and a living room and contain approximately 427 square feet. Type "F" apartments have one bedroom, one bathroom, a kitchen, and a living room and contain approximately 449 square feet. Type "G" apartments have two bedrooms, one bathroom, a kitchen, and a living room and contain approximately 604 square feet.

4. **Apartment Limits.** Notwithstanding the approximate floor areas set forth above and in Exhibit "B" attached to the Declaration, the respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior loadbearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through an apartment which are utilized for or serve more than one apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls, windows and partitions which are not loadbearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and the fixtures originally installed therein.

All floor areas set forth above and in Exhibit "B" attached to the Declaration are not exact but are approximations based on the floor plan of each apartment type. No reductions have been taken to account for interior walls, ducts, vents, shafts, columns and the like located within the perimeter walls. Accordingly, the floor areas set forth above and in Exhibit "B" attached to the Declaration may be different from the actual measurement of the floor areas of the apartments as designated and described in the Declaration.

5. **Access to Apartments.** Each apartment has immediate access to the corridors, stairways and walkways which provide access to Kaheka Street, a public street. There are two stairways providing access from the ground floor to the second and third floors. There are no elevators.

PERMITTED ALTERATIONS

Paragraph T of the Declaration provides as follows:

Alteration of Project. Restoration or replacement of the Project or of any building or common elements, or the construction of any additional building, or the alteration of or addition to any structure which differs in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners pursuant only to an amendment of this Declaration, approved by not less than eighty percent (80%) of the owners of the common interests and accompanied by the written consent of the holders of first mortgages on apartments to which at least fifty-one percent (51%) of the votes of apartments subject to such mortgages are allocated (if the lienholders require such consent) affecting any of the apartments, in accordance with complete plans and specifications therefor prepared by a licensed architect or engineer if so required by the Board, first approved by the Board. Promptly upon completion of any such restoration, replacement or construction, the Association shall duly file such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or engineer.

No apartment owner shall do any work which jeopardizes the soundness or safety of the Project, reduces the value thereof or impairs any easement or hereditament, without in every such case the consent of the owners of seventy-five percent (75%) of the common interests, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained; provided, however, that non-material structural additions to the common elements, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall require approval only by the Board and such percentage, number or group of apartment owners as may be required by this Declaration or the Bylaws. Upon completion of any addition or alteration which changes the floor plan of an apartment or limited common element, the Board shall cause a copy of the revised floor plan of the apartment or limited common element affected to be filed, at the expense of the owner of such apartment, as an amendment of this Declaration and said Condominium Map. "Non-material structural additions to the common elements", as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any non-consenting owner of the use or enjoyment of any part of property or directly affect any non-consenting owner.

Prior to commencing any improvements or alterations permitted to be made pursuant to this Section, and as a condition to the apartment owner's right to undertake such improvements and alterations, the apartment owner shall provide to the Board: (a) a certification in form and content reasonably satisfactory to the Board signed by an architect or engineer duly registered in the State of Hawaii, that such improvement or alteration will not affect the structural

integrity of the common elements, limited common elements, or of any other apartment in the Project; (b) satisfactory evidence that all governmental approvals for such alteration have been duly obtained; and (c) if the cost of the improvement or alteration, as reasonably determined by the Board, shall exceed the sum of $25,000.00, the Board may require that the owner provide evidence satisfactory to the Board of sufficient financing to complete such alteration, or in lieu thereof, require that the owner obtain a performance and lien payment bond, naming as obligees the Declarant, the Board and the Association and collectively all apartment owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such alteration.

All alterations or additions to the Project, the common elements, an apartment, or a limited common element shall be done in accordance with all applicable laws, ordinances, rules, regulations and codes ("Laws"). Any apartment owner who makes an alteration or addition to his or her apartment or the limited common element appurtenant thereto shall indemnify, defend and hold harmless the Association against any and all claims, liability, loss, cost, expense, injury or damages ("Claims") arising from such alteration or addition including without limitation Claims arising from failure to observe applicable Laws.

Subject to the requirements set forth in this Section, the owners of yard space limited common elements shall have the following rights with respect to their appurtenant yard space limited common elements:

1. Pursuant to plans and specifications approved in writing by the Board and in conformance with material and design specifications set forth by the Board, the owner of a yard space limited common element may, at its sole cost and expense, replace a window abutting the yard space with a door to allow access from the owner's apartment to the yard space; and

2. Pursuant to plans and specifications approved in writing by the Board and in conformance with material and design specifications set forth by the Board, the owner of a yard space limited common element may, at its sole cost and expense, install a fence along each side boundary of the yard space; provided, however, that if any such fence is installed, the apartment owner must also install a gate within each line of fence so as to allow access to the other yard space limited common elements and to the common elements. The apartment owner may install a lock on each gate; provided, however, that the owner must supply the Association with the key, password, combination or other applicable device needed to permit access to the yard space limited common element. The apartment owner may not install any fence along the outside perimeter of the yard space. Any fence, improvement, or landscaping installed within a yard space limited common shall be maintained, repaired and restored at the sole cost and expense of the owner of the appurtenant apartment, and if the owner fails to do so, the Association shall have the right to perform such work and charge the owner of such apartment for all costs and expenses incurred by the Association in doing so.

Upon the completion of the installation of any such doors or fences, the limited common element owner shall file with the Board a final "as built" set of the plans and specifications for such work, and the Association shall cause to be filed, at the expense of the owner of such apartment, an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a registered architect or professional engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built; such amendment shall be approved and signed by the Board.

PARKING STALLS

The Project has a total of twenty-seven (27) parking stalls. Fifteen (15) of parking stalls are stardard stalls (eleven [11] of which are covered and four [4] of which are uncovered) and twelve (12) of the parking stalls are compact stalls (nine [9] of which are covered and three [3] of which are uncovered). The parking stalls are numbered 1 through 28 [with number 13 omitted]. Each parking stall is a limited common element to the residential apartment to which it is assigned. There are no disability accessible parking stalls, no loading zones, and no guest parking stalls.

The current assignment of parking stalls as limited common elements is as shown on Exhibit "C" attached to the Declaration.

NOTE CONCERNING ASSIGNMENT OF STALLS: Hawaii Revised Statutes provides owners of apartments with the right to change the designation of parking stalls, as follows:

> **§514A-14 Parking Stalls**. Notwithstanding any provision of the declaration, apartment owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the declaration and respective apartment leases or deeds involved. The amendment need only be signed and approved by the lessor (in the case of a leasehold project) and the owners (and their respective mortgagees if any) of the apartments whose parking stalls are being changed. The amendment shall be effective only upon recording or filing of the same of record with the bureau of conveyances.

Accordingly, the Declaration may be subsequently amended by the Developer or individual apartment owners in order to reallocate parking stalls. The Developer reserves the right to reallocate parking stalls among units solely owned and controlled by it in order to promote a more orderly sales process or to accommodate the needs of purchasers of its apartments.

DESCRIPTION OF COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND COMMON INTERESTS

I. Common Elements

Section D.2 of the Declaration describes the common elements as all portions of the Project other than the apartments, including specifically, but not limited to:

(a) The land described in the Declaration;

(b) All foundations, floor slabs, columns, beams, supports, unfinished perimeter and loadbearing walls, roofs, stairs, stairways, rails, fire escapes, walkways around and between the buildings, and storage, laundry and electrical rooms;

(c) Except as may otherwise be specifically provided in the Declaration, all yards, grounds, landscaping, driveways, curbs, trash enclosures and like facilities;

(d) The swimming pool and swimming pool area; and

(e) All pipes, wires, conduits or other utility or service lines running through one apartment or house site which are utilized for or serve more than one apartment and any other appurtenant installations for common services.

II. Limited Common Elements

Section D.3 of the Declaration describes the limited common elements as certain parts of the common elements which are set aside for the use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

(a) The parking stall assigned to each apartment as shown on Exhibit "C" attached to the Declaration; and

(b) Yard No. 1 is a limited common element appurtenant to and for the exclusive use of Apartment No. 1, Yard No. 2 is a limited common element appurtenant to and for the exclusive use of Apartment No. 2, Yard No. 3 is a limited common element appurtenant to and for the exclusive use of Apartment No. 3, Yard No. 4 is a limited common element appurtenant to and for the exclusive use of Apartment No. 4, Yard No. 5 is a limited common element appurtenant to and for the exclusive use of Apartment No. 5.

III. Common Interests

Each apartment shall have appurtenant thereto an undivided interest in all common elements of the Project, and the same proportionate share in the common profits and expenses of the Project and for all other purposes, including voting, as shown in Exhibit "B" attached to the Declaration. The allocation of common interests is based upon an apartment's size in comparison to other apartments in the Project.

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Lease No. 13,288, dated May 1, 1961, made by the Trustees under the Will and of the Estate of Bernice Pauahi Bishop, Deceased, as lessors, and Leeward Development Corporation, a Hawaii corporation, as lessee, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 4440 at Page 432. The lessee's interest in said lease was assigned to Girhold U.S. Corporation, a California corporation, by instrument dated July 17, 1989, recorded in said Bureau in Liber 23531 at Page 713. Said lease is subject to the following:

(a) Mortgage, Security Agreement and Financing Statement dated July 17, 1989, made by Girhold U.S. Corporation, a California corporation, as mortgagor, in favor of First Interstate Bank of Hawaii, a Hawaii corporation, now known as First Hawaiian Bank, a Hawaii corporation, as mortgagee, recorded in said Bureau in Liber 23531 at Page 720. Estoppel Certificate dated July 31, 1989, executed by the Trustees under the Will and of the Estate of Bernice Pauahi Bishop, Deceased, was recorded in said Bureau in Liber 23531 at Page 765.

(b) Assignment of Leases dated July 17, 1989, made by Girhold U.S. Corporation, a California corporation, as assignor, to First Interstate Bank of Hawaii, a Hawaii corporation, now known as First Hawaiian Bank, a Hawaii corporation, as assignee, recorded in said Bureau in Liber 23531 at Page 753, assigning all right, title and interest as lessor in any and all leases or occupancy agreements.

(c) Assignment of Lessor's Interest Under Residential Leases and Estoppel Certificate dated July 17, 1989, made by Gordon H. Damon, unmarried, as assignor, to Girhold U.S. Corporation, a California corporation, as assignee, recorded in said Bureau in Liber 23531 at Page 791, assigning all right, title and interest in, to and under those certain Residential Leases set forth in Exhibit "B" attached thereto.

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration of Condominium Property Regime for "Bishop Manor" Condominium Project dated June 19, 2003, recorded in said Bureau as Document No. 2003-137077.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain By-Laws of the Association of Apartment Owners dated June 19, 2003, recorded in said Bureau as Document No. 2003-137079.

5. Any unrecorded leases and matters arising from or affecting same.

6. For real property taxes, your attention is directed to the Director of Finance, City and County of Honolulu.

Note: Girhold U.S. Corporation, a Hawaii corporation, is successor by merger to Girhold U.S. Corporation, a California corporation.

CONSTRUCTION WARRANTIES

I. There are no warranties being given by the Developer ("Seller").

II. Section IV.D.1 of Addendum "B" to the Deposit Receipt and Sales Contract ("DRSC") provides as follows:

1. Seller and Fee Owner Make No Warranties or Promises. BUYER ACKNOWLEDGES THAT NEITHER SELLER NOR FEE OWNER IS THE ORIGINAL DEVELOPER OF THE PROJECT AND NEITHER WAS INVOLVED IN (AND NEITHER IS RESPONSIBLE FOR) THE PLANNING OR CONSTRUCTION OF THE PROJECT. BUYER FURTHER ACKNOWLEDGES THAT THE PROJECT WAS SUBSTANTIALLY COMPLETED IN 1962 AND HAS BEEN USED OVER THE YEARS PRIMARILY FOR RESIDENTIAL PURPOSES. BUYER UNDERSTANDS AND AGREES THAT THE APARTMENT AND OTHER IMPROVEMENTS AND PERSONAL PROPERTY (IF ANY) ARE BEING SOLD **"AS IS, WHERE IS"** WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE CONDITION, STATE OF REPAIR, OPERATING ORDER, SAFETY, STRUCTURAL SOUNDNESS OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSE.

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, NEITHER SELLER NOR FEE OWNER MAKES STATEMENTS OR PROMISES ABOUT: (A) THE CONSTRUCTION, STRUCTURAL SOUNDNESS, CONDITION OR STATE OF REPAIR, OPERATING ORDER, SAFETY OR LIVABILITY OF ANY IMPROVEMENTS IN OR WITHIN THE PROJECT; (B) THE SUITABILITY OF ANY IMPROVEMENTS FOR ANY PARTICULAR USE; (C) WHETHER OR NOT THE APARTMENTS, THE PROJECT OR ANY IMPROVEMENTS MEET THE REQUIREMENTS OF ANY BUILDING, HEALTH, ZONING, LAND USE, SUBDIVISION, SETBACK OR OTHER LAW, ORDINANCE, RULE OR REGULATION WHICH MAY APPLY; (D) WHETHER OR NOT ANY EASEMENT, RIGHT-OF-WAY OR DRIVEWAY MEETS THE REQUIREMENTS OF ANY BUILDING, HEALTH, ZONING, LAND USE, SUBDIVISION, SETBACK OR OTHER LAW, ORDINANCE, RULE OR REGULATION WHICH MAY APPLY; (E) THE DENSITY, STABILITY, STRUCTURE, EROSION OR OTHER CONDITION OF THE PROJECT'S SOIL FOR BUILDING OR ANY OTHER USE; (F) WHETHER ANY IMPROVEMENTS ON OR UNDER THE PROJECT ENCROACH OVER THE BOUNDARY LINES OF ANY LAND WHICH SHARES A BOUNDARY WITH THE PROJECT; (G) WHETHER ANY IMPROVEMENTS ON OR UNDER THE LAND WHICH SHARES A BOUNDARY WITH THE PROJECT ENCROACH OVER THE BOUNDARY LINES OF THE PROJECT; (H) ANY MATTER CONCERNING THE ELECTRICAL, WATER, GAS, PLUMBING OR SEWER SYSTEMS (IF ANY); AND (I) ANY STAKING OR SURVEY DONE BY ANY PERSON.

BUYER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES SELLER AND ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE PAST, PRESENT AND FUTURE DIRECTORS, OFFICERS, EMPLOYEES, SHAREHOLDERS, TRUSTEES, AGENTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS FROM AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO ANY LATENT OR PATENT DEFECT IN THE PROJECT OR THE APARTMENT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT BUYER MAY HAVE AGAINST SELLER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR IN THE PROPERTY OR THE PROJECT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROPERTY OR THE PROJECT OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROPERTY OR THE PROJECT OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS, MOLD, MILDEW, FUNGUS AND OTHER TYPES OF BACTERIAL GROWTHS OR OTHER ENVIRONMENTAL CONDITIONS OR MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE APARTMENT OR PROJECT. SELLER AND BUYER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN SELLER AND BUYER.

