CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer NATSUE NOGUCHI, Trustee under that certain Revocable Trust of Natsue Noguchi dated March 2, 2004 and ABRAHAM WON HWAN LEE

Address c/o 1585 Kapiolani Boulevard, Suite 1533, Honolulu, Hawaii 96814

Project Name(*): "KEKIO ROAD ESTATES I"

Address: 51-436 Kekio Road, Kaaawa, Hawaii 96730

Registration No. 5738 (Partial Conversion)

Effective date: September 20, 2005

Expiration date: October 20, 2006

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 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report. [X] 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:

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EXHIBIT B: Boundaries of Apartments
EXHIBIT C: Permitted Alterations
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EXHIBIT I: Summary of Sales Contract
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EXHIBIT K: Letter dated May 17, 2004 from Department of Planning and Permitting

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 a 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:

Natsue Noguchi, Trustee and Abraham Won Hwan Lee — Phone: (808) 942-4472 (Business)
Name*

1585 Kapiolani Blvd., #1533
Business Address

Honolulu, Hawaii 96814

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):

N/A

Real Estate Broker*:

Alae Realty, Ltd. — Phone: (808) 234-1366 (Business)
Name

45-1117 Kamehameha Hwy., Suite 103A
Business Address

Kaneohe, Hawaii 96744

Escrow:

Integrity Escrow and Title Company, Inc., fka First Financial Title & Escrow Agency of Hawaii, Inc. — Phone: (808) 536-3600 (Business)
Name

333 Queen Street, Suite A
Business Address

Honolulu, Hawaii 96813

General Contractor*:

N/A — Phone: _____ (Business)
Name

Business Address

Condominium Managing Agent*:

Self-Managed by Association of Apartment Owners — Phone: _____ (Business)
Name

Business Address

Attorney for Developer:

Jennifer A. Aquino — Phone: (808) 526-9400 (Business)
Name

1188 Bishop Street, Suite 3009
Business Address

Honolulu, Hawaii 96813

* 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. 2005-073611
Book _____ Page _____
[ ] Filed - Land Court Document No. _____

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

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. 3983
[ ] 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. 2005-073612
Book _____ Page _____
[ ] Filed - Land Court Document No. _____

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

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

The House Rules for this condominium are:

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

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	100%
Bylaws	65%	65%
House Rules	—	N/A

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

2. Developer:

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

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

See Exhibit "A".

III. THE CONDOMINIUM PROJECT

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

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

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

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

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

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

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

For Sub-leaseholds:
[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: [ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple ; Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

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

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

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. **Underlying Land**:

Address: 51-436 Kekio Road
Kaaawa, Hawaii 96730

Tax Map Key (TMK) : (1)5-1-011-020

[ ] Address [X] TMK is expected to change because Individual CPR numbers will be assigned to each unit.

Land Area: 25,553* [X] square feet [ ] acre(s) Zoning: R-5

* Note: The Developer has reserved the right to subdivide and withdraw from the project that certain land area identified on the Condominium Map as Phase 2 pursuant to Section T of the Declaration. See Exhibit "A" for further information.

Fee Owner:

Natsue Noguchi, Trustee
Name

c/o Abe Lee Realty, 1585 Kapiolani Blvd., #1533
Address

Honolulu, Hawaii 96814

Lessor: n/a

Address

C. **Buildings and Other Improvements**:

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

2. Number of Buildings: Two Floors Per Building: One Floor

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [X] Wood

   [X] Other Glass, asphalt shingles

4. Uses Permitted by Zoning:

	No. of Apts.	Uses Permitted By Zoning	
[X] Residential	1	[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
[X] Other: dog house	1	[X] 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: Dogs, cats and other usual and customary animals may be kept in reasonable number pursuant to rules and regulations adopted by the Board. (See Article V, Section 3(c) of the By-Laws)

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit 1	1	0/0	0	9	Dog House
				104	Porch/Lanai
Unit 2	1	2/1	1,001	685	Carport

Total Apartments: 2

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

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

Boundaries of Each Apartment:

See Exhibit "B"

Permitted Alterations to Apartments:

See Exhibit "C"

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

The project consists of only two units.

