

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Abraham Won Hwan Lee
Address 1585 Kapiolani Boulevard, Suite 1533 Honolulu, Hawaii 96814
Project Name(*): "84-843 HANA STREET"
Address: 84-843 Hana Street, Waianae, Hawaii 96792
Registration No. 5816 Effective date: March 13, 2006
(Conversion) Expiration date: April 13, 2007

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY (pink) This report updates information contained in the: 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. Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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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 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:

Abraham Won Hwan Lee
Name*

Phone: (808) 942-4472
(Business)

1585 Kapiolani Blvd., Suite 1533
Business Address

Honolulu, Hawaii 96816

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*:

Abe Lee Realty, LLC
Name

Phone: (808) 942-4472
(Business)

1585 Kapiolani Blvd., Suite 1533
Business Address

Honolulu, Hawaii 96814

Escrow:

Title Guaranty Escrow Services, Inc.
Name

Phone: (808) 521-0211
(Business)

235 Queen Street
Business Address

Honolulu, Hawaii 96813

General Contractor*:

N/A
Name

Phone: _____
(Business)

Business Address

Condominium Managing Agent*:

Self-Managed by Association of Apartment Owners
Name

Phone: _____
(Business)

Business Address

Attorney for Developer:

Jennifer A. Aquino, AAL ALC
Name

Phone: (808) 526-9400
(Business)

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:

<input type="checkbox"/>	Proposed	Document No.	_____
<input type="checkbox"/>	Recorded - Bureau of Conveyances	Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed - Land Court	Document No.	_____ 3339541 _____

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

Amendments to the Declaration of Condominium Property Regime of 84-843 Hana Street and By-Laws of the Association of Apartment Owners of 84-843 Hana Street dated January 31, 2006 and February 21, 2006, recorded as Document Nos. 3386003 and 3395544, respectively.

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:

<input type="checkbox"/>	Proposed	Bureau of Conveyances Condo Map No.	_____
<input type="checkbox"/>	Recorded - Bureau of Conveyances	Condo Map No.	_____
<input checked="" type="checkbox"/>	Filed - Land Court	Condo Map No.	_____ 1744 _____

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

Amendments to the Declaration of Condominium Property Regime of 84-843 Hana Street and By-Laws of the Association of Apartment Owners of 84-843 Hana Street dated January 31, 2006 and February 21, 2006, recorded as Document Nos. 3386003 and 3395544, respectively.

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:

<input type="checkbox"/>	Proposed	Document No.	_____
<input type="checkbox"/>	Recorded - Bureau of Conveyances	Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed - Land Court	Document No.	_____ 3339542 _____

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

Amendment to the Declaration of Condominium Property Regime of 84-843 Hana Street and By-Laws of the Association of Apartment Owners of 84-843 Hana Street dated January 31, 2006, recorded as Document No. 3386003.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules.

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

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

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

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

2. **Developer:**

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See Exhibit "A".

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which 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: 84-843 Hana Street Tax Map Key (TMK) : (1)8-4-014-014
Waianae, Hawaii 96792

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

Land Area: 7,500 [X] square feet [] acre(s) Zoning: R-5

Fee Owner:

Abraham Won Hwan Lee
Name
1585 Kapiolani Blvd., Suite 1533
Address
Honolulu, Hawaii 96814

Lessor: n/a
Address

C. **Buildings and Other Improvements:**

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

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

Exhibit "B" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Lap Siding, Glass, and Asphalt Shingle Roofing

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Uses Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

*The following other uses are currently permitted under the Land Use Ordinances, City and County of Honolulu ("LUO"), for R-5 Zoning: detached one-family dwellings, detached two-family dwellings, duplex units, public uses and structures, and utility installations Type A. The following uses are currently permitted under the LUO for R-5 Zoning as a special accessory use subject to the standards set forth in Article 5 of the LUO: Antennas (receive-only), and home occupations. The following uses are currently permitted under the LUO for R-5 Zoning with a Conditional Use Permit-Minor, subject to the standards set forth in Article 5 of the LUO: day-care facilities, joint use of parking facilities, meeting facilities, neighborhood grocery stores, off-site parking facilities, schools (elementary, intermediate and high), utility installations Type B, and wind machines.