FEE OWNER IS THE CURRENT OWNER OF THE LAND UNDER THE PROJECT THAT HAS BEEN LEASED TO SELLER. ALTHOUGH FEE OWNER IS NOT A PARTY TO THIS AGREEMENT AND FEE OWNER SHOULD HAVE NO LIABILITY TO BUYER, FEE OWNER HAS REQUESTED THAT SELLER OBTAIN BUYER'S CONFIRMATION OF SUCH MATTERS. ACCORDINGLY, THE RELEASE AND INDEMNIFICATION AGREEMENT SET FORTH IN THE PREVIOUS PARAGRAPH ARE MADE BY BUYER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS IN FAVOR OF FEE OWNER, ITS TRUSTEES AND AFFILIATES, AND EACH OF THEIR

RESPECTIVE PAST, PRESENT, AND FUTURE TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES, SHAREHOLDERS, AGENTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS, SUCCESSORS IN TRUST, AND ASSIGNS. ALSO, FEE OWNER JOINED IN THE DECRARATION AND BYLAWS AS AN ACCOMMODATION TO SELLER AND THE RELEASE AND INDEMNIFICATION AGREEMENTS SHALL ALSO APPLY TO ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR IS RELATED TO (A) ANY NON-COMPLIANCE OF THE DECLARATION, THE BYLAWS, THE CONDOMINIUM MAP, OR DISCLOSURE STATEMENTS WITH CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED, AND (B) ANY MATTERS CONCERNING THE LOCATION, CONDITION, DESIGNATION, DESCRIPTION, OR DIMENSIONS OF THE PROJECT, THE APARTMENTS, THE LIMITED COMMON ELEMENTS APPURTENANT TO THE APARTMENTS, OR THE COMMON ELEMENTS OF THE PROJECT.

III. Section IV.D.3 of Addendum "B" to the DRSC provides as follows:

3. The Condominium Map is Not a Warranty. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE BY SELLER.

IV. Section IV.D.6 of Addendum "B" to the DRSC provides as follows:

6. Additional Disclosures. Buyer acknowledges receipt of notice that:

(a) Seller Not Developer. Seller is not the original developer of the Project and was not involved in (and is not responsible for) the Project's planning or construction of the Project.

. . .

(e) Condition of Property. Seller has described the condition of the Property in Seller's Disclosure Abstract attached to the Final Public Report for the Project. Buyer should carefully review the Disclosure Abstract prior to signing this Agreement. Seller shall have no responsibility or liability for or with respect to any such occurrence or condition.

(f) Disclosure of Non-Conforming Condition. The Project, to the best of Seller's knowledge, complied with all zoning and building ordinances and codes when built and presently contains, as a result of adoption or amendments to ordinances and codes, legal non-conforming structures. According to a letter dated March 12, 2001, from the Department of Planning and Permitting of the City and County of Honolulu ("DPP"), as supplemented by letter dated June 26, 2003, from DPP, the building met all applicable code requirements at the time of construction in 1962. DPP records show that the 27 all-weather surface off-street parking spaces and the covered entry which is 2 feet from the front property line are non-conforming under present code requirements. That is, under current code requirements,

additional parking stalls of different sizes would be required for the Project and the covered entry would need to be set back more than 2 feet from the front property line. Seller cannot determine, after due inquiry, whether the Project contains other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Each apartment owner, by the acceptance of such owner's Apartment Deed, shall be deemed to have accepted the nonconforming conditions described above and agreed that, except as otherwise set forth herein, neither the Seller, nor any of its affiliates or representatives, shall be responsible for changing any nonconforming conditions.

Buyers should consult the Disclosure Abstract attached to this Public Report for further information on the construction of the Project and the physical condition of the Project.

SUMMARY OF THE PERTINENT PROVISIONS OF THE SALES CONTRACT

A specimen Deposit Receipt and Sales Contract, Addendum "A" and Addendum "B" ("the Contract") has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE CONTRACT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Contract, among other things, covers in more detail the following items:

1. Developer ("Seller"), in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Contract if Buyer defaults under the Contract. Buyer may lose all of its deposits with Escrow and Seller. Seller may, at its option, pursue other legal remedies. If Seller defaults under the Contract, Buyer shall be entitled to specific performance of the Contract, or shall have the right to cancel and terminate the Contract.

2. The closing dates are as described in the Contract.

3. Buyer is required to prepay maintenance fees, Additional Sums, Closing Costs and Prorations as more particularly described in the Contract.

4. The Contract confirms that Buyer has had the opportunity to read and approve the Project documents, including the Declaration, the Bylaws, the Condominium Map, the House Rules, the form of Apartment Deed, the Escrow Agreement, this Public Report and all amendments and supplements to all such documents. The Contract also provides that the rights of any of Seller's lenders with a mortgage against the Project will be superior to the rights of Buyer under the Contract.

5. Buyer specifically acknowledges and accepts certain enumerated conditions regarding on-going development and marketing of the project stated in the Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances.

6. If Buyer cancels the Contract because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to the Seller or to Escrow under the Contract, without interest (except that Buyer will get interest on sums held by Escrow in an interest-bearing account in favor of Buyer, if Buyer checked the appropriate box on the first page of the Contract). Buyer agrees that if Seller defaults at any time, Buyer will only have the rights mentioned in the Contract and that Buyer waives any other rights Buyer might otherwise have.

7. Seller shall have certain rights and remedies against Buyer in the event Buyer fails to perform any of the terms and conditions of the Contract, including failure to comply with the pre-closing and closing requirements, as more particularly described in the Contract,

including the right to retain Buyer's deposit and the right to other actual and liquidated damages, and the right to specifically enforce the Contract.

8. The Contract prohibits Buyer from assigning the Contract.

9. At Closing, Seller will instruct Escrow to transfer to an account of the Association a contribution to the Association's maintenance reserves and to be used as the Association deems appropriate for maintenance, repair or upgrading of the Project's common areas. In consideration of Seller's contribution of the foregoing sum, Buyer agrees to release Seller from any continuing or further obligations to the Project.

10. By signing the Contract, Buyer acknowledges and agrees that the Apartment is being sold in AS IS, WHERE IS condition with no warranties whatsoever. The Contract contains various disclaimers and disclosures about the Project, including disclosures pertaining to current zoning, hazardous materials, lead-based paint and non-conforming uses affecting the Project's land.

11. Buyer is notified that Seller has a contract with the present fee simple owner of the land on which the Project is built, which is Kamehameha Schools ("Fee Owner"), to purchase the fee simple interest in the land prior to the conveyance of any interest covered by the sales contract to Buyer. If Seller does not purchase such land prior to the scheduled closing date of the sales contract, then Seller may upon written notice cancel the Contract, and Buyer shall be entitled to an immediate refund of all of Buyer's deposits, whereupon the Contract shall become null and void. Fee Owner is not involved in any of the sales efforts with regard to the Project and is under no obligation of any kind to Buyer and, likewise, Buyer has no obligation to Fee Owner except for the release and indemnification provisions in the Contract.

Seller intends to use the proceeds from the sale of the apartments to purchase Fee Owner's interest in the land and to repay certain mortgage loans. The purchase and repayment need to occur by December 31, 2003. Seller reserves the right and option to cancel the Contract as described in this paragraph. If by December 31, 2003, Seller does not have sales contracts for apartments in the Project where the buyers under the sales contracts are ready to close by December 31, 2003, and where the total amount payable to Seller under the sales contracts exceeds $2,000,000.00, then Seller may, in its sole discretion, exercise its right to cancel the Contract. If Seller exercises this right and option to cancel, Buyer shall be entitled to an immediate refund of all of Buyer's deposits, whereupon the Contract shall become null and void.

ALL BUYERS SHOULD READ THE CONTRACT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE CONTRACT, AND DOES NOT ALTER OR AMEND THE CONTRACT IN ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE CONTRACT IN ANY WAY, THE PROVISION OF THE CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

SUMMARY OF THE PERTINENT PROVISIONS OF THE ESCROW AGREEMENT

A copy of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. ("Escrow") has been submitted to the Real Estate Commission. The Escrow Agreement, among other things, covers in more detail the following items:

1. Developer ("Seller") shall deliver an executed copy of each sales contract for the sale of a residential apartment to Escrow. Each sales contract shall be accompanied by the initial deposit required thereunder.

2. Seller shall pay Escrow monies received from purchasers under sales contracts covering apartments in the Project. Escrow shall receive and hold in escrow and disburse funds as set forth in detail in the Escrow Agreement. Escrow shall deposit all funds so received in an account at a federally-insured interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. Except for specific circumstances stated in the Escrow Agreement, any interest earned on funds deposited in escrow under the Escrow Agreement shall accrue to the credit of Seller.

3. No disbursements of funds held in escrow shall be made unless and until, among other conditions, (a) an effective date for a Final Public Report has been issued; (b) the purchaser has been given a copy of said Final Public Report and shall have acknowledged receipt of the same or shall have been deemed to have acknowledged receipt of the same; and (c) Seller or Seller's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective.

4. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, together with any interest that may have accrued to the credit of purchaser, if any one of the following has occurred: (a) Seller and the purchaser shall have together requested Escrow in writing to return to the purchaser the funds of the purchaser held hereunder by Escrow; or (b) Seller shall have notified Escrow of Seller'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 Seller; or (c) the purchaser has exercised such purchaser's right to cancel or rescind the contract pursuant to the Condominium Act.

In the event of a default by the purchaser in any matter being handled by Escrow, upon certification by the Seller of Seller's termination of the sales contract, Escrow will thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Seller and not as funds of the purchaser.

5. Except for the sales contract and any note and mortgage that is to be closed by the mortgagee thereof, Escrow shall promptly and diligently arrange for and supervise the execution of all documents related to the Project and shall promptly, and diligently close the transactions and perform such services as are necessary or proper therefor, in the manner established in the Escrow Agreement.

6. All sales contracts for units within the Project shall be held in escrow until there are sufficient contracts and funds in escrow to assure that Seller can pay the entire agreed price for acquiring the leased-fee interest in the land underlying the condominium project from the Estate of Bernice Pauahi Bishop, deceased, in a single transaction, and to assure that all of Seller's existing mortgage indebtedness with respect to its ownership of the condominium project will be retired. If sufficient contracts are not received by December 31, 2003, or if Seller does not acquire the leased-fee interest in the land underlying the condominium project, Seller shall have the right to cancel the sales contracts and each purchaser shall be entitled to a refund of all of the purchaser's deposits.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS, IF ANY, IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

BISHOP MANOR CONDOMINIUM PROJECT
DISCLOSURE ABSTRACT

AS OF AUGUST 1, 2003

This disclosure abstract is made by Girhold U. S. Corporation, a Hawaii corporation (the "Developer"), as the owner of the leasehold interest in the Bishop Manor condominium project (the "Project"), which Project consists of the existing building and the underlying land situate at Pawaa, Waikiki, City and County of Honolulu, State of Hawaii, containing an area of 15,834 square feet, more or less, identified as Tax Map Key No. (1) 2-3-18-19. The condominium apartments, common elements and limited common elements of the Project were created pursuant to the Declaration of Condominium Property Regime of Bishop Manor dated June 19, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document Nos. 2003-137077 and 2003-137078 (the "Declaration"). This disclosure describes the Project as of the dated of recordation of the Declaration and the physical condition of the Project as of the date hereof.

1. **Project:**

Bishop Manor
920 Kaheka Street
Honolulu, Hawaii 96814

2. **Developer:**

Girhold U.S. Corporation
c/o A. James Wriston, Jr.
P. O. Box 131
Honolulu, Hawaii 96810
Phone: (808) 539-0400

3. **Managing Agent:**

Management, Inc.
3615 Harding Avenue, Suite 403
Honolulu, Hawaii 96816
Phone: (808) 735-3030

4. **Maintenance Fees:** The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in **Exhibit 1** attached hereto and made a part hereof by reference. The maintenance fee estimate is a projection of what individual apartment owners will be required to contribute toward the maintenance and upkeep of the Project on a

monthly basis and is based upon an analysis of the physical and financial status of the Project as described in that certain 2004 Reserve Study for Bishop Manor prepared by Armstrong & Associates, Inc. A copy of the Reserve Study is attached hereto as **Exhibit 2**. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein.

5. **Project Description**: The Project consists of one (1) existing building which is constructed primarily of wood, concrete and glass. The building contains three (3) stories, as more particularly shown on the Condominium Map.

The building is U-shaped. There is a porte cochere covered entry to the building which leads to access to the First, Second and Third Floors and to the mailboxes located on the First Floor. The First Floor also contains a laundry room, utility room, three storage rooms, and five (5) residential apartments, each of which shall have yard space limited common elements.

The Second and Third Floors each have identical floor plans. Each floor has a total of eleven (11) residential apartments and a walkway along the inside perimeter of the floor. Two stairways, each located at the ends of the U-shaped walkways, provide access to the Second and Third Floors. There are no elevators in the building.

The U-shaped building surrounds a swimming pool on the ground level. A deck area and fence surround the swimming pool.

There are twenty-seven (27) parking stalls on the ground level, fifteen (15) of which are standard stalls (eleven [11] of which are covered and four [4] of which are uncovered) and twelve (12) of which are compact stalls (nine [9] of which are covered and three [3] of which are uncovered). The parking stalls are numbered 1 through 28 (with number 13 omitted). Each parking stall is a limited common element to the residential apartment to which it is assigned. The Project does not have any disability accessible parking, loading zones, nor guest parking stalls.

Each apartment has immediate access to the corridors, stairways and walkways which provide access to Kaheka Street, a public street. There are two stairways providing access from the First Floor to the Second and Third floors.

Individual apartment mailboxes are located near the Kaheka Street entrance to the Project. Washer/dryer units are not currently installed in the apartments, but Developer may provide an appliance type portable washer/dryer unit for each apartment. There are two (2)

washing machines and two (2) dryers in the Laundry Room located on the First Floor. All kitchen appliances and laundry facilities are operated by electricity.

6. **The Apartments**. The Project contains a total of twenty-seven (27) condominium apartments, all of which are intended for residential use. Each apartment is designated as a separate fee simple estate. Each apartment consists of the space within the perimeter walls, floors and ceilings of the respective apartment as shown on the Condominium Map.

Each apartment is identified by either a one-digit or two-digit number. The location and apartment number of each apartment are shown on the Condominium Map.

There are seven (7) apartment types, designated as Types "A", "B", "C", "D", "E", "F", and "G". Type "A" apartments have one bedroom, one bathroom, a kitchen, and a living room and contain approximately 435 square feet. Type "B" apartments have one bathroom, a kitchen, and a living room and contain approximately 358 square feet. Type "C" apartments have two bedrooms, one bathroom, a kitchen, and a living room and contain approximately 671 square feet. Type "D" apartments have two bedrooms, one bathroom, a kitchen, and a living room, and contain approximately 594 square feet. Type "E" apartments have one bedroom, one bathroom, a kitchen, and a living room and contain approximately 427 square feet. Type "F" apartments have one bedroom, one bathroom, a kitchen, and a living room and contain approximately 449 square feet. Type "G" apartments have two bedrooms, one bathroom, a kitchen, and a living room and contain approximately 604 square feet.

7. **Construction Detail**. According to the details provided in the structural report described in Section 11(a) below, the First Floor of the building is constructed of reinforced concrete columns and beams with a cast-in-place reinforced concrete slab. The Second and Third Floors are constructed of CMU walls with a cast-in-place reinforced concrete slab.

8. **Compliance with County Code**. According to a letter dated March 12, 2001, from the Department of Planning and Permitting of the City and County of Honolulu ("DPP"), as supplemented by letter dated June 26, 2003, from DPP, the three-story 27 unit building with 27 all-weather surface off-street parking spaces met all applicable code requirements when it was constructed in 1962. As a result of the adoption or amendments of ordinances and codes, the building contains legal non-conforming structures. DPP records show that the 27 all-weather surface off-street parking spaces and the covered entry which is 2 feet from the front property line are considered nonconforming. DPP records also show that no variances or special permits were granted to allow deviations from any applicable codes. Copies of the DPP letter dated March 12, 2001, and DPP letter dated June 26, 2003, are attached hereto as **Exhibit 3**.