7. Parking Stalls:

Total Parking Stalls: 2*

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

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

*Currently, parking is only assigned for Unit 2 and the parking for Unit 1 is unassigned, but permitted within the limited common element area appurtenant to Unit 1.

[ ] Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming Pool [ ] Storage Area [ ] Recreation Area

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

[ ] Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations (See Exhibit "K")

[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):

In accordance with the report, dated May 10, 2004, prepared by Michael D. Lau, Professional Architect No. 8385, a copy of which is attached as Exhibit "D", the structures are in good condition and the electrical and plumbing systems are in good working order commensurate with their age.

11. Conformance to Present Zoning Code (See Exhibit "K")

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 does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

*NOTE: Pursuant to the letter dated May 17, 2004, issued by the Department of Planning and Permitting, the unpaved driveway is considered nonconforming. (See Exhibit "K")

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 "E".

[ ] 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 "F" *.

[ ] as follows:

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

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

[ ] described in Exhibit _____.

[X] as follows:

Each Unit has an undivided fifty percent (50%) interest in the common elements.

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 " G " describes the encumbrances against the title contained in the title report dated April 7, 2005 and issued by Integrity Escrow and Title Company, Inc., formerly known as First Financial Title and Escrow Agency 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**
Mortgage	Buyer's interest may be terminated and Buyer may be entitled to a refund less any escrow cancellation fees.

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:

None. Units sold in "as is" condition.

2. Appliances:

None. Appliances, if any, are sold in "as is" condition.

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

Unit 1 is a shed and was constructed and completed in 2004. Owner's Notice of Completion was published on June 30 and July 7, 2005. Unit 2 was relocated onto the property in 1949.

H. **Project Phases**:

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

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

The Developer has reserved the right to subdivide and withdraw from the project that certain land area identified on the Condominium Map as Phase 2 pursuant to Section T of the Declaration. See Exhibit "A" for further information.

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

Exhibit __"H"___ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments**:

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

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

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

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

[ ] Other _____

* Unit 2 is currently serviced by a cesspool. The Developer will install the septic tank system when Unit 1 is sold and the new buyer is ready to begin construction/renovations to Unit 1. If only one Unit is connected to the septic tank system, that Unit will be responsible for the cost and maintenance of the septic tank system. When both Units are connected to the same septic tank system they will share in the cost and maintenance of the septic tank system as a common expense.

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission**:
Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

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

[X] Escrow Agreement dated April 27, 2005
Exhibit "J" 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 sale 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. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5738 filed with the Real Estate Commission on May 13, 2005.

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

Hazardous Materials

The developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. 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 case 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. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment 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 Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

Development Agreement

The Fee Owner entered into an agreement with Abraham Won Hwan Lee (hereinafter "Lee") whereby Lee agreed to develop the Project and submit the land to the condominium property regime. Fee Owner will coordinate the sales of the Project units. Fee Owner and Lee function as the declarant under the Declaration of Condominium Property Regime and By-Laws of the Association of Apartment Owners of the Project.

Limitation on Number of Bedrooms per Unit per Septic Tank System.

Hawaii Administrative Rules, Section 11-62-31.1 currently restricts the number of bedrooms served by one individual wastewater system to a total of five (5) bedrooms. Therefore, as long as the Units are serviced by a single wastewater system and are subject to the requirements of Section 11-62-31.1, H.A.R., the owner of Unit 1 is restricted to redesigning, improving, renovating, adding to or replacing his or her Unit with a Unit containing no more than two (2) bedrooms, and the owner of Unit 2 is restricted to redesigning, improving, renovating, adding to or replacing his or her Unit with a Unit containing no more than three (3) bedrooms.

Developer's Additional Disclosures.

Disclosure is hereby made that one of the developers, Abraham Won Hwan Lee, holds an active real estate broker's license in the State of Hawaii and is the Principal Broker and owner of Abe Lee Realty. Abraham Won Hwan Lee is also one of the owners of Integrity Escrow and Title Company, Inc., formerly known as First Financial Title & Escrow Agency of Hawaii, Inc, the company handling the escrow of the sales.

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.