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

[] Pets: _____

[] Number of Occupants: _____

[] Other: _____

[X] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit A</u>	<u>1</u>	<u>3/2</u>	<u>922</u>	<u>382</u>	<u>Carport</u>
<u>Unit B</u>	<u>1</u>	<u>3/2</u>	<u>922</u>	<u>382</u>	<u>Carport</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>4</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>4</u>

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

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

8. Recreational and Other Common Facilities:

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

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

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

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

In accordance with the report, dated September 9, 2005, prepared by Ed Resh, Professional Architect No. 3239, a copy of which is attached as Exhibit "D", the structures are in good structural, mechanical and electrical condition consistent with their age.

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

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

*See page 20.

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

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

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

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

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

described in Exhibit "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.

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

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 _____.

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 February 21, 2006 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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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 will be sold "as is"

- 2. Appliances:

None, units will be sold "as is"

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

The Units were constructed and completed in 1996.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

Exhibit "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 Sewer Television Cable
 Other _____

V. MISCELLANEOUS

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

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

[] Notice to Owner Occupants

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

[X] Escrow Agreement dated October 6, 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. 5816 filed with the Real Estate Commission on October 18, 2005

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. **Additional Information Not Covered Above**

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 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. 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.

Lead Warning Statement

Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based 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 seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

Real Estate License Disclosure

Disclosure is hereby made that the developer, 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, LLC, the real estate company handling the sale of the units.

Encroachment of Unit into Easement Area

A portion of Unit B is encroaching onto Easement 316, as shown on the Condominium Map. Easement 316 was granted to the City and County of Honolulu as a sewer easement. A copy of the Grant of Sewer Easement is attached as Exhibit "L". Prospective purchasers are advised to review the Grant of Sewer Easement, which provides among other things that the owner shall be responsible for any damage to any building, structure, or building foundation of any kind, placed within the easement area contrary to the terms of the Grant of Sewer Easement. The owner of Unit B, by acceptance of such owner's apartment deed, will be deemed to have accepted said encroachment onto the easement area, and agreed that neither the Developer, Developer's affiliates or representatives, shall be responsible for changing said encroachment or for any cost or damage sustained as a result of the encroachment onto the easement area.

- 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.

Abraham Won Hwan Lee
Printed Name of Developer

By: Abraham Won Hwan Lee 10-6-05
Duly Authorized Signatory* Date

Abraham Won Hwan Lee, owner
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 in Section O of the Declaration to change the Declaration, Condominium Map, or Bylaws:

Developer may amend the Declaration, the By-Laws, and/or the Condominium Map 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 Section O of the Declaration, 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 Office of the Assistant Registrar of the Land Court, 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 the 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.

Exhibit "A"

BOUNDARIES OF APARTMENTS

Section A.1 of the Declaration, as amended, states:

“The Project consists of a one-story duplex structure, without a basement, with two (2) residential units. The units are designated on the Condominium Map as "Unit A" and "Unit B", and are sometimes referred to herein collectively as "Units" or singularly as "Unit". The term "Unit" as used herein shall have the same meaning as the term "Apartment" in the Condominium Property Act, as the same may be amended from time to time.

1. Description of the Units. Two (2) separate and distinct freehold estates bounded by and including the decorated or finished surfaces of the exterior of the perimeter walls, the decorated or finished surface of the common wall defined in Section A.2., below that is within that Unit's carport, by the exterior surfaces of the respective roofs thereof, and inclusive of the floor and ceiling of each of the dwellings in the Project. When facing the Project from the driveway on Hana Street, Unit A is located on the left-hand side of the building and Unit B is located on the right-hand side of the building. The Units are constructed of wood, glass, lap siding, and asphalt shingle roofing

(a) Unit A contains a Living, a Dining, a Kitchen, two (2) Bedrooms, one (1) Bath, a Hall, a Master Bedroom with Master Bath, and a Garage. Unit A contains a net living area of approximately 922 square feet. The Garage/Carport, with parking for two (2) regular-sized cars, contains approximately 382 square feet.

(b) Unit B contains a Living, a Dining, a Kitchen, two (2) Bedrooms, one (1) Bath, a Hall, a Master Bedroom with Master Bath, and a Garage. Unit B contains a net living area of approximately 922 square feet. The Garage/Carport, with parking for two (2) regular-sized cars, contains approximately 382 square feet.

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

Section M of the Declaration states:

“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, 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 and/or buildable 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.”

Ed Resh
Architect
1400 Kapiolani Blvd Suite B48

September 9, 2005

TO: Real Estate Commission
State of Hawaii

RE: 84-843 Hana Street, Waianae, HI 96792
TMK: 1-8-4-14-14

I have inspected the structures of the 84-843 Hana Street 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, mechanical, and electrical condition commensurate with their age.