The Developer cannot determine, after due inquiry, whether the Project contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Each apartment owner, by the acceptance of such owner's apartment deed, shall be deemed to have acknowledged that the Developer is not making any promises about whether or not the apartments, the Project or any improvements meet the requirements of any building, health, zoning, land use, subdivision, setback or other law, ordinance, rule or regulation which may apply.

9. **No Warranties**. Except as set forth in Section 8 above, the Developer cannot determine whether the Project contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes. The Developer does not give any warranties or assurances that variances are obtainable from the City and County of Honolulu for any proposed improvements. The Project, the apartments and anything installed or contained therein are being sold in "AS IS" condition without any warranties. Article IV, Section D.1 of Addendum B to the Deposit, Receipt and Sales Contract used in connection with the Project provides, in part, as follows:

> BUYER ACKNOWLEDGES THAT NEITHER SELLER NOR FEE OWNER IS THE ORIGINAL DEVELOPER OF THE PROJECT AND NEITHER WAS INVOLVED IN (AND NEITHER IS RESPONSIBLE FOR) THE PLANNING OR CONSTRUCTION OF THE PROJECT. BUYER FURTHER ACKNOWLEDGES THAT THE PROJECT WAS SUBSTANTIALLY COMPLETED IN 1962 AND HAS BEEN USED OVER THE YEARS PRIMARILY FOR RESIDENTIAL PURPOSES. BUYER UNDERSTANDS AND AGREES THAT THE APARTMENT AND OTHER IMPROVEMENTS AND PERSONAL PROPERTY (IF ANY) ARE BEING SOLD **"AS IS, WHERE IS"** WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE CONDITION, STATE OF REPAIR, OPERATING ORDER, SAFETY, STRUCTURAL SOUNDNESS OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSE.
>
> WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, NEITHER SELLER NOR FEE OWNER MAKES STATEMENTS OR PROMISES ABOUT: (A) THE CONSTRUCTION, STRUCTURAL SOUNDNESS, CONDITION OR STATE OF REPAIR, OPERATING ORDER, SAFETY OR LIVABILITY OF ANY IMPROVEMENTS IN OR WITHIN THE PROJECT; (B) THE SUITABILITY OF ANY IMPROVEMENTS FOR ANY PARTICULAR USE; (C) WHETHER OR NOT THE APARTMENTS, THE PROJECT OR ANY IMPROVEMENTS MEET THE REQUIREMENTS OF ANY BUILDING, HEALTH, ZONING, LAND USE, SUBDIVISION, SETBACK OR OTHER LAW, ORDINANCE,

RULE OR REGULATION WHICH MAY APPLY; (D) WHETHER OR NOT ANY EASEMENT, RIGHT-OF-WAY OR DRIVEWAY MEETS THE REQUIREMENTS OF ANY BUILDING, HEALTH, ZONING, LAND USE, SUBDIVISION, SETBACK OR OTHER LAW, ORDINANCE, RULE OR REGULATION WHICH MAY APPLY; (E) THE DENSITY, STABILITY, STRUCTURE, EROSION OR OTHER CONDITION OF THE PROJECT'S SOIL FOR BUILDING OR ANY OTHER USE; (F) WHETHER ANY IMPROVEMENTS ON OR UNDER THE PROJECT ENCROACH OVER THE BOUNDARY LINES OF ANY LAND WHICH SHARES A BOUNDARY WITH THE PROJECT; (G) WHETHER ANY IMPROVEMENTS ON OR UNDER THE LAND WHICH SHARES A BOUNDARY WITH THE PROJECT ENCROACH OVER THE BOUNDARY LINES OF THE PROJECT; (H) ANY MATTER CONCERNING THE ELECTRICAL, WATER, GAS, PLUMBING OR SEWER SYSTEMS (IF ANY); AND (I) ANY STAKING OR SURVEY DONE BY ANY PERSON.

BUYER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES SELLER AND ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE PAST, PRESENT AND FUTURE DIRECTORS, OFFICERS, EMPLOYEES, SHARE-HOLDERS, TRUSTEES, AGENTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS FROM AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO ANY LATENT OR PATENT DEFECT IN THE PROJECT OR THE APARTMENT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT BUYER MAY HAVE AGAINST SELLER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR IN THE PROPERTY OR THE PROJECT, OR BY VIRTUE OF

ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROPERTY OR THE PROJECT. SELLER AND BUYER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN SELLER AND BUYER.

FEE OWNER IS THE CURRENT OWNER OF THE LAND UNDER THE PROJECT THAT HAS BEEN LEASED TO SELLER. ALTHOUGH FEE OWNER IS NOT A PARTY TO THIS AGREEMENT AND FEE OWNER SHOULD HAVE NO LIABILITY TO BUYER, FEE OWNER HAS REQUESTED THAT SELLER OBTAIN BUYER'S CONFIRMATION OF SUCH MATTERS. ACCORDINGLY, THE RELEASE AND INDEMNICATION AGREEMENTS SET FORTH IN THE PREVIOUS PARAGRAPH ARE MADE BY BUYER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS IN FAVOR OF FEE OWNER, ITS TRUSTEES AND AFFILIATES, AND EACH OF THEIR RESPECTIVE PAST, PRESENT, AND FUTURE TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES, SHAREHOLDERS, AGENTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS, SUCCESSORS IN TRUST, AND ASSIGNS. ALSO, FEE OWNER JOINED IN THE DECLARATION AND BY-LAWS AS AN ACCOMMODATION TO SELLER AND THE RELEASE AND INDEMNIFICATION AGREEMENTS SHALL ASLO APPLY TO ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR IS RELATED TO (A) ANY NON-COMPLIANCE OF THE DECLARATION, THE BYLAWS, THE CONDOMINIUM MAP, OR DISCLOSURE STATEMENTS WITH CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED, AND (B) ANY MATTERS CONCERNING THE LOCATION, CONDITION, DESIGNATION, DESCRIPTION, OR DIMENSIONS OF THE PROJECT, THE APARTMENTS, THE LIMITED COMMON ELEMENTS APPURTENANT TO THE APARTMENTS, OR THE COMMON ELEMENTS OF THE PROJECT.

10. **Permitted Use**. Each apartment in the Project may be occupied and used as a residential dwelling by the respective owner thereof, such owner's tenants, families, domestic

servants and guests, provided that the owners of the respective apartments shall have the absolute right to rent or lease such apartments for such durations of time as they shall deem appropriate, subject to all provisions of the Declaration and the Bylaws, provided, however, that the initial term of any rental agreement or lease shall be at least thirty (30) days or such longer period as may be required under applicable law. All rental agreements and leases shall be in writing. There is no hotel, commercial nor non-residential development in the Project.

11. **Existing Structure**. The present condition of the site on which the Project is located and the structural components and the mechanical and electrical installations material to the use and enjoyment of the Project are described in reports from a structural engineer, electrical engineer, mechanical engineer and architect which are attached hereto as **Exhibits 4, 5, 6 and 7, respectively.**

Although not required by law, the engineers and architect have given opinions about the Project to provide buyers with additional information. The Developer, however, does not represent or warrant that the reports attached hereto are correct or complete. The reports should not be relied upon as the opinion of the Developer. **No representations are made by the Developer with respect to the status or expected useful life of the structural components or the mechanical and electrical installations in the Project.** Except as described herein, the Developer has not ascertained if any of the conditions disclosed in the attached reports have been addressed.

(a) **Structural Engineer's Report.** The structural engineer's report attached hereto as **Exhibit 4** indicates that the building is in good condition. The report covers the parking area, the building exterior, the pool area and Apartment Units 10, 11 and 12.

It indicates that the asphalt paving in the parking area needs repair and that two minor longitudinal cracks were observed in the First Floor parking area beams. The cracks have the potential of growing into larger cracks if moisture penetrates through them and starts the corrosion of the rebar.

The report also indicates that the steel stairs adjacent to the pool show signs of rust and that the steel tubes that support the Second and Third Floor corridor railings have corrosion damage. The tubes are also corroding at the connection to the concrete slab. The Second and Third Floor corridor railings have corrosion damage and the Second and Third Floor corridor slab has numerous cracks and spalls. No signs of ground settlement were observed. Except for minor cracks around door frames of the two bedrooms in Unit 10, no visible damage was observed in any unit.

The report also indicates that the pool area equipment room roof needs repairs and that there are signs of distress in the pool perimeter wall. The CMU wall is cracked in certain places and is leaning out in several different locations.

The structural engineer concludes that the asphalt paving will need resurfacing and that the cracked beams in the parking area should be checked to ensure that the rebar is not

corroded. Any corroded rebars should be cleaned and protected from further corrosion before being patched. The cracks in the corridor slabs can be repaired by epoxy injection and the spalls can be repaired by cleaning the exposed rebars and applying proper patch materials. Even though visual inspection of the metal railings seems to indicate that the corroded sections may be cleaned and repaired in place, the structural engineer recommends that the extent of the corrosion be investigated by a qualified engineer. If these items are left unaddressed, the damage may become widespread and impact the integrity of parts of the structure. The pool walls should be investigated to determine the cause of distress.

The report indicates that most of the damage observed is minor in nature and that maintenance is important for the upkeep of the building. The report specifies that its findings are limited to the areas of the Project addressed in the report and does not provide any express or implied warranty for any portion of the existing building.

(b) **Electrical Engineer's Report**. The electrical engineer's report attached hereto as **Exhibit 5** indicates that the electrical system appears to be in fair condition, taking into account the age of the building. No serious deficiencies or defects were noted. It was noted that the service life of electrical equipment is generally listed as 25 years, however, with regular maintenance, this period can usually be extended. The engineer concludes that the electrical equipment for the building appears to have seen little or no abuse and that it should last for quite a few more years.

The electrical engineer observed a studio unit (Apartment 26), a one-bedroom unit (Apartment 25) and a two-bedroom unit (Apartment 5) and noted potential deficiencies in the report. The electrical engineer also observed the general electrical condition of the building and noted potential deficiencies in the report.

The report indicates that a portable clothes washer/dryer would probably be considered a small appliance load and that the existing 70A unit feeders are sufficiently sized to handle such small appliance loads. Although the main 600A service disconnect is undersized for the building, the electrical engineer considers this to be a "grandfathered" case. The electrical engineer states that adding the portable washer/dryer units proposed should pose no serious problems.

The report indicates that adding window air conditioning units would require both an upgrade to the apartment unit feeder and main building service disconnect. Assuming that an average of 12,000 btuH total air conditioning is added to each of the units, the following electrical upgrades would be required: 1) upgrade each affected unit's feeder conductor to 100A rated and 2) upgrade the main apartment building disconnect and meter line-side wiring to 800A. The report states that the addition of even one air conditioning unit may require an upgrade of the main disconnect since it is already undersized.

(c) **Mechanical Engineer's Report**. The mechanical engineer's report attached hereto as **Exhibit 6** covers the observable portions of the plumbing and ventilation systems. The plumbing and ventilation systems were visually assessed for the their conditions

and code violations. The mechanical engineer concluded that the plumbing and ventilation systems were visually observed to be in good condition and the systems were generally maintained in good condition. The report states that due to the age of the building and normal usage, future repairs will be required.

With respect to the plumbing system, the report covers the building's sanitary waste and water systems, plumbing fixtures and common laundry facilities. The mechanical engineer recommends repairs to the waste piping located in the ceiling of the parking lot due to corrosion and leakage of the waste piping; installation of a back-flow prevention device in the water system to meet current Board of Water Supply requirements; installation of a reduced pressure back flow prevention device for the irrigation system; replacement of the hose bibbs with hose bibbs with non-removable vacuum breakers as required by City and County of Honolulu code requirements; and enclosure of the water heater serving the common laundry area to prevent vandalism.

With respect to the ventilation system which consists of power roof ventilators that exhaust the internal bathrooms and kitchens, the mechanical engineer recommends replacement of the exhaust fan on the south wing; repair of the second fan from the roof hatch; replacement of the exposed ductwork on the roof; and replacement of the roof drains and installation of a stainless steel screen in the roof drain strainer.

With respect to the proposed installation of portable washer/dryer units, the mechanical engineer states that there is no problem anticipated from the operation of one unit on a particular waste stack. It is unknown, however, how many units can be run simultaneously. There may be a back-pressure problem caused by the suds which could cause back ups into the lower units. Sinks must also be sized to accommodate the drainage surge from the washers. The mechanical engineer recommends simultaneously testing the washers operating and draining on one waste stack.

(d) **Architectural Observation Report**. The Architectural Observation Report attached hereto as **Exhibit 7** indicates that the building was constructed prior to the latest Building Codes, Fire Code, Board of Health Regulations and Zoning Ordinances and may not meet all of the current requirements. The lack of compliance with current code requirements may impact future additions or alterations to the building. Life-safety features that are "grandfathered" or non-conforming should be addressed by the Association of Apartment Owners even though they may not be currently required by the Building Department.

The building does not qualify as being Americans with Disabilities Act (ADA) compatible and is not Fair Housing Act accessibility qualified. There is no accessible route from the sidewalk and parking lot to the apartments. There is no disability accessible parking.

The architect's specific site and building observations include the following: no drop off area; no guest stall; no loading zone; no speed bumps and speed limit signs; no security to restrict entry to the site; no children play area secured by child-proof locks; cracks and

unevenness in the sidewalk should be repaired immediately to prevent pedestrian injury from tripping and slipping; cracks in concrete walls should be repaired immediately to prevent spalling; fungus, algae, dust and dirt accumulation should be cleaned to prevent tripping; lighting of walkways is uneven; driveway does not have a turn-around area; no enterphone or security system (all units can be directly accessed from the sidewalk and parking area); guardrails at the landing and upper level walkways are not 3' 6" high, openings shall not exceed 4"; openings in stair balusters exceed 4" maximum opening and triangle opening at stair and lower guardrail member exceeds 6" sphere maximum opening; stairs do not have 3' 8" clear width; no safety glass labels on glass windows adjacent to doors; no 3' 6" guardrail at windows at upper level exterior wall; exit signs recommended; emergency lighting recommended; walls built around the laundry should be checked for fire-resistive requirement; storeroom next to the laundry should not be used for storage of paint or flammable materials; and laundry dryer exhaust vent requires a lint trap. Other specific observations and items to be corrected are listed in the report.

In sum, the information set forth in this Section 11 is only a synopsis of the observations and recommendations made by the engineers and architect and is not intended, nor should be it construed by its incorporation herein, to be a representation or warranty of the Developer. Furthermore, the information summarized herein should not be construed to be more important or significant than any of the information contained in the actual reports attached hereto. Because the apartments are being sold by the Developer in "AS IS" condition, each buyer should carefully review the exhibits attached hereto in their entirety. Each buyer should inspect the buyer's apartment and the Project or have the apartment and Project inspected by the buyer's own experts to the buyer's complete satisfaction.

Furthermore, the Developer is contributing not less than $108,000 to the Association of Apartment Owners of Bishop Manor for repairs and improvements for the Project. The foregoing contribution is being made on behalf of the owners of apartments. Because the apartments and the Project are being sold in "AS IS" condition, the foregoing contribution may be insufficient to make all necessary repairs to the Project and the apartment owners may be required by the Association to contribute additional sums for repairs in the future. The Developer will not contribute any sums to the Association in excess of the foregoing amount, except for the Developer's pro rata share of common expenses as the owner of apartments in the Project.