Natsue Noguchi, Trustee under that certain
Revocable Trust of Natsue Noguchi dated March 2, 2004
Printed Name of Developer

By: Natsue Noguchi 12/27/04
Duly Authorized Signatory* Date

Natsue Noguchi, Trustee
Printed Name & Title of Person Signing Above

Abraham Won Hwan Lee
Printed Name of Developer

By: Abraham Won Hwan Lee 4/27/05
Duly Authorized Signatory* Date

Abraham Won Hwan Lee
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.

DEVELOPER'S RESERVED RIGHTS TO CHANGE PROJECT DOCUMENTS

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

Pursuant to Section O of the Declaration, the Developer may amend this Declaration, the By-Laws, and/or the Condominium Map as follows:

(1) By filing the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict elevations of the buildings, layout, location, apartment numbers, and dimensions of the apartments as built, or (ii) so long as any plans filed therewith involve only immaterial changes to the elevations of the buildings, layout, location, apartment numbers, or dimensions of the apartments as built; and

(2) To effect any changes or amendments required by law, any title insurance company, or any institutional mortgagee, or as may be required by any governmental agency;

provided, however, that no amendment made by the Developer as provided for in this Section O, that would change the common interest of a Unit, or materially change the design or size of a Unit, or the limited common elements appurtenant thereto, shall be made by the Developer without the consent of all persons having an interest in such Unit.

At anytime prior to the first recording in the Bureau of Conveyances, State of Hawaii, of a conveyance or transfer of a Unit in the Project to any person other than the Developer, the Developer may amend this Declaration, and any of the Exhibits hereto, the By-Laws, and/or the Condominium Map in any manner, without the consent of any purchaser or any other party.

The Developer, as an owner of a Unit, may amend the Declaration and/or Condominium Map to reflect any change in the Unit due to the removal, redesign, improvement, renovation, addition to or replacement of the Unit pursuant to Section S of the Declaration, if said removal, redesign, improvement, renovation, addition or replacement of the Unit differs from the description and plans contained in the Declaration and/or Condominium Map.

The Developer may also amend the Declaration and/or the Condominium Map to reflect the exercise of the Developer's rights pursuant to Section T, of the Declaration, as follows:

Developer reserves the right, but not the obligation, from the date of the Declaration, and at any time prior to December 31, 2023, to subdivide the Land and to create a separate parcel or parcels of land from the property identified as Phase II on said Condominium Map, and to withdraw said portion of the Land identified as Phase II, and any improvements located thereon, from the provisions of the Declaration and the Project.

The Developer has reserved the right, if necessary, to: i) grant, reserve, add, and/or delete easements and/or rights-of-way for services and utilities over, across, under and upon the Project; and ii) to relocate and/or realign any existing easements or rights-of-way over, across, under and upon the Project, provided such easements and/or rights-of-way shall not unreasonably and materially impair the use of the Project by the other owners.

If necessary, and to the extent required by any governmental agency, Developer is required to add to or subtract from the common elements and/or limited common elements of the Project in order to effectuate the subdivision and withdrawal of Phase 2 as provided for herein, the owner(s) so affected shall cooperate with Developer provided said addition and/or subtraction is not unreasonable and does not materially impair the use of the Project by the owners(s). If, as a requirement of the addition to or subtraction of a portion of the common elements and/or limited common elements as provided herein, the Developer and/or the owner(s) require compensation for said addition to or subtraction thereof, the value of said portion added or subtracted shall be determined by an independent appraiser taking into consideration the difference in value between the common elements and/or limited common elements before the addition or subtraction, and the value of the common elements or limited common elements after the addition or subtraction.

End of Exhibit "A"

BOUNDARIES OF APARTMENTS

Two (2) separate and distinct freehold estates constructed primarily of wood, bounded by and including the decorated or finished surfaces of the exterior of the perimeter walls, by the exterior surfaces of the respective roofs thereof, and inclusive of the floor and ceiling of each of the dwellings in the Project.

(a) Unit 1 contains one (1) floor, without a basement, and has a net living area of approximately 9 square feet, as shown on the Condominium File Plan.

(b) Unit 2 contains one (1) floor, without a basement, in which there are two (2) bedrooms, one (1) bathroom, a kitchen, a living room, a storage area and a two (2) car carport with a storage area. Unit 2 contains a net living area of approximately 1,001 square feet. The front porch/lanai contains approximately 104 square feet and the two (2) car carport with storage contains approximately 685 square feet.