Yours Truly,



Ed Resh
Registered Professional
Architect NO. 3239

EXHIBIT "D"

COMMON ELEMENTS

Section A.2 of the Declaration, as amended, states:

“The common elements for the Project 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) That certain common wall located between the Garage/Carport for Unit A and the Garage/Carport for Unit B and shared by both structures.
- (c) That certain Chain-link Fence running from Hana Street to the common wall between the Garage for Unit A and the Garage for Unit B as shown on said Condominium Map.
- (d) That certain Wood Fence with Metal Posts running from the common wall between the Garage for Unit A and the Garage for Unit B to the rear of the property as shown on the Condominium Map.
- (e) All pipes, wires, conduits, and other utility and service lines which are utilized for or serve both Units.
- (f) 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.”

Exhibit “E”

LIMITED COMMON ELEMENTS

Section A.3 of the Declaration, as amended, states:

“Certain parts of the common elements are hereby 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 herein. 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 3,806 square feet, more or less, of the real property of the Project which includes the real property upon which Unit A is situated, as shown on said Condominium Map, shall constitute a limited common element appurtenant to and for the exclusive use of Unit A.
- (b) That certain 3,694 square feet, more or less, of real property of the Project which includes the real property upon which Unit B is situated, as shown on said Condominium Map, shall constitute a limited common element appurtenant to and for the exclusive use of Unit B.
- (c) Each Unit shall have appurtenant thereto and for the exclusive use thereof one (1) mailbox.
- (d) Each Unit is separately metered for utilities such as water, sewer and electrical. All pipes, wires, conduits, and other utility and service lines not contained within a Unit but used by and servicing only one Unit shall be a limited common element appurtenant to and for the exclusive use of the Unit using and serviced exclusively by such pipes, wires, conduits, and other utility and service lines.”

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes City and County of Honolulu

2. DESIGNATION OF EASEMENT "316"
PURPOSE : sanitary sewer
SHOWN : on Map 229, as set forth by Land Court Order No. 99539,
filed September 26, 1990

3. GRANT
TO : CITY AND COUNTY OF HONOLULU

DATED : August 16, 1990
FILED : Land Court Document No. 1769538
GRANTING : an easement to construct, reconstruct, install, maintain,
operate, repair and remove an underground sewer pipeline

4. MORTGAGE
MORTGAGOR : ABRAHAM WON HWAN LEE, HUSBAND OF SALLY
KATSUE LEE
MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS,
INC., as nominee for FIRST HORIZON HOME LOAN
CORPORATION, a Kansas corporation

DATED : June 15, 2005
FILED : Land Court Document No. 3284283

5. DECLARATION OF CONDOMINIUM PROPERTY REGIME OF 84-843 HANA
STREET

Dated: October 6, 2005 Document No. 3339541

As amended by the following instrument(s):

<u>Dated</u>	<u>Document No.</u>
January 31, 2006	3386003
February 22, 2006	3395544

6. Condominium Map No. 1744
As amended by the following instrument(s):

<u>Dated</u>	<u>Document No.</u>
January 31, 2006	3386003
February 22, 2006	3395544

7. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF 84-843 HANA
STREET

Dated: October 6, 2005 Document No. 3339542

EXHIBIT "G"

As amended by the following instrument(s):

<u>Dated</u>	<u>Document No.</u>
January 31, 2006	3386003

8. ENCROACHMENT AGREEMENT AND LICENSE

Dated:	January 31, 2006
Document No.	3386003

Page 2 and End of 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

0.00 *

* NOTE: All utilities are separately metered or otherwise charged. No maintenance fees are currently proposed for repair and/or replacement of the common element wall, chain-link fence and wood fence with metal posts, that are currently in good condition. As stated in Section H of the Declaration, the repair and maintenance of the common element wall, chain-link fence and wood fence with metal posts would be a common expense of the Association, to divided between the units in proportion to their common interests.

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, ABRAHAM WON HWAN LEE, as Developer, for the "84-843 Hana Street" 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.

Abraham Won Hwan Lee
Signature

10-11-05
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 an existing building consisting of two units constructed in 1996. 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.