12. **Washer/Dryer Appliances**. In addition to the common laundry facilities, and subject to approval by the Association of Apartment Owners, the Developer may provide appliance-type washer/dryer units for every apartment, subject to availability and events beyond the Developer's control. As noted in the electrical engineering report described in Section 11(b) above, the existing electrical system should be able to accommodate such washer/dryer appliances. The washer/dryer appliances are designed for use in apartment units and can only handle small loads of laundry. They specifically require use of low-sudsing detergent. As a precautionary measure, the Association of Apartment Owners may impose

rules and restrictions governing the use of the washer/dryer appliances. For example, users may be subject to schedules limiting the frequency and time of use of the washer/dryer appliances and may be required to use dedicated electrical outlets.

13. **Limited Common Element Yard Areas**. Each of the First Floor apartments has use of the yard areas shown on the condominium map as limited common elements. As provided in the Declaration of Condominium Property Regime, the owner of each yard area limited common element may, at its sole cost and expense and subject to the approval of the Board of Directors of the Association of Apartment Owners: 1) replace a window abutting the yard area with a door to allow access from the owner's apartment to the year area; and 2) install a fence along each side boundary of the yard area provided that the owner installs a gate within each line of fence to allow access to the yard area.

14. **Hazardous Materials**. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. In light of the age of the Project, there may be mold and other hazardous substances in the apartments or in, under or around the Project. Because of the possible presence of such substances, buyers should have their respective apartments inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and buyers shall expressly release the Developer from any liability if any hazardous materials are discovered and shall release and indemnify, defend and hold harmless Seller, its directors, officers, shareholders, employees, agents, successors and assigns, from or against any and all actions, liabilities, claims, losses, damages, costs or expenses including without limitation, attorneys' fees relating to hazardous materials, if any, in , under or around the Project.

15. **Lead-Based or Lead-Containing Paint**. The Project may present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Developer is to provide buyers with a lead paint disclosure. A risk assessment or inspection, at each buyer's option and expense, for the presence of lead-based paint and/or lead-based paint hazards is recommended prior to purchase.

16. **Mold/Mildew**. Buyers are informed that tropical climates with warm temperatures, high humidity and frequent precipitation are conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. Though the building, deck surface and other improvements that are a part of the Project may be cleaned to satisfactory

appearance, the Developer cannot guaranty that mold, mildew, fungus and other types of bacterial growths are not present in the Project. Buyers should be aware that, as with all properties, the building may have hidden, enclosed and unreachable areas where growths can occur and cannot be detected and that there may be mold and mildew growth in the Project if the Association and occupants of the apartments do not properly maintain the Project. If buyer, any member of buyer's family, or any person who will inhabit the Property has respiratory, skin or other health ailments or conditions that can be affected by mold, mildew, fungus or other types of bacterial growths they should seek professional advice before completing this purchase. Neither the Developer nor its agents associated with the Project have the requisite knowledge to provide counsel as to the presence, likelihood of conditions conducive to propagation of mold, mildew, fungus and other type of bacterial growths in the Project can have related to their health, welfare and continued enjoyment of the Property. Individuals who may be capable of providing such advice are professional home inspectors, medical professionals, scientific research professionals, certified industrial hygienists or other environmental specialists and/or others who have requisite knowledge in matters of detection and lab analysis services. Buyers are encouraged to perform or engage a professional consultant to perform a risk assessment or inspection in the buyer's apartment and the Project, at the buyer's option and expense, for the presence of mold, mildew, fungus or other types of bacterial growths in the apartment and the Project.

DATED: Honolulu, Hawaii, August 11, 2003.

GIRHOLD U.S. CORPORATION, a Hawaii corporation

By A. James Wriston, Jr.
A. James Wriston, Jr.
Its Vice President

"Developer"

Bishop Manor

Managing Agent's
Estimated Annual Budget and Initial Maintenance Fees

INCOME	**MONTHLY**		**ANNUAL**	
Operating Reserve	$5,489.00		$65,868.00	
Capital Improvement Reserve	471.00		5,652.00	
		$5960.00		$71,520.00
EXPENSES				
Administrative Expenses				
Accounting	$ 100.00		$ 1,200.00	
Insurance	950.00		11,400.00	
Management Fee	700.00		8,400.00	
Professional Fee	139.00		1,668.00	
Repairs and Maintenance				
Pest Control	150.00		1,800.00	
Building, regular	750.00		9,000.00	
Building, fire protection	50.00		600.00	
Building, plumbing	475.00		5,700.00	
Custodial Supplies	350.00		4,200.00	
Refuse Removal	400.00		4,800.00	
Utilities				
Electricity	500.00		6,000.00	
Water/Sewer	925.00		11,100.00	
		$5,489.00		$65,868.00
DIFFERENCE (over/under)		$471.00		$5,652.00

ESTIMATED INITIAL MAINTENANCE CHARGES FOR EACH APARTMENT:

Apartment Type	Monthly Fee	x12 months	Year Total
A	196.69		2,360.28
B	161.87		1,942.44
C	303.39		3,640.68
D	268.57		3,222.84
E	193.06		2,316.72
F	203.02		2,436.24
G	273.10		3,277.20

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

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1, That I am the President of Management, Inc., a Hawaii corporation, designated by the developer of Bishop Manor condominium (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth above are reasonable estimates for the one-year period commencing on or about August 1, 2003, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 7th day of August, 2003.

THOMAS A. LILLY, President
Management, Inc., a Hawaii corporation

Subscribed and sworn to before me this
7th day of August, 2003.

Name: Uilani R. Souza
Notary Public, State of Hawaii

My commission expires: 3.24.04

2004
RESERVE STUDY
FOR

Bishop Manor

Revised *July 28, 2003*
Prepared by Armstrong & Associates, Inc.
Toll Free: (800) 561-7732

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Honolulu, Hawaii 96821
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1333 Gateway Drive, Suite 1014
Melbourne, Florida 32901
Phone: (321) 674-0196
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Exhibit 2

2004
RESERVE STUDY
FOR
Bishop Manor

Revised July 28, 2003

A level (1) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. (*See attached standards.*)

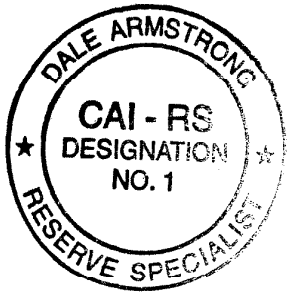
On-site visual observations of the common area elements [i.e., roofs, parking areas, paint, etc.] were performed on January 26, 2003 by Dale Armstrong.

This report may also rely on information supplied by the property manager, Board of Directors, resident manager, contractors and published replacement guides modified for local conditions related to reconstruction.

The placement of a useful life on common elements is not an exact science. There are many variables that affect their life. For example, weather, usage, vandalism and proper maintenance. Therefore, we recommend a review of the physical analysis every three years or at any time of a major condition change [i.e., storm damage] and an update of the financial analysis every year.

Disclosure; as an impartial third party, Armstrong & Associates, Inc. also provides construction management for Association's reserve projects, by being the Association's representative.

This report was either prepared or reviewed by Dale Armstrong, R.S.



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COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis	Financial Analysis
Component Inventory Condition Assessment Life and Valuation Estimates	Fund Status Funding Plan

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
- Component Inventory
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

II. Update, With-Site-Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No-Site-Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X Effective Age / Useful Life
or
FFB = (Current Cost X Effective Age / Useful Life) + [(Current Cost X Effective Age / Useful Life) / (1 + Interest Rate) ^ Remaining Life] - [(Current Cost X Effective Age / Useful Life) / (1 + Inflation Rate) ^ Remaining Life]

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statues.
- Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.
REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual who prepares Reserve Studies.

RESERVE STUDY: A budget planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; expect for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

HAWAII'S AMENDMENT TO ALLOW CASH FLOW ANALYSIS

HB 70

"Cash flow plan" means a twenty-year projection of an association's future income and expense requirements to fund fully its replacement reserves requirements each year during that twenty-year period, except in an emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period, except in an emergency.

Courtesy of Armstrong & Associates, Inc.

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PROJECT DEFINITION REPORT

7/28/2003

Project Information

Project:	Bishop Manor	Project Date:	1/01/1962
Address:	920 Kaheka St.	Number of Phases:	0
City:	Honolulu	Number of Units:	27
State:	HI	Number of Models:	0
Zip:	96814-0000		

Property Description

The subject property consists of one "U" shaped three story walk up building . The structure is made of poured in place concrete and concrete block. Amenities include off street parking, a swimming pool and common laundry area. The project was built in 1962. The project appears to be in average condition and consistent with age.

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Bishop Manor

ANALYSIS DEFINITION REPORT

Analysis 1

Project Information

Project:	Bishop Manor	Project Date:	1/01/1962
Address:	920 Kaheka St.	Analysis Date:	1/01/2004
City:	Honolulu	Number of Phases:	0
State:	HI	Number of Units:	27
Zip:	96814-0000	Number of Models:	0

Analysis Parameters

Rate of Inflation:	2.5%	Deferred Expenditures:	No
Rate of Return on Investment:	2%	Contingency:	0%
Beginning Funds:	$109,284.00	Contingency Time:	None
Loan/Special Assessment	No		

Annual Contribution Factors

		2014:	0%
2005:	0%	2015:	0%
2006:	0%	2016:	0%
2007:	0%	2017:	0%
2008:	0%	2018:	0%
2009:	0%	2019:	0%
2010:	0%	2020:	0%
2011:	0%	2021:	0%
2012:	0%	2022:	0%
2013:	0%	2023:	0%

Additional Analysis Information

Analysis 1 assumes a 2004 beginning balance of $109,284 as provided by the client. This balance includes a developer's contribution of $108,000 and two months maintenance fees estimated to total $1,284. An annual $5,652 reserve contribution is utilized with no projected increases. Under this analysis, the Association meets Hawaii State reserve requirements under the cash flow funding method of calculations.

Please review the above financial parameters and the entire report for accuracy.

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Bishop Manor

CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Analysis 1

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2004	109,284.00	5,652.00	17.44	1,910.66	17,695.00	99,151.66
2005	99,151.66	5,652.00	17.44	1,449.29	31,283.00	74,969.95
2006	74,969.95	5,652.00	17.44	1,575.13	0.00	82,197.08
2007	82,197.08	5,652.00	17.44	1,615.30	5,238.00	84,226.38
2008	84,226.38	5,652.00	17.44	1,104.61	32,563.00	58,419.99
2009	58,419.99	5,652.00	17.44	822.94	20,709.00	44,185.93
2010	44,185.93	5,652.00	17.44	903.41	2,489.00	48,252.34
2011	48,252.34	5,652.00	17.44	1,035.75	0.00	54,940.09
2012	54,940.09	5,652.00	17.44	1,096.97	3,656.00	58,033.06
2013	58,033.06	5,652.00	17.44	560.52	34,377.00	29,868.58
2014	29,868.58	5,652.00	17.44	444.90	10,883.00	25,082.48
2015	25,082.48	5,652.00	17.44	567.98	0.00	31,302.46
2016	31,302.46	5,652.00	17.44	635.31	2,886.00	34,703.77
2017	34,703.77	5,652.00	17.44	734.39	1,379.00	39,711.16
2018	39,711.16	5,652.00	17.44	806.26	2,827.00	43,342.42
2019	43,342.42	5,652.00	17.44	848.89	4,346.00	45,497.31
2020	45,497.31	5,652.00	17.44	980.15	0.00	52,129.46
2021	52,129.46	5,652.00	17.44	294.40	41,886.00	16,189.86
2022	16,189.86	5,652.00	17.44	199.22	9,375.00	12,666.08
2023	12,666.08	5,652.00	17.44	317.31	0.00	18,635.39
Totals:		**113,040.00**		**17,903.39**	**221,592.00**	

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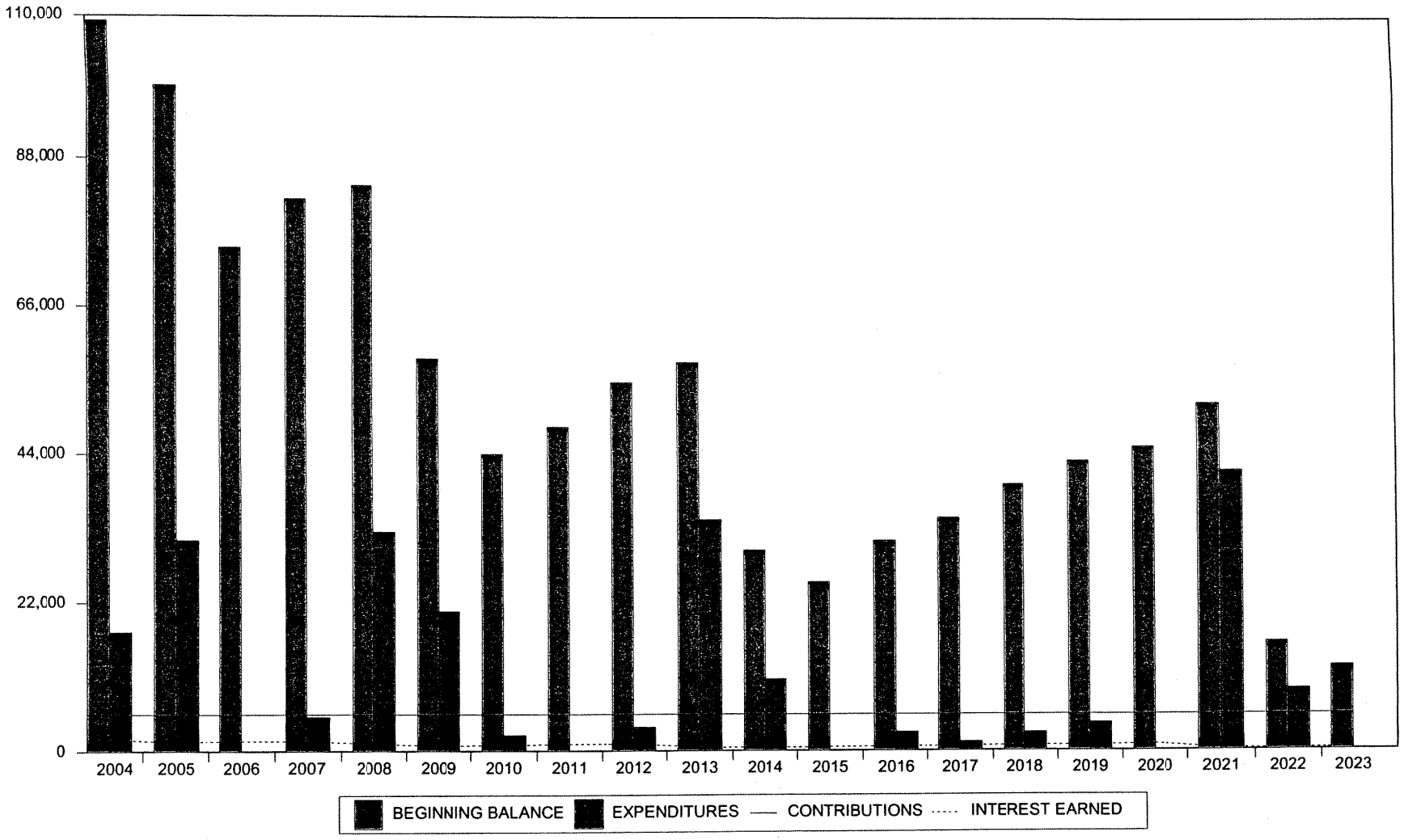
Bishop Manor