The Developer or any owner of a Unit has the reserved right to renovate or remove either Unit or a portion thereof, and to rebuild, renovate or add to said Unit as provided in Section S, of the Declaration.

Each Unit shall also include all pipes, wires, conduits, and other utility and service lines contained wholly within such Unit and which are utilized exclusively by and serve only such Unit.

PERMITTED ALTERATIONS TO APARTMENTS

No work shall be done to the Units, the limited common elements appurtenant thereto, or any other part of the Project, by any owner of a Unit or any other person, which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project, or directly affect any nonconsenting owner in any unreasonable manner, all as determined by the Board, without in every such case first obtaining the consent of the owners of the other Unit, which consent shall not be unreasonably withheld. Except as otherwise provided by law, and subject to the requirements set forth in Section S, of the Declaration, all other additions to or alterations of any Unit or its appurtenant limited common elements by the owner of such Unit shall be permitted without restriction, provided that the owner or other person making such additions or alterations shall comply strictly with all applicable laws, ordinances, and regulations of any governmental entity, and shall also obtain all necessary permits, at such owner or person's sole expense.

In addition to the foregoing limitations, no owner shall also be allowed, without the express written consent of the other owners, to construct any addition or alteration which would cause his or her Unit to exceed the proportionate share of the maximum allowable floor area for the lot. Said proportionate share shall be equal to the maximum floor area for the lot multiplied by the percentage of common interest in the Project appurtenant to such Unit.

Pursuant to Section S of the Declaration, the owner of a Units shall have the right, with the consent of any mortgagee affecting said Unit, to remove, redesign, improve, renovate, make additions to, enlarge, replace the Unit with a new Unit, or restore his or her Unit on the limited common elements appurtenant to such Unit at such Unit owner's sole option at any time and from time to time, without the consent of the Association, the other Unit owners, any lien holder thereof, or anyone with an interest in the Project, and pursuant to plans and conditions set forth in Section S of the Declaration.

Exhibit "C"

Michael D. Lau
Architect
2151 Wilder Avenue
Honolulu, HI 96822

May 10, 2004

TO: Real Estate Commission:
State of Hawaii

RE: "**Kekio Road Estates I**"
Address/Unit Number: **51-436 Kekio Road**
TMK: **1/5-1-11:20**

I have inspected the structures of the "**Kekio Road Estates I**" Condominium Project. Without making any invasive examination of covered components, my observations during this inspection are:

1. The buildings appear to be in good structural condition commensurate with their age.

Very truly yours,

Michael D. Lau
Registered Professional
Architect No. 8385

EXHIBIT "D"

May 10, 2004

Real Estate Commission, Condominium Branch
250 S. King Street, Room 702
Honolulu, Hawaii 96813

RE: Project Name: "Kekio Road Estates I"
Site Address: **51-436 Kekio Road**
TMK: **1/5-1-11:20**

This is to verify that there is no permit required per the land use ordinance for the tool sheds that are currently on the subject property. Please Section 18-3.1(b)(16) of the Revised Ordinances of the City and County of Honolulu 1990, which states:

"(b) **Work Exempt from Permit**. A building permit shall not be required for the following:
(16) One-story detached buildings:
(A) Accessory to group R-3 occupancies and used as tool and storage sheds, playhouses and similar uses;
provided the aggregate floor area does not exceed 120 square feet."

Thank you for your time and attention.

Sincerely,

Michael D. Lau
Architect

COMMON ELEMENTS

The common elements shall consist of all portions of the Project except the Units above described, and shall specifically include, but not be limited to:

(a) The Land in fee simple.

(b) All pipes, wires, conduits, septic tank systems, and other utility and service lines which are utilized for or serve both Units.

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

LIMITED COMMON ELEMENTS

Certain parts of the common elements are set aside and reserved for the exclusive use of the Units and shall constitute limited common elements appurtenant thereto. Each Unit shall have an exclusive easement for the use of the limited common elements appurtenant thereto, except as otherwise provided in the Declaration. The cost of maintenance, repair, upkeep, and replacement of each limited common element shall be assessed to the owner of the Unit to which such limited common element is appurtenant. The limited common elements shall be appurtenant to each of the Units as follows:

(a) That certain 4,771 square feet, more or less, of the real property of the Project which includes the real property upon which Unit 1 is situated, as shown on said Condominium File Plan, shall constitute a limited common element appurtenant to and for the exclusive use of Unit 1.