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 TITLE GUARANTY ESCROW SERVICES, INC. (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

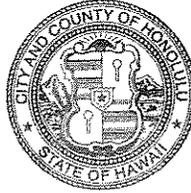
1. Delivery of Sales Contracts. As and when Seller shall enter into a contract for the sale of an Apartment (each "Sales Contract"), Seller shall deliver a fully-executed copy of such Sales Contract to Escrow. Each Sales Contract shall contain the correct names and addresses of the Purchaser(s) of such Apartment, shall require that all payments to be made thereunder shall be made to Escrow, and shall be accompanied by the initial deposit required thereby.
2. Owner-Occupant Sales. If it is intended that the sale of an Apartment will be made to a Purchaser or Purchasers as an owner-occupant pursuant to HRS Chapter 514A, Part VI (each an "Owner-Occupant"), then, and in each such event, the prospective Owner-Occupant shall deliver to Escrow an executed affidavit in accordance with HRS Section 514A-104.5 (each an "Affidavit"). The Affidavit shall be personally executed by all prospective Owner-Occupants of the Apartment and shall not be executed by an attorney-in-fact.
3. Disposition of Funds Held by Escrow. Escrow shall receive and hold in Escrow and disburse as herein set forth: (a) all payments received by Escrow pursuant to Sales Contracts entered into by Seller; (b) all sums received by Escrow from Seller pursuant to this Agreement; and (c) all sums received by Escrow from any other source on account of the Project. In accordance with written instructions from Seller, Escrow shall deposit all funds so received, within a reasonable time after their receipt by Escrow and in reasonably convenient sums, in accounts at a federally insured bank, savings and loan association or other financial institution located in Honolulu, Hawaii, that pays interest on deposits; provided, however, that if Escrow is instructed to make such deposits more frequently than once each calendar week, Seller shall pay to Escrow a reasonable service charge for each additional deposit made during such week.
4. Interest on Escrow Funds. Any interest earned on funds delivered to Escrow under this Agreement shall accrue to the credit of Seller; except that if Escrow is requested to establish a separate account for a Purchaser, such Purchaser shall pay Escrow a fee of Twenty-Five Dollars (\$25.00) for each such separate account and shall provide to Escrow said Purchaser's social security or federal tax identification number, and any interest earned on funds deposited in such account shall accrue to the credit of such Purchaser. Escrow shall not be liable to either Seller or any Purchaser for loss or diminution in funds invested in accordance with such instructions.
5. Return of Funds to Purchaser.
 - A. Each Purchaser shall be entitled to a return of funds deposited by such Purchaser with Escrow, and Escrow shall pay such funds to such Purchaser, with interest to the extent provided in the Sales Contract, if any one of the following occurs:

1. Seller and such Purchaser shall instruct Escrow in writing to return such funds to such Purchaser; or
 2. Seller shall notify Escrow of Seller's exercise of the option to cancel or rescind the Sales Contract entered into by such Purchaser pursuant to any right of cancellation or rescission provided for therein or otherwise available to Seller with respect to which, in accordance with the Sales Contract, Purchaser is entitled to a return of funds deposited by it with Escrow; or
 3. With respect to any Purchaser whose funds were obtained prior to the issuance of the Final Public Report, such Purchaser has exercised such Purchaser's right to cancel the Sales Contract entered into by such Purchaser pursuant to HRS Section 514A-62; or
 4. Such Purchaser has exercised such Purchaser's right to rescind the Sales Contract pursuant to HRS Section 514A-63.
- B. Upon the occurrence of any event described in Section 1 or 2 hereinabove or upon receipt of a written request for a refund from any Purchaser upon the occurrence of any event described in Section 3 or 4 hereinabove, and unless such Purchaser has waived or has been deemed to have waived such Purchaser's right to a refund, Escrow shall deliver to such Purchaser all funds received from such Purchaser, less a cancellation fee to Escrow of not less than Twenty-Five Dollars (\$25.00) per Apartment or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater. Upon such payment, said Sales Contract shall be deemed cancelled and any partially executed conveyance document theretofore delivered to Escrow shall be returned to Seller; provided, however, that no refund shall be made to any Purchaser at such Purchaser's request prior to receipt by Seller of written notice from Escrow of Escrow's intention to make such refund.
6. Purchaser's Default. Seller shall give notice in writing to Escrow of the occurrence of each event that creates an obligation on the part of any Purchaser to make any payment to Escrow pursuant to the Sales Contract entered into by such Purchaser, and the amount of and due date for such payment. Upon receipt of any such notice, Escrow shall promptly give such Purchaser notice of the amount and due date of such payment. If such Purchaser fails to make such payment to Escrow on or before the due date thereof or if such Purchaser fails to satisfy any obligation or requirement being handled by Escrow, Escrow shall promptly notify Seller of any such failure on the part of such Purchaser. If Seller subsequently certifies in writing to Escrow that Seller has terminated the Sales Contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to such Purchaser, Escrow shall thereafter treat all funds of such Purchaser paid on account of such Purchaser's Sales Contract as funds of Seller, and not as funds of such Purchaser. Such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such sums to Seller, less any escrow cancellation fee, shall return to Seller any partially executed conveyance documents that had been theretofore delivered to Escrow by Seller and shall hold all other documents theretofore delivered to Escrow in connection with such Purchaser's purchase of an Apartment for any applicable statutory period. Upon completion of the foregoing, Escrow shall thereupon be released from any further duties or liability hereunder to Seller with respect to such funds and such Purchaser.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4432 • FAX: (808) 527-6743
DEPT. INTERNET: www.honoluluodpp.org • INTERNET: www.honolulu.gov