CASHFLOW PROJECTIONS GRAPH

Analysis 1



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PROJECTED EXPENDITURES

Analysis 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Asphalt Overlay	9,195									
Asphalt Slurry Seal							2,489			
Equipment-Pool				1,077						
Fans-Roof Top						12,222				
Fencing-Wood				4,161						
Fire Alarm System						5,658				
Fire Hoses & Cabinets					2,208					
Mail Boxes						2,829				
Paint-Exterior		25,625								31,229
Plaster-Pool	8,500									
Railings-Repair		2,583								3,148
Roof-Built Up					30,355					
Waterproofing-Pool Deck		3,075							3,656	
Totals	**17,695**	**31,283**		**5,238**	**32,563**	**20,709**	**2,489**		**3,656**	**34,377**

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PROJECTED EXPENDITURES

Analysis 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Asphalt Slurry Seal			2,886						3,347	
Equipment-Pool				1,379						
Fencing-Wood									6,028	
Fire Hoses & Cabinets					2,827					
Paint-Exterior								38,050		
Plaster-Pool	10,883									
Railings-Repair								3,836		
Waterproofing-Pool Deck						4,346				
Totals	**10,883**		**2,886**	**1,379**	**2,827**	**4,346**		**41,886**	**9,375**	

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ACCOUNTANT'S REPORT

Analysis 1

1/01/2004 - 12/31/2004

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2004 Contribution Requirement	2004 Assigned Interest Earned	2004 Funding Requirement
Asphalt Overlay	00/00	9,195	9,195	0	0	0
Asphalt Slurry Seal	06/00	2,489	0	0	0	0
Equipment-Pool	03/00	1,077	945	58	20	78
Fans-Roof Top	05/00	12,222	12,258	756	256	1,012
Fencing-Wood	03/00	4,161	4,173	258	87	345
Fire Alarm System	05/00	5,658	5,675	350	118	468
Fire Hoses & Cabinets	04/00	2,208	1,661	102	35	137
Mail Boxes	05/00	2,829	2,837	175	59	234
Paint-Exterior	01/00	25,625	28,103	1,734	586	2,320
Plaster-Pool	00/00	8,500	8,500	0	0	0
Railings-Repair	01/04	2,583	3,034	187	63	250
Roof-Built Up	04/00	30,355	29,599	1,827	617	2,444
Waterproofing-Pool Deck	01/00	3,075	3,303	204	69	273
Totals:		**109,977**	**109,283**	**5,651**	**1,910**	**7,561**

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Bishop Manor

COMPONENT SUMMARY REPORT

Analysis 1

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Fire Control							
Fire Alarm System	1/01/1984	25/00	00/00	01/09	Y	5,000	5,658
Fire Hoses & Cabinets	1/01/1998	10/00	00/00	01/08	Y	2,000	2,208
Sub Total:						**7,000**	**7,866**
Mail							
Mail Boxes	1/01/1984	25/00	00/00	01/09	Y	2,500	2,829
Sub Total:						**2,500**	**2,829**
Mechanical							
Fans-Roof Top	1/01/1984	25/00	00/00	01/09	Y	10,800	12,222
Sub Total:						**10,800**	**12,222**
Painting							
Paint-Exterior	1/01/1997	08/00	00/00	01/05	Y	25,000	25,625
Sub Total:						**25,000**	**25,625**
Pavement							
Asphalt Overlay	1/01/1962	30/00	+12/00	01/04	Y	9,195	9,195
Asphalt Slurry Seal	1/01/2010	06/00	00/00	01/10	Y	2,146	2,489
Sub Total:						**11,341**	**11,684**

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COMPONENT SUMMARY REPORT

Analysis 1

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Railings							
Railings-Repair	5/01/1984	08/00	+13/00	05/05	Y	2,500	2,583
Sub Total:						**2,500**	**2,583**
Recreation							
Equipment-Pool	1/01/1997	10/00	00/00	01/07	Y	1,000	1,077
Plaster-Pool	1/01/1990	10/00	+04/00	01/04	Y	8,500	8,500
Waterproofing-Pool Deck	1/01/1998	07/00	00/00	01/05	Y	3,000	3,075
Sub Total:						**12,500**	**12,652**
Roofing							
Roof-Built Up	1/01/1990	18/00	00/00	01/08	Y	27,500	30,355
Sub Total:						**27,500**	**30,355**
Security							
Fencing-Wood	1/01/1992	15/00	00/00	01/07	Y	3,864	4,161
Sub Total:						**3,864**	**4,161**
Grand Total:						**103,005**	**109,977**

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COMPONENT DETAIL REPORT

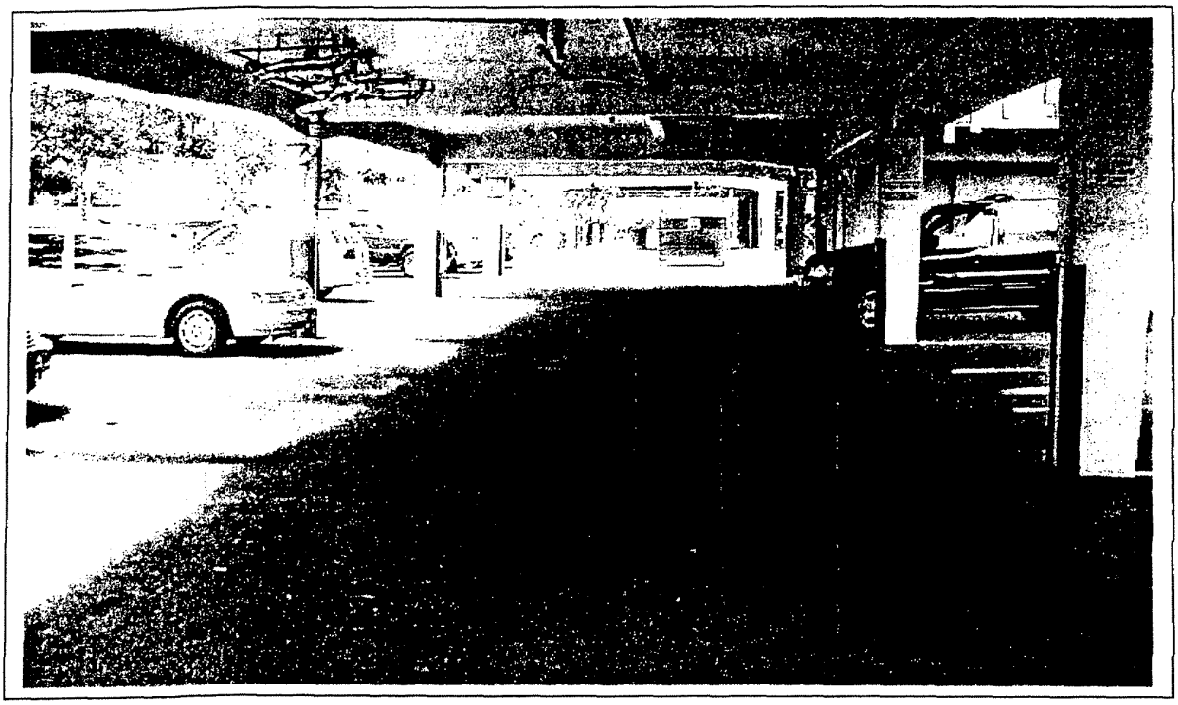
Analysis 1

Asphalt Overlay

Category:	Pavement	Unit Cost:	$1.50
Began Use:	1/01/1962	Cost Type:	Contractor
Lifespan:	30 years	Percent Replacement:	100.00%
Lifespan Adjustment:	+ 12 years	Current Cost:	$9,195.00
Next Replacement:	1/01/2004	Future Cost:	$9,195.00
Remaining Life:	0 DAYS	Salvage Value:	$0.00
Quantity:	6,130.00 SQ FT		

Remarks

The project's asphalt parking area is currently in fair condition and requires repairs in some areas. This asphalt parking area is projected for an overlay in 2004. The parking area should not require an overlay during the remaining period of the study.



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COMPONENT DETAIL REPORT

Analysis 1

Asphalt Slurry Seal

Category:	Pavement	Unit Cost:	$0.35
Began Use:	1/01/2010	Cost Type:	Contractor
Lifespan:	6 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$2,145.50
Next Replacement:	1/01/2016	Future Cost:	$2,488.74
Remaining Life:	6 YRS	Salvage Value:	$0.00
Quantity:	6,130.00 SQ. FT.		

Remarks

Asphalt surfaces should be slurry sealed within 6 years of their initial installation. Thereafter, a 5 to 6 year cycle should be observed and adjusted according to the client's particular needs.

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COMPONENT DETAIL REPORT

Analysis 1

Equipment-Pool

Category:	Recreation	Unit Cost:	$1,000.00
Began Use:	1/01/1997	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$1,000.00
Next Replacement:	1/01/2007	Future Cost:	$1,076.89
Remaining Life:	3 YRS	Salvage Value:	$0.00
Quantity:	1.00 TOTAL		

Remarks

The previous replacement of the pool equipment is unknown and is estimated. The next replacement is projected for 2007.

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COMPONENT DETAIL REPORT

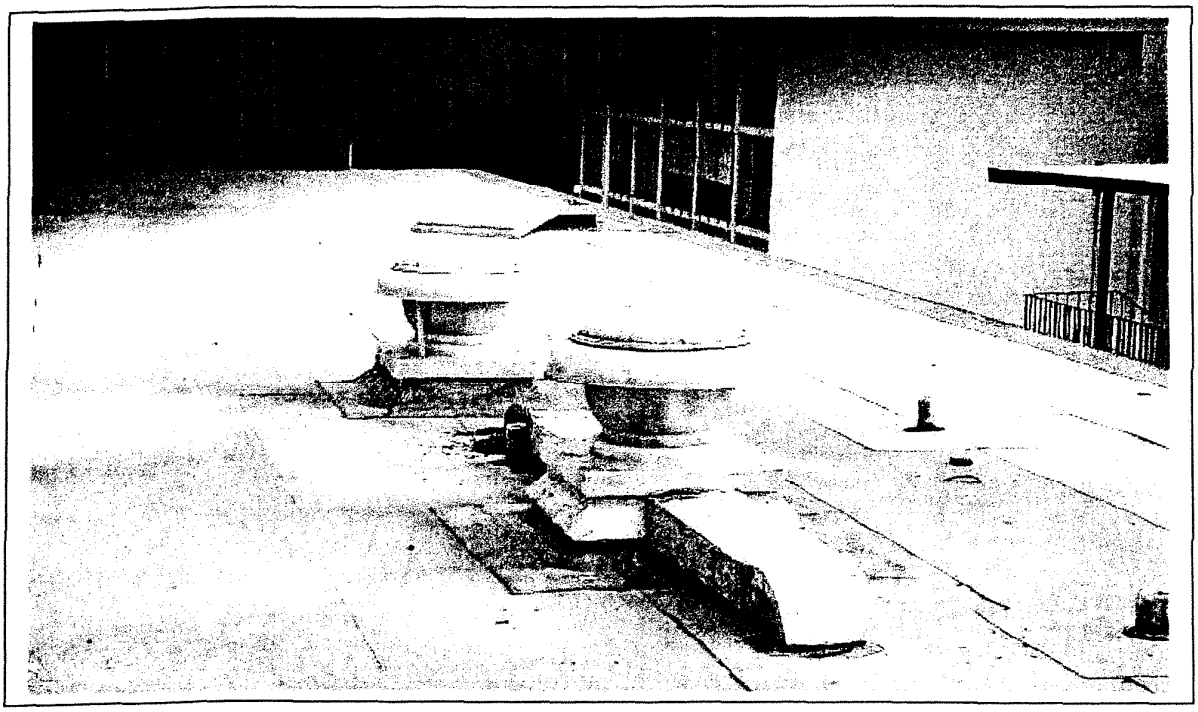
Analysis 1

Fans-Roof Top

Category:	Mechanical	Unit Cost:	$1,200.00
Began Use:	1/01/1984	Cost Type:	Contractor
Lifespan:	25 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$10,800.00
Next Replacement:	1/01/2009	Future Cost:	$12,222.23
Remaining Life:	5 YRS	Salvage Value:	$0.00
Quantity:	9.00 EACH		

Remarks

The previous replacement of the roof fans are unknown and are estimated. The next replacement is projected for 2009.



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COMPONENT DETAIL REPORT

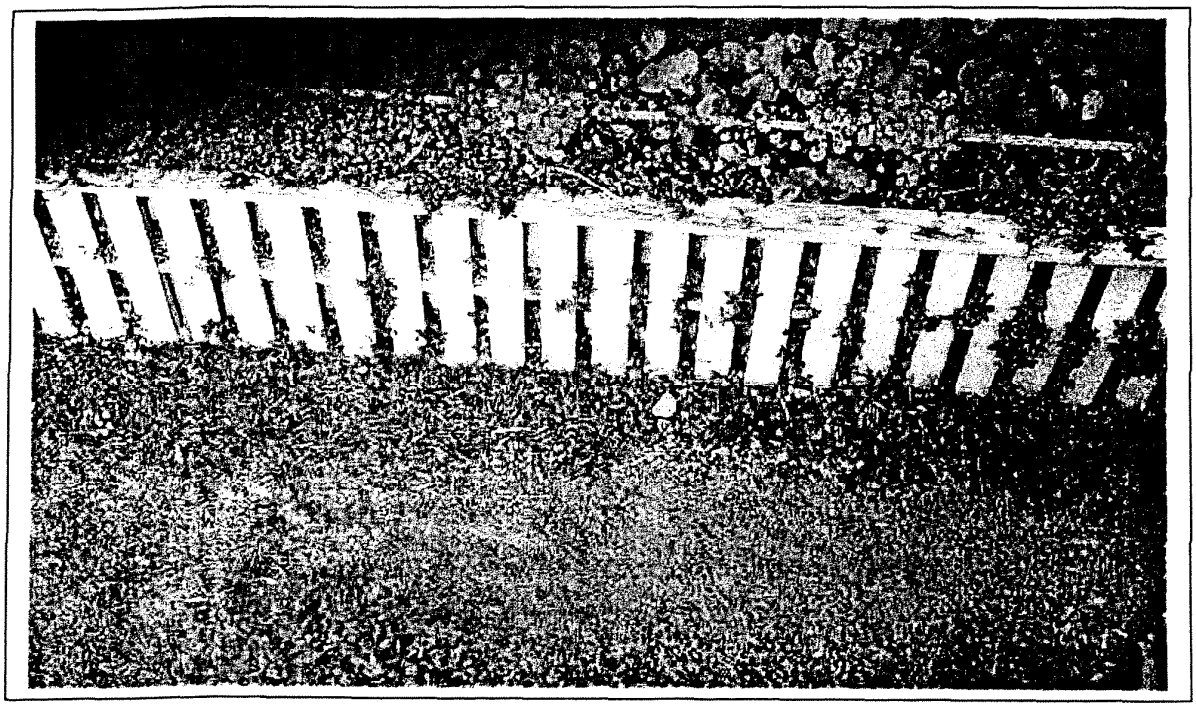
Analysis 1

Fencing-Wood

Category:	Security	Unit Cost:	$28.00
Began Use:	1/01/1992	Cost Type:	Contractor
Lifespan:	15 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$3,864.00
Next Replacement:	1/01/2007	Future Cost:	$4,161.11
Remaining Life:	3 YRS	Salvage Value:	$0.00
Quantity:	138.00 LIN.FT.		