(b) That certain 5,350 square feet, more or less, of real property of the Project which includes the real property upon which Unit 2 is situated, as shown on said Condominium File Plan, shall constitute a limited common element appurtenant to and for the exclusive use of Unit 2.

(c) One mailbox shall be appurtenant to and for the exclusive use of each Unit.

(d) All pipes, wires, conduits, and other utility and service lines not contained within a Unit but used by and servicing both Units shall be a limited common element appurtenant to and for the exclusive use of the Units using and serviced by such pipes, wires, conduits, and other utility and service lines.

ENCUMBRANCES AGAINST TITLE

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

2. Easement of pole and wire lines purposes.

3. Terms and provisions, including the failure to comply with conditions, covenants, restrictions or reservations, contained in that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, dated August 17, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 16521 at Page 395.

   ABOVE DECLARATION AMENDED BY INSTRUMENT:

Dated:	June 16, 1983
Recorded:	Liber 19663 at Page 226

4. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

Mortgagor:	NATSUE M. NOGUCHI, wife of Charles A. Noguchi, and JOHN HITOSHI NOGUCHI, unmarried
Mortgagee:	OAHU EDUCATIONAL EMPLOYEE'S FEDERAL CREDIT UNION, a federal corporation, (now known as HAWAII USE F.C.U.)
Dated:	October 29, 1991
Recorded:	Document No. 91-151492

5. Terms and provisions contained in that certain unrecorded Revocable Trust of NATSUE NOGUCHI dated March 2, 2004.

6. Terms and provisions contained in that certain Declaration of Condominium Property Regime of Kekio Road Estates I, recorded as Document No. 2005-073611.

7. Terms and provisions contained in that certain By-Laws of the Association of Apartment Owners of Kekio Road Estates I, recorded as Document No. 2005-073612.

8. Condominium Map No. 3983.

9. Any real property taxes that may be due and payable. For more information contact the City and County of Honolulu, Department of Finance, Real Property Tax Assessment Section.

Exhibit "G"

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months = Yearly Total
Unit 1	0.00 *
Unit 2	0.00 *

* NOTE: No maintenance fees are currently proposed for repair and/or replacement of the common element Driveway.

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning
Electricity
[ ] common elements only
[ ] common elements and apartments

Elevator
Gas
[ ] common elements only
[ ] common elements and apartments
Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and Supplies

Building
Grounds

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL **$ 0.00**

I, NATSUE NOGUCHI, Trustee, as Developer, for the "Kekio Road Estates I" condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Natsue Noguchi
Signature

12/27/04
Date

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

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

EXHIBIT "H", CONTINUED

DEVELOPER'S EXPLANATION FOR "RESERVES"

The Developer has not conducted a reserve study in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 5, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

End of Exhibit "H"

SUMMARY OF SALES CONTRACT

The specimen Sales Contract (Deposit, Receipt, Offer and Acceptance and Addendum) contains, among other things, the following provisions:

1. Risk of Loss and Insurance. Risk of loss passes to Buyer upon closing or possession, whichever occurs sooner.

2. Time is of the Essence/Default. Time is of the essence of the obligations of Buyer under this Agreement. In the event Buyer fails to perform Buyer's obligations under the Sales Contract, Seller may (a) bring an action for damages for breach of contract, or (b) retain the initial deposit and all additional deposits provided by Buyer as liquidated damages, and the Buyer shall be responsible for any costs incurred in accordance with the Sales Contract.

3. Conversion of Existing Building; No Warranties. Buyer is aware, agrees and affirms that the Project consists of a conversion of existing dwellings (Unit 1 was constructed in 2004 and Unit 2 was relocated in 1949). It is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT(S), OR CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN THE UNIT OR IN THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE UNIT FOR A PARTICULAR PURPOSE.