Remarks

The previous replacement of the wood fencing is unknown and is estimated. The next replacement is projected for 2007.



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COMPONENT DETAIL REPORT

Analysis 1

Fire Alarm System

Category:	Fire Control	Unit Cost:	$5,000.00
Began Use:	1/01/1984	Cost Type:	Contractor
Lifespan:	25 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$5,000.00
Next Replacement:	1/01/2009	Future Cost:	$5,658.44
Remaining Life:	5 YRS	Salvage Value:	$0.00
Quantity:	1.00 TOTAL		

Remarks

The previous replacement of the fire alarm system is unknown and is estimated. The next upgrades and/or replacements to the fire alarm system is projected for 2009.

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COMPONENT DETAIL REPORT

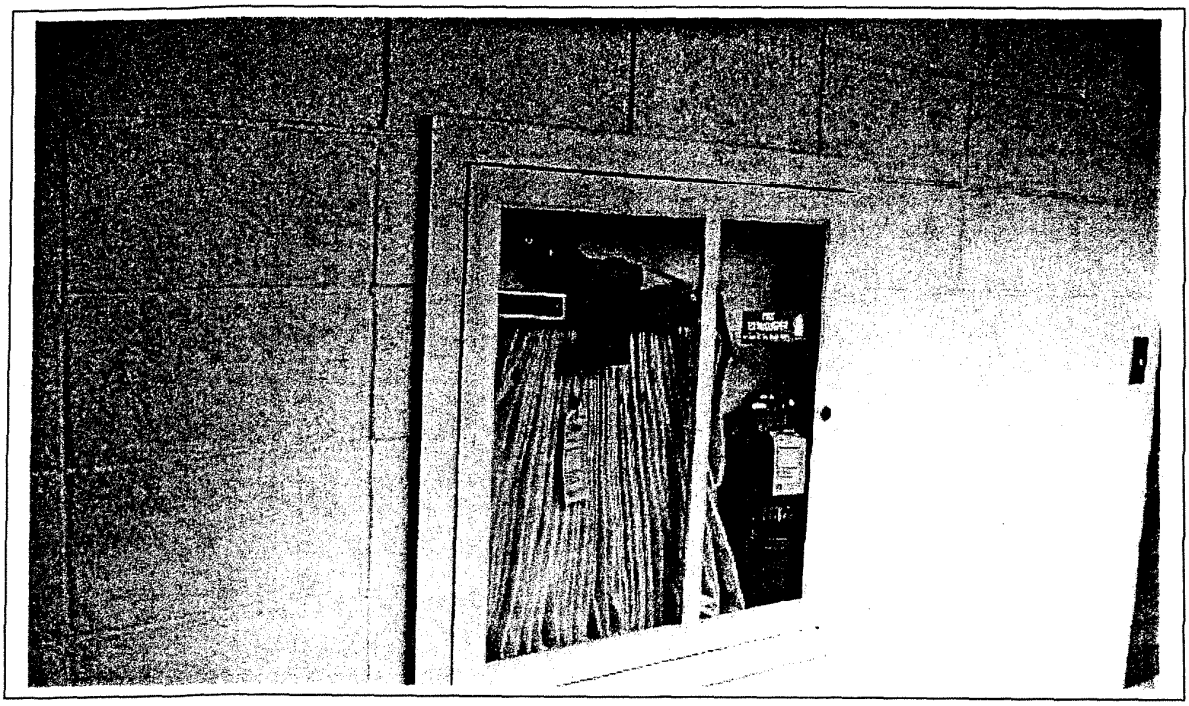
Analysis 1

Fire Hoses & Cabinets

Category:	Fire Control	Unit Cost:	$400.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$2,000.00
Next Replacement:	1/01/2008	Future Cost:	$2,207.63
Remaining Life:	4 YRS	Salvage Value:	$0.00
Quantity:	5.00 EACH		

Remarks

The previous replacement of the fire hoses and cabinets are unknown and are estimated. The next replacement is projected for 2008.



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COMPONENT DETAIL REPORT

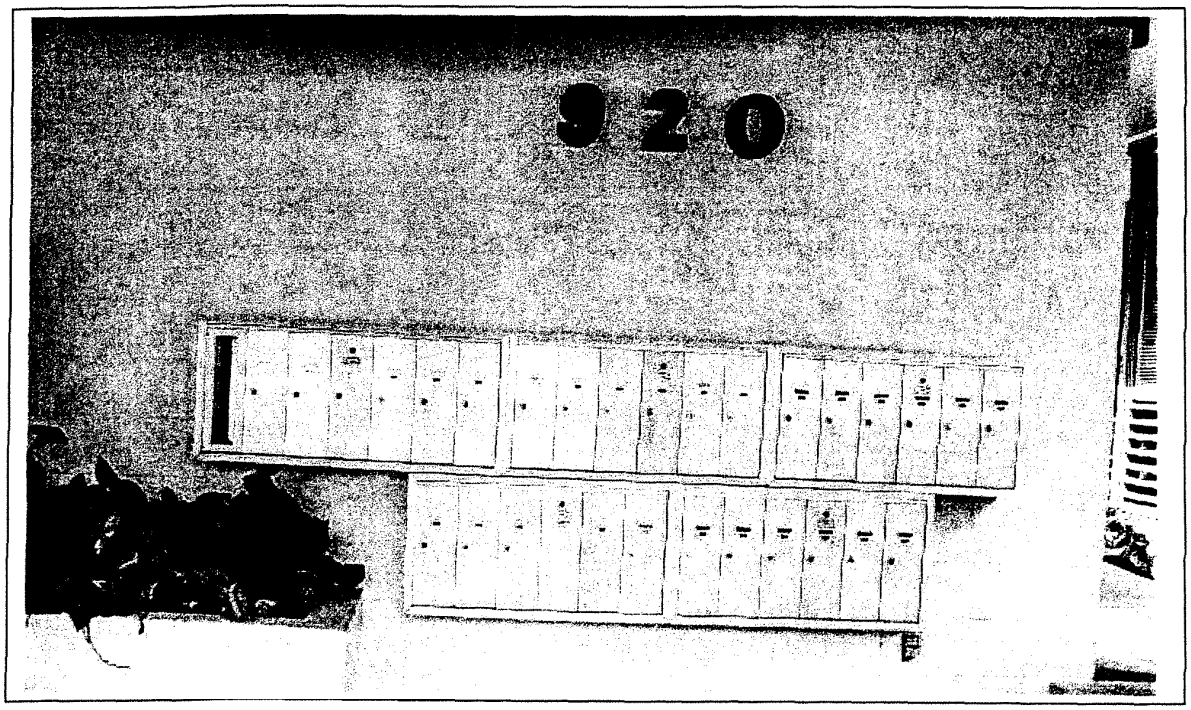
Analysis 1

Mail Boxes

Category:	Mail	Unit Cost:	$2,500.00
Began Use:	1/01/1984	Cost Type:	Contractor
Lifespan:	25 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$2,500.00
Next Replacement:	1/01/2009	Future Cost:	$2,829.22
Remaining Life:	5 YRS	Salvage Value:	$0.00
Quantity:	1.00 LUMP SUM		

Remarks

The previous replacement of the mail boxes are unknown and are estimated. The next replacement is projected for 2009.



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COMPONENT DETAIL REPORT

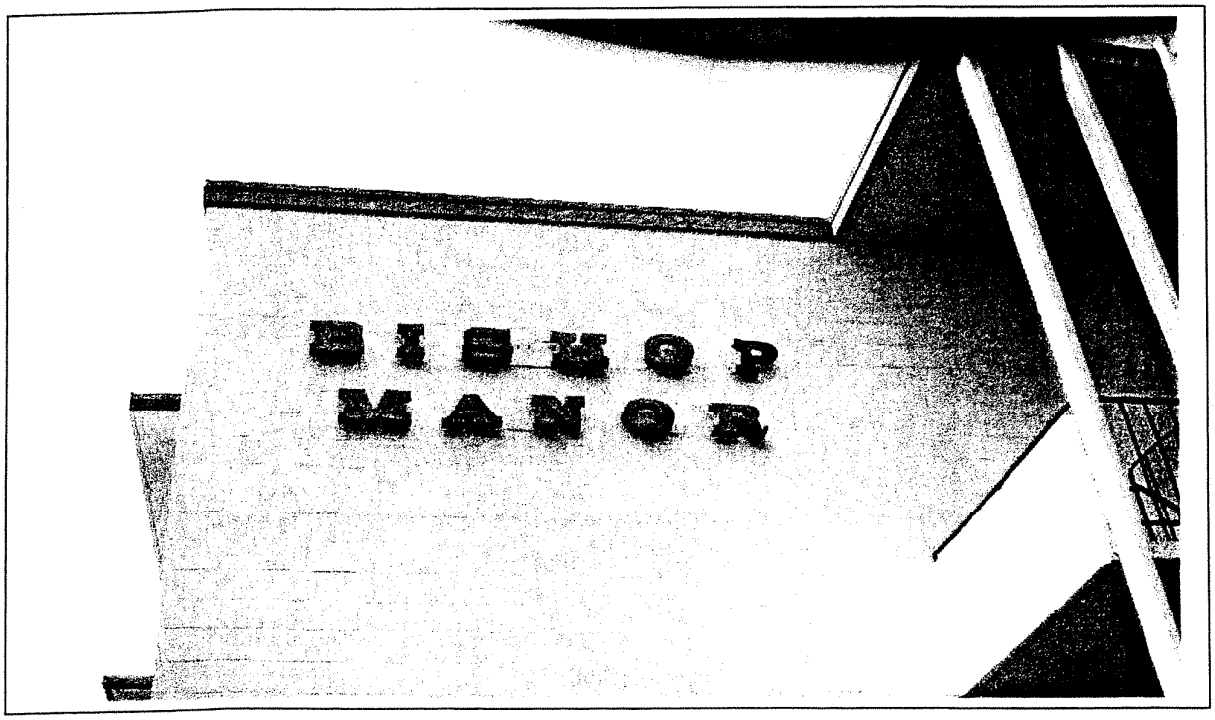
Analysis 1

Paint-Exterior

Category:	Painting	Unit Cost:	$25,000.00
Began Use:	1/01/1997	Cost Type:	Contractor
Lifespan:	8 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$25,000.00
Next Replacement:	1/01/2005	Future Cost:	$25,625.00
Remaining Life:	12 MOS	Salvage Value:	$0.00
Quantity:	1.00 TOTAL		

Remarks

The previous exterior painting of the building is unknown and is estimated. It is recommended that the Association maintain an 8 year cycle to repaint the building. The next exterior repainting is projected for 2005.



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Bishop Manor

COMPONENT DETAIL REPORT

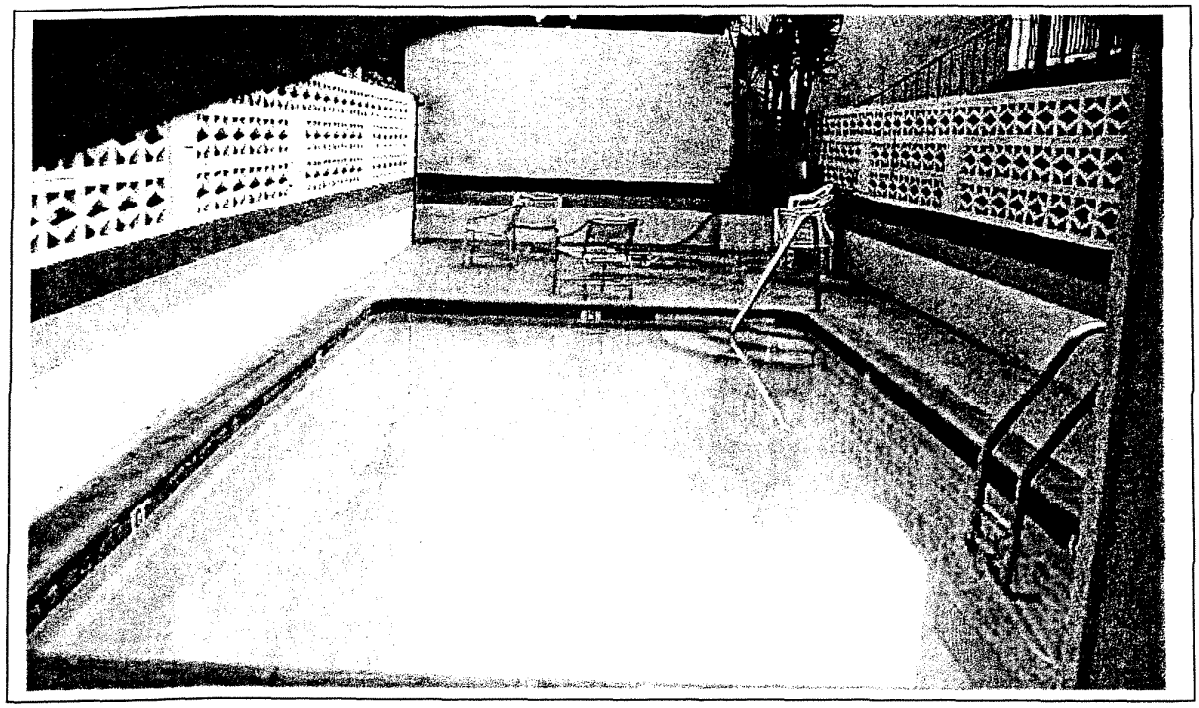
Analysis 1

Plaster-Pool

Category:	Recreation	Unit Cost:	$8,500.00
Began Use:	1/01/1990	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	+ 4 years	Current Cost:	$8,500.00
Next Replacement:	1/01/2004	Future Cost:	$8,500.00
Remaining Life:	0 DAYS	Salvage Value:	$0.00
Quantity:	1.00 TOTAL		

Remarks

The swimming pool plaster is currently in poor condition and is recommended for re-plaster in 2004. It is recommended that the project budget for a re-plaster every 10 years.



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COMPONENT DETAIL REPORT

Analysis 1

Railings-Repair

Category:	Railings	Unit Cost:	$125.00
Began Use:	5/01/1984	Cost Type:	Contractor
Lifespan:	8 years	Percent Replacement:	5.00%
Lifespan Adjustment:	+ 13 years	Current Cost:	$2,500.00
Next Replacement:	5/01/2005	Future Cost:	$2,583.47
Remaining Life:	16 MOS	Salvage Value:	$0.00
Quantity:	400.00 LIN.FT.		

Remarks

The railings are currently in fair to average condition with some repairs recommended. These repairs will generally occur along with the exterior painting of the building.

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COMPONENT DETAIL REPORT

Analysis 1

Roof-Built Up

Category:	Roofing	Unit Cost:	$500.00
Began Use:	1/01/1990	Cost Type:	Contractor
Lifespan:	18 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$27,500.00
Next Replacement:	1/01/2008	Future Cost:	$30,354.85
Remaining Life:	4 YRS	Salvage Value:	$0.00
Quantity:	55.00 SQUARE		

Remarks

The roof is in need of repair and the insallation of a flood coat in order to extend its useful life. Previous replacement of the roof is unknown and is estimated. The next replacement is projected for 2008.

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COMPONENT DETAIL REPORT

Analysis 1

Waterproofing-Pool Deck

Category:	Recreation	Unit Cost:	$5.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	7 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	$3,000.00
Next Replacement:	1/01/2005	Future Cost:	$3,075.00
Remaining Life:	12 MOS	Salvage Value:	$0.00
Quantity:	600.00 SQ.FT.		