4. Existing "As Is" Condition. Buyer agrees the Unit is being purchased in its "AS IS" condition, without any warranties or representations, expressed or implied. Buyer acknowledges that Buyer will be given an opportunity to inspect the Unit and by closing on the sale of the Unit, Buyer accepts the Unit in its "AS IS" condition as provided for herein.

5. Mediation And Arbitration. If any dispute or claim in law or equity arises out of this Agreement, and Buyer and Seller are unable to resolve the dispute themselves, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by mediation under the Commercial Mediation rules of the American Arbitration Association. If such mediation is not successful in resolving such dispute or claim, then such dispute or claim shall be decided by a neutral binding arbitration before a single arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator may award reasonable attorney's fees and costs to the prevailing party.

6. Notification of Declarant's Reserved Rights to Amend Project Documents and Grant Easements. Declarant reserves the right to amend the project documents pursuant to Section O of the Declaration. In addition, Declarant reserves the right to grant easements over, under, through and upon the common elements and/or limited common elements of the Project as provided in Section C of the Declaration.

7. Reserved Right to Withdraw and Subdivide Land. Pursuant to Section T of the Declaration, Declarant has reserved the right, until December 31, 2023, to subdivide and withdraw from the Project that portion of the Land described as Phase 2 on said Condominium Map and to

amend the Project documents to effectuate said subdivision and withdrawal. Buyer is advised to review this provision, as well as the entire Project documents, and by conveyance of title from Seller to Buyer, will be deemed to have accepted the same, and grants the Declarant his or her power of attorney to act on his or her behalf as provided in the Declaration.

8. Development Agreement. The Fee Owner entered into an agreement with Abraham Won Hwan Lee (hereinafter "Lee") whereby Lee agreed to develop the Project and submit the Land to a condominium property regime. Fee Owner will coordinate the sales of the Project units. Each Sales Contract will be executed by both Fee Owner and Lee.

End of Exhibit "I"

SUMMARY OF ESCROW AGREEMENT

An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is INTEGRITY ESCROW AND TITLE COMPANY, INC., formerly known as First Financial Title and Escrow Agency of Hawaii, Inc. (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

1. Payment of Funds to Escrow. As and when Purchaser enters into a Sales Contract for the conveyance of an apartment in the Project, it shall require the payment due thereunder to be promptly made to Escrow, and shall deliver an executed copy thereof to Escrow together with the name(s) and address(es) of the purchaser(s). Developer shall specify in writing to Escrow whether the purchaser's funds were received prior to or subsequent to the issuance by the Real Estate Commission of a Contingent Final Public Report or Final Public Report (as those terms are used in the Condominium Act). Developer shall also promptly provide a pay over to Escrow all monies received by Developer from or on behalf of the purchasers, including those received pursuant to any Sales Contract, and all funds representing purchasers Permanent Loans as defined below, and all other monies received from purchasers of apartments in the Project, and Escrow shall promptly receipt therefor.

2. Receipt of Funds by Escrow. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as herein set forth: (a) all payments received by it under Sales Contracts, (b) such sums received by it hereunder from or for the account of Developer, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any purchaser's funds with funds belonging to or held for the benefit of Developer.

3. Disbursement of Purchaser's Funds. Escrow shall make no disbursements of purchaser's funds or proceeds on the sale of such apartments (including any payments made on loan commitments from Permanent Lenders), except by way of refunds thereof as provided therein, until: (a) Escrow receives a copy of a "Receipt for Public Report(s) and Notice of Right to Cancel", in the form specified by Section 514A-62 of the Condominium Act for the Final and any Supplementary Public Reports, executed by the purchaser; (b) Escrow has received a certification from Developer, acceptable to Escrow, stating that the Sales Contract has become effective and requirements of Section 514A-63 has been met as those quoted phrases are used in Section 5 14A-65 of the Condominium Act; and (c) until the purchaser's apartment deed is filed in the Land Court or the Bureau of Conveyances of the State of Hawaii, as the case may be.