Remarks

The swimming pool's deck is currently in fair condition and a waterproof surface is recommended. Once the deck is waterproofed, a re-coat should be applied every 7 years.

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DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
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JEREMY HARRIS
MAYOR

RANDALL K. FUJIKI, AIA
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

March 12, 2001

2001/CLOG-405
2001/CLOG-545 (LT)

Ms. Diane Yuen Praywell
Ashford & Wriston
Attorneys at Law
P. O. Box 131
Honolulu, Hawaii 96810

Dear Ms. Praywell:

Subject: Condominium Conversion Project
920 Kahakea Street
Tax Map Key: 2-3-18: 19

This is in response to your letter dated January 26, 2001 requesting verification that the structure at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the three-story 27-unit apartment building with 27 all-weather surface off-street parking spaces met all applicable code requirements when it was constructed in 1962 on this 15,834 square-foot A-3 High Density Apartment zoned lot.

The 27 all-weather surface off-street parking spaces and the covered entry which is 2 feet from the front property line are considered nonconforming.

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

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

Exhibit 3

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

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

Sincerely yours,

RANDALL K. FUJIKI, AIA
Director of Planning and Permitting

RKF:gi

g:\dlu\general\cso\praywell.gi

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.co.honolulu.hi.us

JEREMY HARRIS
MAYOR

ERIC G. CRISPIN, AIA
DIRECTOR

BARBARA KIM STANTON
DEPUTY DIRECTOR

2003/ELOG-2001(LT)

June 26, 2003

Ms. Diane Yuen Praywell
Ashford & Wriston
A Limited Liability Law Partnership LLP
P.O. Box 131
Honolulu, Hawaii 96810

Dear Ms. Praywell:

Subject: Condominium Conversion Project
920 Kaheka Street
Tax Map Key: 2-3-18: 19

This is in response to your letter dated June 2, 2003 requesting an updated verified statement regarding the letter provided by the Department of Planning and Permitting for a Condominium Conversion Project at the above-mentioned property.

Investigation revealed there were no changes to the Condominium Conversion Project letter dated March 12, 2001 (2001/CLOG-545(LT)). As of June 23, 2003, there are no outstanding permits or violation notices in our files.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-family Code Enforcement Branch at 527-6341.

Sincerely yours,

for ERIC G. CRISPIN, AIA
Director of Planning and Permitting

EGC:ft

Doc 230272

HAWAII
ENGINEERING
GROUP, INC.

Consulting Civil & Structural Engineers

April 4, 2003

Girhold U.S. Corporation
c/o A. James Wriston, Jr.
1099 Alakea St., Ste. 1400
Honolulu, HI 96813

Re: Bishop Manor CPR
920 Kaheka Street, Honolulu, HI 96814
TMK: 2-3-18:19

Structural Engineering Observation Report

A site visit was held to note cursory observations of Bishop Manor at 920 Kaheka Street on January 17, 2003. The inspection involved a two-hour walk-through observation of the building complex. The observations were limited to the following areas only:

- Parking Area
- Building Exterior
- Pool Area
- Apartment Units #10, #11 and #12.

No calculations or testing of any kind was performed. Architectural, Mechanical, Electrical, and other nonstructural aspects were not addressed. No drawings were available for review.

The building is a 3-storied walk up residential structure. The code recommended floor live loads for residential building is normally 40 PSF.

The ground floor consists of reinforced concrete columns and beam with a cast-in-place reinforced concrete slab. The 2nd and 3rd floors are built from CMU walls with cast-in-place reinforced concrete slab.

Observations and Comments

Parking Area:

1. Asphalt paving needs repair.

98-023 Hekaha Street, Unit 2B, Aiea, Hawaii 96701 - Tel: (808) 486-2092 Fax: (808) 486-9261
Email: heg@hawaii.rr.com

2. Two longitutional cracks were observed in the GF parking area beams. These are minor cracks. These cracks have a potential of growing into larger cracks if moisture penetrates thru them and starts corrosion of rebar.

Building Exterior

1. The steel stairs adjacent to the pool going to the 2nd floor show signs of rust.
2. The steel tubes that supports the 2nd and 3rd floor corridor railings have corrosion damage. These tubes are also corroding at connection to the concrete slab at the 2nd and 3rd floor levels.
3. The 2nd and 3rd floor corridor railings have corrosion damage.
4. The 2nd and 3rd floor corridor slab has numerous cracks and spals.
5. No signs of ground settlement were observed.

Units #10, #11, #12

1. Except for minor cracks around door frames of the two bedrooms in Unit #10, no visible damage was observed in any unit.

Pool Area

1. Pool area equipment room roof needs repairs.
2. There are signs of distress in the pool perimeter wall. The CMU wall is cracked in places and is also leaning out at several locations.

Conclusions and Recommendations

The asphalt paving will need resurfacing. The cracked beams in the parking area should be checked to ensure that the rebar is not corroded. If the rebars are corroded, they should be cleaned and protected from further corrosion before being patched.

The cracks in the corridor slabs can be repaired by epoxy injection and in case of spalls by cleaning the exposed rebars and applying proper patch materials for repair of concrete.

The metal railings are corroding due to exposure to salt air, which is common to Hawaii. Even though the visual inspection seems to indicate that the corroded elements may be cleaned and

repaired in place, without replacement, it is highly recommended that the extent of corrosion to the railings and its support elements be investigated by a qualified engineer.

The pool walls should be investigated to determine the cause of distress.

Maintenance is important for the upkeep of buildings. Cleaning and painting of exterior surfaces and exposed metal should be done on a routine basis.

The building is in good condition. Most of the damage observed is minor in nature. However, item 2 under parking, items 1 thru 4 under building exterior and item 2 under pool area, if left unaddressed may become widespread and impact the integrity of parts of the structure. It is recommended that these damages be further investigated by a Licensed Professional Engineer.

This 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.

Submitted by:

Ather R. Dar, P.E., President
Hawaii Engineering Group, Inc.
Consulting Structural Engineers

BENNETT ENGINEERS INC.
1210 AUAHI STREET, SUITE 204
HONOLULU, HAWAI'I 96814
PH: (808) 591-8565 FAX: (808) 591-9250
EMAIL: bei@aloha.net

April 4, 2003

Bishop Manor CPR/920 Kaheka Street
Electrical Engineering Observation Report

Date of observation: January 10, 2003 at 9:00 am.

General Notes:

a. Our field observation was general in nature and was intended to check the overall electrical condition of the building. A detailed investigation was not done.

b. A single unit of each apartment type (studio, one-bedroom, and two-bedroom) was observed. We assume that the other units are similar to the ones checked.

c. This report is only a description of the general electrical condition of the building, and is not a document which requires modifications to the building.

d. Code requirements (noted in bold in the descriptions) are based on current codes in effect. Some of these might not have been in effect when the building was originally built.

Field Observations:

1. Studio Unit (Unit #26 checked)

    a. The receptacle in the bathroom is on the light fixture above the sink, and is not a GFCI-type receptacle. **Current codes require all residential outlets in bathrooms and at kitchen countertops to be GFCI-type.**

    b. The receptacle at the kitchen counter is not a GFCI-type receptacle.

    c. Exposed wiring/splices are visible behind the undercounter light fixture above the kitchen sink. **The NEC requires all such wiring and splices to be made in listed junction boxes.**

    d. The low-voltage terminals of the doorbell transformer are exposed and accessible on top of the loadcenter in the closet. There is a hazard of something conductive falling across the terminals and causing a short circuit.

    e. There is a battery-powered smoke detector in the unit. **Current codes require unit smoke detectors to receive their power from the building power system (120V), with a battery backup.**

2. One-Bedroom Unit (Unit #25 checked)

    a. The receptacle at the kitchen counter is not a GFCI-type receptacle.

    b. There are no smoke detectors in the unit. **Current codes require a 120V smoke detector with battery backup in each bedroom and in the area (hallway) giving central access to each separate bedroom. The detectors would need to be interconnected such that one detector going into alarm will sound all the detectors in the unit.** This unit would require a total of two (2) smoke detectors per current codes.

3. Two-Bedroom Unit (Unit #5 checked)

    a. The receptacle at the kitchen counter is not a GFCI-type receptacle.

    b. The receptacle at the bathroom sink is not a GFCI-type receptacle.

    c. The unit loadcenter is inside the overhead kitchen cabinet, and is relatively inaccessible due to its location.

    d. Interconnected smoke detectors were not noted in this unit (see Note 2b above). This unit would require a total of three (3) smoke detectors per current codes.

4. There is no fire alarm bell at the 2nd Floor mauka stairs (all other stair locations have bells).

5. The swimming pool enclosure/area does not appear to have receptacles. **Current codes require a GFCI-protected receptacle between 10- and 20-feet away from *the inside wall of the pool*.**

6. One of the light fixture's lens is missing at the front entry canopy.

7. There is an unsecured cover for one of the conduit fittings at the garage ceiling, exposing the wiring inside. **The code requires that all such fittings/boxes be closed.**

8. There is an extension-cord-wired receptacle in the laundry area closet. **Current codes do not allow permanent wiring devices to be fed by such temporary wiring means.**

9. One of the light fixtures is broken at the "backyard" area.

10. The unused breaker space in one of the house panels does not have a cover, exposing the busses behind. **The code requires that all such openings giving access to live parts be closed.**

11. Egress (path of exit) lighting:

    a. **Current codes require a minimum lighting level of one (1) footcandle (measured at the floor) along the path of egress (common-area corridors and stairs).** Lights were noted along the corridors and at the heads of the stairways – however, their contribution to the lighting level at night could not be determined during our daytime site visit.

    b. No emergency lights were noted along the common-area corridors and stairs. **Current codes require emergency egress lighting for this type of occupancy.**

12. There were no exit signs noted at the upper level stairs. **Current codes require exit signs for this type of occupancy.** The signs should be lit either externally by the emergency egress lighting noted in 11b above, or be internally illuminated with battery backup.

13. Apartment unit electrical meter closet:

    a. The line gutter cover is unsecured at one section, exposing the wiring inside. See Note 7 above.

    b. Each unit's service consists of a meter and 100A-2P fused disconnect switch (overcurrent device). The fuses are rated at 70A. This is adequate per the current NEC code power demand calculations for residential units.

    c. The upper meter fused disconnects are inaccessible behind the sealed upper enclosure. **The code requires a 3-foot front clearance for all overcurrent devices.** Doors are allowed within this clearance, as long as the 3-foot clearance is obtained with the doors open.

14. Building service disconnect (for the apartment units):

    a. The existing main service disconnect feeding all 27 apartment units is a 600A-rated fused switch. **Based on the NEC calculations, this is *undersized for the units – current codes would require an 800A* service disconnect.**

15. Proposed load additions:

a. Portable clothes washer/dryer. This could probably be considered a small appliance load (as opposed to a permanently-installed laundry load). If so, the existing 70A unit feeders are sufficiently sized to handle this (small appliance loads are given a general allotment in the NEC calculations). Although the main 600A service disconnect is undersized for the building, we consider this to be a "grandfathered" case. Adding the portable units should pose no serious problems.

b. Window air conditioning units. This will require both an upgrade to the apartment unit feeder and main building service disconnect, since the NEC calculations recognize air conditioning loads as separate 100% demand loads. Assuming that an average of 12,000 btuH total air conditioning is added to each of the units, the following electrical upgrades would be required.

   i. Upgrade each affected apartment unit's feeder conductors to 100A-rated.

   ii. Upgrade the main apartment unit building disconnect and meter line-side wiring to 800A.

   Unfortunately, the addition of even one (1) air conditioning unit may require that the main disconnect be upgraded, since it is already undersized, and the unit would be considered as a new 100% demand building load.

General Field Observation

1. The electrical system appears to be in fair condition, taking into account the apparent age of the building. No serious deficiencies or defects were noted. The service life of electrical equipment is generally listed as 25 years – however, with regular maintenance/upkeep, this can usually be extended. The electrical equipment for this building appears to have seen little or no abuse – it should last for quite a few more years.

Bennett Engineers Inc. (Electrical Engineers)

Submitted By Ryan R Hashiro

Ryan R. Hashiro, P.E.

PREPOSE ENGINEERING SYSTEMS, INC.

MECHANICAL ENGINEERS
1314 S. KING ST., SUITE 1251, HONOLULU, HAWAII 96814
TEL. 591-8175 FAX 596-0479
e-mail - prepose@GTE.net

MECHANICAL ENGINEER'S REPORT

DATE: March 16, 2003

PROJECT: Bishop Manor
920 Kaheka Street
Honolulu, Hawaii

SUBJECT: Due Diligence Report

The project scope was to visually inspect the existing mechanical systems for a three story twenty-seven unit walk-up apartment building. The building is a U-shaped building. The north wing has apartments from the ground level to the third floor and the south wing has apartments from the second to third floor. Tenant parking stalls are located below the south wing. Window air conditioning units were installed in some of the apartment units but were not assessed in this inspection. The plumbing and ventilation systems were visually assessed to their physical conditions and code violations.

PLUMBING SYSTEM

The plumbing system consists of the waste and vent systems with vertical stacks for the typical units and were collected in the ceiling of the parking area for the south wing and underground for the north wing. Water systems are distributed in vertical risers to each typical units.

Sanitary Systems:
The sanitary system is constructed with cast iron waste and galvanized steel vent systems as observed in the ceiling of the parking level. There were some ABS piping that were used to repair the existing cast iron piping. The waste system is a gravity system with the main sewer below grade. There were some visual corrosion and leakage on the waste piping at parking level ceiling. See Photo's No. 1, 2, and 3. These piping should be repaired with no-hub cast iron piping.

Water Systems:
The domestic water system has a single pressure zone which is dependent on the City's pressure. The water lateral is located on the southeast corner of the property. The exposed pipe at the lateral indicates that the building is serviced with a two-inch cooper pipe lateral. The exposed

piping is hard drawn copper therefore it is assumed that the entire building is serviced with copper pipes.

There is no back flow prevention device installed for the property. See Photo No. 4. An approved type reduced pressure back flow prevention device is required to meet current Board of Water requirements. The back flow prevention device shall be installed at southeast corner after the existing water meter. It is recommended that an approved type reduced pressure back flow prevention device be installed for the irrigation system.

Hose bibbs are brass without back flow device. Hose bibbs have to be replaced with new hose bibbs that have a non-removable vacuum breaker as required by City of Honolulu code requirements.

Hot water for each unit is generated with electric, low boy type heaters that are located under the kitchen counter. The heater could not be inspected during site visit. The point of the discharge of the temperature and relief valve should be verified.

There were no visual problems with the domestic water system.

Plumbing Fixtures:
The units that were inspected had some old fixtures and shower valves. See Photo's No. 5, 6 and 7. Fixtures varied from porcelain to stainless steel type. Some units were renovated with new fixtures and trims. See Photo's No. 8 and 9. We recommend that the old fixtures be replaced with new fixtures and trims and shall be low flow type to comply with current City of Honolulu requirements.

Laundry:
There are two coin operated washers in the central laundry on the ground level for the tenants. The piping are exposed and is hard drawn copper. Hot water is generated with an electric hot water heater on bricks at the back of the laundry. Heater is an State Model PV4020RT7 and has a capacity of 40 gallons. Heater is in good condition. We would recommend that the heater be enclosed to prevent vandalism of the heater.