4. Deposit of Funds by Escrow; Interest. All monies received by Escrow hereunder shall be deposited, within a reasonable time of their receipt by Escrow and in reasonable convenient and practical sums, in a trust fund with a bank, savings and loan or trust company as authorized by law, authorized to do business in the State of Hawaii under an escrow arrangement, and held in accordance with the terms hereof. As directed by Developer, said funds shall be deposited in an interest-bearing account in a federally insured bank or savings and loan institution in Honolulu, Hawaii or in the County where the Project is located, or shall be invested in federal funds or obligations of or guaranteed as to principal by the United States Government or any agency thereof to the extent permitted by law, and except as otherwise provided by a rider to this Agreement or as otherwise described in the Sales Contract, all other income therefrom and interest paid thereon shall be credited to the account of Developer, pursuant to agreement between Developer and purchaser as set forth in the Sales Contract. Escrow shall have no liability for any claim or loss resulting from the deposit of funds in such depository.

5. Refunds to Purchaser; Return of Documents. A purchaser shall be entitled to a return of his or her funds, and Escrow shall pay such funds to such purchaser if one of the following has occurred:

a) Escrow receives a written request from Developer and purchaser to return to the purchaser the funds of the purchaser then being held hereunder by Escrow; or

b) Developer and purchaser notify Escrow in writing of Developer's exercise of any option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

c) Developer and purchaser notify Escrow that the conditions provided for a refund under Sections 514A-62 or 514A-63 of the Condominium Act have been met.

Upon occurrence of any of the forgoing entitling a purchaser to a refund of his or her funds, neither purchaser nor Developer shall be obligated under the Sales Contract, and Escrow shall return said funds to purchaser, and return to Developer such purchaser's Sales Contract. Other documents delivered to Escrow relating to the sale of the apartment identified in such Sales Contract will be returned to the person from whom or entity from which they were received.

All escrow proceeds to be returned under this paragraph 8 shall not include any interest that has been generated by such purchaser's funds, except as otherwise provided in any rider to this Agreement or Sales Contract.

6. Purchaser's Default. If the purchaser fails to make any payment on or before the due date thereof or if the purchaser does or fails to do any other act which would constitute an event of default under the Sales Contract, Developer shall give to such purchaser written notice of such default with a copy to Escrow. If a purchaser fails to make any payment under the Sales Contract, Developer shall give to such purchaser written notice of such default with a copy to Escrow. If a purchaser fails to make any payment under the Sales Contact within the time specified in a notice by the Developer or fails to provide to Escrow any document required for closing within the time specified in a notice by Developer or Escrow, Escrow shall so advise the Developer with reasonable promptness. If purchaser has failed to cure the default after the delivery of notice by Developer and such default continues after the expiration of any grace period, Developer shall so advise Escrow. If Developer shall thereafter certify in writing to Escrow (i) that Developer has elected to terminate the Sales Contract and has notified the purchaser, or (ii) that purchaser is otherwise in default and provides Escrow with a copy of the default notice, then, and in either event, Escrow shall thereafter treat all funds of the purchaser paid under such Sales Contract, or any portion thereof as may be allowed by said Sales Contract, less the cancellation fee and expenses of Escrow, as funds of Developer and not of the purchaser. Thereafter, such funds shall be held free of the escrow established by this Agreement and shall be held by Escrow for the account of Developer. Upon written request by Developer, Escrow shall pay such funds to Developer or order and shall return to Developer the Sales Contract of such purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Sales Contract shall be returned to the person from whom or entity from which such documents were received.

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

KATHY SOKUGAWA
ACTING DEPUTY DIRECTOR

2004/ELOG-673(LT)

May 17, 2004

Mr. Adam Lee
Abe Lee Realty
P.O. Box 61099
Honolulu, Hawaii 96839

Dear Mr. Lee:

Subject: Condominium Conversion Project
51-436 Kekio Road
Tax Map Key: 5-1-011: 020

This is in response to your letter dated March 29, 2004 requesting verification that the structure on the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story single-family detached dwelling with two all-weather surface off-street parking spaces met all applicable code requirements when it was relocated with building permit #77567 in 1949 on this 25,553-square foot R-5 Residential District zoned lot.

Investigation also revealed that the unpaved driveway is considered to be nonconforming.

For your information, the Department of Planning and Permitting cannot determine all other legal 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.

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 for subdivision and zoning purposes.

EXHIBIT "K"

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,

ERIC G. CRISPIN, AIA
Director of Planning and Permitting

EGC:ft
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