VENTILATION SYSTEM

The ventilation system consists of power roof ventilators that exhaust the internal bathrooms and kitchen. See Photo's No. 10, 11 and 13. Bathrooms and kitchens that are adjacent to operable windows are not mechanically ventilated. In the kitchen and bathroom areas there are wall mounted exhaust registers. A 22-inch vertical boot or fire damper is required at each exhaust grille which was not observed during site visit. The fans should be running continuously.

The exhaust fans were in good condition except for the last fan on the south wing. The fan was not running and most of the cover bolts were off. We recommend that the fan be replaced. Also

the fan second from the roof hatch was not running. Fan should be checked and repaired. The fans were manufactured by Jenn-aire.

The exposed ductwork on the roof showed signs of corrosion because of the roofing mastic used. See Photo's No. 12 and 14. The ducts should be replaced and modified. We recommend that the ducts and its related fan be raised above the roof a minimum of twelve inches.

Roof Drains

Roof drains are corroded and missing roof strainer. See Photo's No. 15 and 16. Roof drain adjacent to roof hatch is filled with leaves from adjacent tree. We recommend that the roof drains be replaced and the roof drain strainer be provided with a stainless steel screen.

Fire Hose Cabinet

There are existing Class I fire hose cabinets with fire extinguishers on each wing and each floor level. See Photo's No. 17 and 18. The units were inspected on Oct. 2002. There were no visual problems with the wet pipe fire extinguishing system.

Proposed Washer/Dryer

It was proposed that a portable washer/dryer unit be installed in each unit. The proposed unit is an Equator EZ Clothes Processor Model EZ3600. The potable unit is to be connected to kitchen faucet with an adapter fitting and the drain hose dropped into the kitchen sink. The drain piping is rigid therefore it is required it to be properly placed to avoid the drain from falling out during drain cycles.

There is no problem anticipated from the operation of one unit on a particular waste stack. It is unknown of how many units can be running simultaneously. There may be a back-pressure problem caused by the suds. The back-pressure will cause back ups into the lower units. Also the sink would have to be sized to accommodate the drainage surge from the washer. We recommend a test of simultaneous washers operating and draining on one waste stack.

GENERAL COMMENTS

The plumbing and ventilation systems were visually observed to be in good condition and the system were generally maintained in good condition. Due to the age of the building and the normal usage there will be future maintenance repairs that will be required.

There were no existing construction or design mechanical plans available for review.

Submitted by:

Prepose Engineering Systems
Arnaldo E. Prepose, P.E.

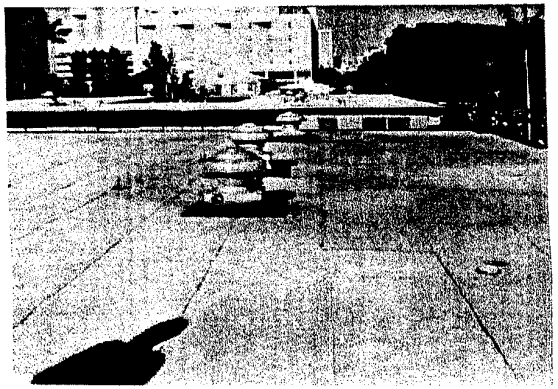
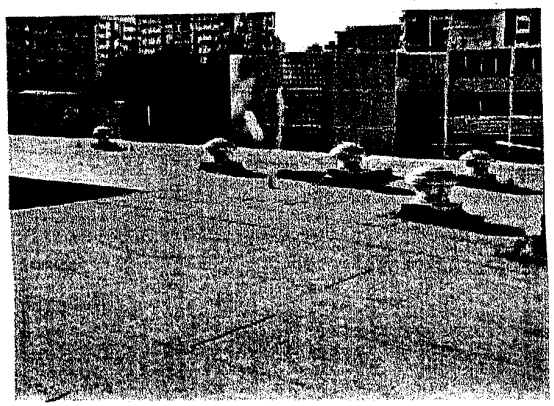


PHOTO-10



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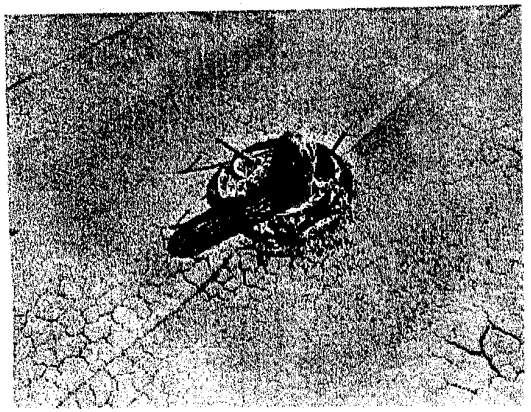

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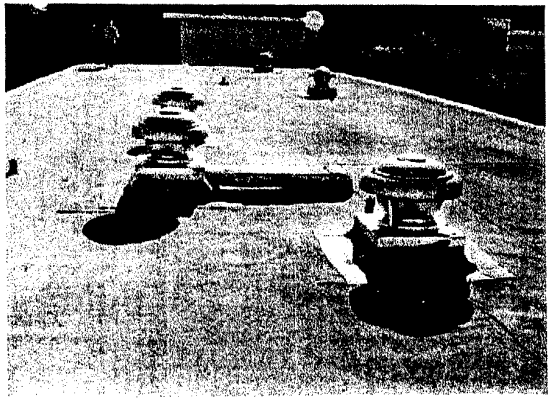


PHOTO-11

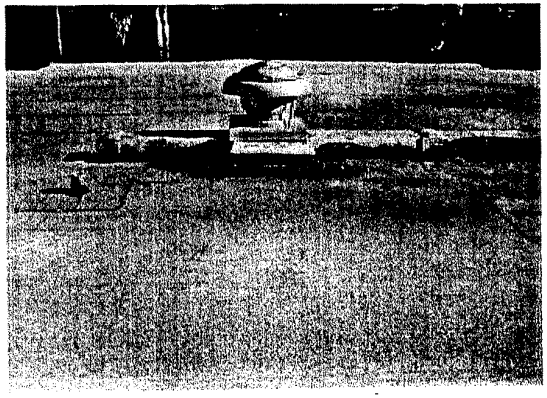


PHOTO-14

PHOTO-17

PHOTO-12

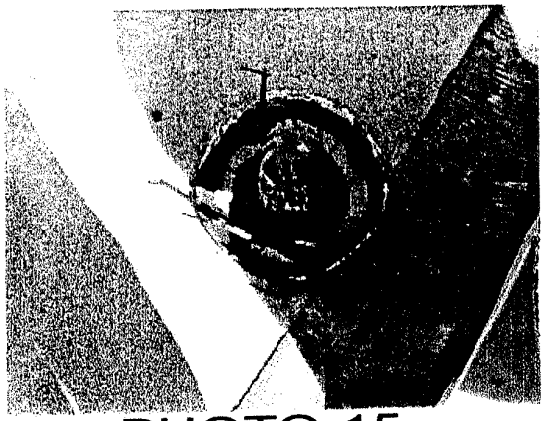


PHOTO-15

PHOTO-18

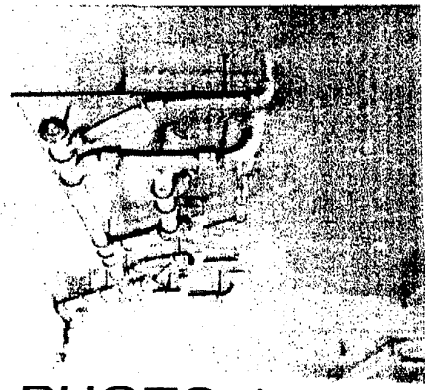


PHOTO-1

PHOTO-4

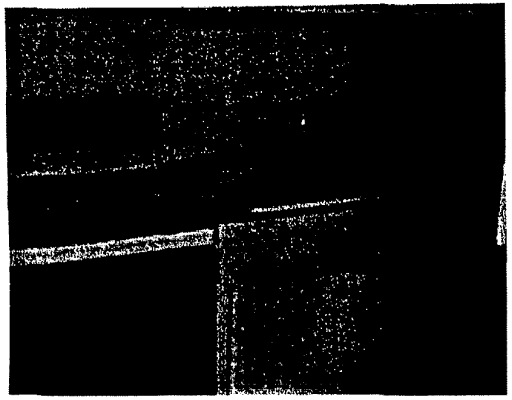
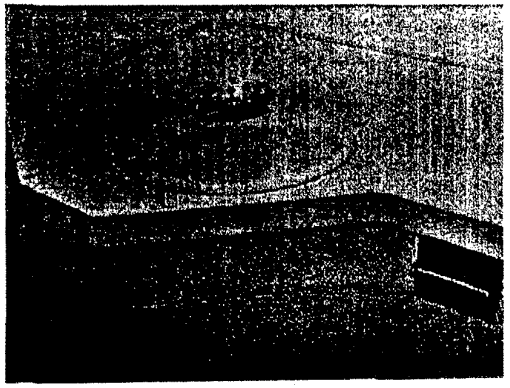


PHOTO-7

PHOTO-2

PHOTO-5



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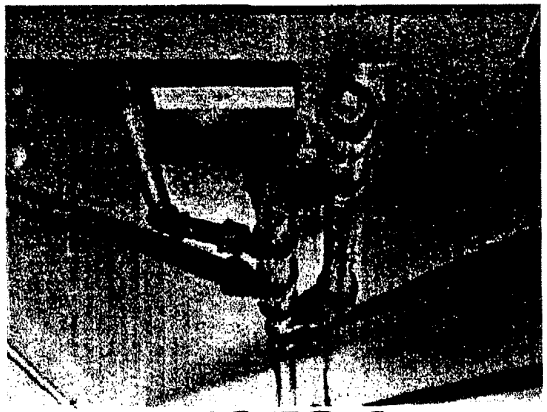

PHOTO-3

PHOTO-6

PHOTO-9

ERNEST M. UMEMOTO AIA
Architect, Inc.

April 16, 2003

Girhold U.S. Corporation
c/o A. James Wriston, Jr.
1099 Alakea St., Suite 1400
Honolulu, Hawaii 96813

Subject: **BISHOP MANOR CPR**
920 Kaheka Street, Honolulu, Hawaii 96814
TMK:2-3-18:19

ARCHITECTURAL OBSERVATION REPORT

A Site Visit was done to note cursory observations of the Bishop Manor Condominium. Only what was visible during the walk-through is noted.

The apartment building is a 3-story structure on land zoned A-3. There are 27 apartments and 27 parking stalls. Parking is entirely at ground level and some are not covered. There is no disability accessible parking, no loading stall and no guest parking. There is a porte cochere covered entryway off the Kaheka Street sidewalk where mailboxes are located. A U-shape building surrounds the ground floor swimming pool. In the rear are utility rooms, maintenance rooms and laundry rooms. Two stairways serve the U-shaped walkway on Floors 2 and 3. No elevator exists.

Landscaping is minimal in the front and left(makai) sideyard. A large rear yard (Ewa) and right(mauka) sideyard are limited common element yards attached to first floor units on the right(mauka) and rear (Ewa) sides. There is no children play yard area.

Dumpster is kept at the rear of the parking lot. Laundry is located under rear apartments. The swimming pool has a surrounding fence but the gate which is required to be child-proof and locked was found to be unlocked. The layout of the paved walk around the pool is narrow and may cause someone to accidentally fall into the pool. The proximity to the U-shape walkway of the 2nd and 3rd floor may be a liability as an "attractive nuisance" to someone

442 Kaleimamahu Street, Honolulu, Hawaii 96825 • phone (808) 395-3744, fax (808) 395-6441
Exhibit 7

who may feel like jumping into the pool from the upper level walkways. The pool lacked visual supervision and should be off-limits to unchaperoned children. There are no other socializing areas in the complex.

The Building does not qualify as Americans with Disabilities Act(ADA) compatible and is not FHA accessibility qualified. There is no accessible route from the sidewalk and parking lot to even the ground level apartments. The rooms are not handicap accessible. Private residences do not require accessibility but wherever public access occurs, such as guests, compliance may be required.

No Soils & Foundation Engineer, Civil Engineer, Hazardous Waste(asbestos, lead paint, flammables, toxic chemicals, etc.), or other Specialists were retained. No testing for termite, roofing, water infiltration, mold, fire alarm, security or other systems were involved.

The area does not have a history of flooding but no records were found to verify this. The complex is surrounded by apartments on all sides so that incompatible use issues were not noticed. Street and parking activity nearly raises the ambient noise level.

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 with the latest codes. Rebuilding in case of fire, storm or other damage may also be adversely impacted by not being in compliance with the latest codes. Life-safety items that are "grandfathered" or non-conforming should be addressed by the AOAO 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.

There were no plans available on file at the Building Department to document that the Building was built in accordance to approved Building Permit and Zoning Plans. Also, we were told that no documents were available to show changes made during construction and alterations made after occupancy of the Building. We have not recalculated Building Code design such as exit and life safety requirements. We also have not rechecked

if zoning requirements have been kept intact. That is beyond the scope of this review, however, we have noted design elements (such as height of guardrails) that have changed over the years as the Building Code has changed. Though "grandfathered" these latest code requirements should be considered for implementation when repairs and maintenance is being done or as an improvement project because of the enhancement to safety.

SITE

1. No drop-off area.
2. No guest stall.
3. No loading zone.
4. Trash dumpster in clear view of entry driveway and blocks easy access to last two parking stalls.
5. No speed bumps and speed limit signs.
6. No security to restrict entry to site.
7. Pedestrian crossing not separated from parking traffic.
8. No children play area secured by child-proof locks.
9. Cracks and unevenness in sidewalk and slabs should be repaired immediately to prevent pedestrian injury due to tripping and slipping.
10. Edge of walkways are easy to trip over.
11. Cracks in concrete walls and concrete projections should be repaired immediately to prevent spalling.
12. Fungus, algae, dust and dirt accumulation should be cleaned to prevent tripping.
13. Walkway surfacing varies in slope and texture and could lead to slipping and tripping.
14. Lighting of walkways uneven.
15. Pool lighting must be checked periodically.
16. Driveway does not have cul-de-sac or turn-around space at end.
17. Plant growing on plumbing pipes above parking on front left corner.
18. Air conditioning condensates drips on parked cars.
19. Tree cut down on left rear parking area. The stump is still visible and may invite ground termite infestation.
20. Wood fence is close than 6" to ground and may be susceptible to termite infestation.
21. Fence configuration on rear(Ewa side) perimeter points to an encroachment.

BUILDING

1. There is no enterphone or security system. All units can be directly accessed from sidewalk and parking area without controlled access gates.
2. Guardrails at landing and upper level walkways are not 3'-6" high. Openings shall not exceed 4".
3. Openings in stair balusters exceed 4" maximum opening and triangle opening at stair and lower guardrail member exceeds 6" sphere maximum opening.
4. Asbestos, lead paint and other environmental hazards may exist but was not tested for.
5. Mold may exist at water infiltration but was not tested for.
6. Stairs do not have 3'-8" clear width.
7. Stairs lack handrail on both sides.
8. Stair handrail exceed maximum size and allowable distance from wall(maximum 3-1/2" projection into required stair width).
9. No safety glass labels on glass windows adjacent to doors.
10. No 3'-6" guardrail at windows at upper level exterior wall.
11. Exit signs recommended.
12. Emergency lighting recommended.
13. Stairs are open and do not have doors. If security doors are added, adequate landing and special exit door requirements must be provided.
14. Walls built around laundry should be checked for fire-resistive requirement.
15. Storeroom next to laundry must not be used for storage of paint or flammables.
16. Laundry dryer exhaust vent requires lint trap.

Respectfully submitted,

Ernest M. Umemoto, AIA