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2005/ELOG- 1124(AS)

June 28, 2005

Mr. Adam Lee
Abe Lee Realty
1585 Kapiolani Boulevard, Suite 814
Honolulu, Hawaii 96814

Dear Mr. Lee:

Subject: Condominium Conversion Project
84-843 Hana Street
Tax Map Key: 8-4-014: 014

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

Investigation revealed that the one-story two-family detached dwelling with four all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1996 on this 7,500-square foot R-5 Residential zoned lot.

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

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

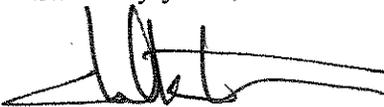
Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

EXHIBIT "K"

Mr. Adam Lee
Abe Lee Realty
June 28, 2005
Page 2

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,

A handwritten signature in black ink, appearing to read 'Henry Eng', written over a horizontal line.

for HENRY ENG, FAICP
Director of Planning and Permitting

HE:ft

Doc 379918

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[Handwritten signature]
168287

LAND COURT SYSTEM

REGULAR SYSTEM

RETURN BY PICKUP (X) TO:
City and County of Honolulu
Division of Land Survey & Acquisition
Phone No. 527-5086

GRANT OF SEWER EASEMENT

GRANTOR: JOSEPHINE TUGAOEN MATUTINO and
SYLVESTER GALURAN MATUTINO,
wife and husband

GRANTEE: CITY AND COUNTY OF HONOLULU

PROPERTY: LOT 488, Map 9, Land Court Application 1052
(Parcel 20, Makaha Sewers, Sec. 3, ID#265)

DOCUMENT NO. 681218

TCT NO. 168,287

EXHIBIT "L"

KNOW ALL MEN BY THESE PRESENTS:

THIS INDENTURE, made this 16th day of August, 1922, by and between *JOSEPHINE TUGAOEN MATUTINO and SYLVESTER GALURAN MATUTINO, wife and husband, as Tenants by the Entirety*, of Honolulu, City and County of Honolulu, State of Hawaii, hereinafter called the "Grantor", and the *CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii*, whose principal place of business and post office address of which is Honolulu Hale, Honolulu, Hawaii 96813, hereinafter called the "Grantee";

WITNESSETH:

That the Grantor, in consideration of the sum of *ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00)*, to them paid by the Grantee, the receipt of which is hereby acknowledged, and of the covenants of the Grantor and Grantee as hereinafter contained, does hereby grant, bargain, sell and convey unto the Grantee, its successors or permitted assigns forever, an easement to construct, reconstruct, install, maintain, operate, repair and remove an underground sewer pipeline(s) with manholes and other appurtenant equipment, as part of a sewer system, through, under and across the hereinafter described parcel of land, hereinafter referred to as the "easement area";

TOGETHER with the right of ingress to and egress from said easement area over the land of the Grantor, adjacent thereto, for all purposes in connection with this grant of easement, and together also with the right to construct, reconstruct, install, maintain, operate, repair and remove from the said easement area, such sewer pipeline(s), manholes and other equipment as the Grantee shall deem necessary or expedient for the proper maintenance, operation, or repair of said sewer system.

TMK: 8-4-14-14
PARCEL: 20
DOCID#: MAKAIHA.20
DJJ/ju

The parties hereto do further mutually covenant and agree as follows:

That the Grantor shall not at any time during the term of this indenture erect or place any building foundation of any kind below the surface of the easement area or at any time erect or place any building or structure of any kind, other than walls, fences, roads, walks, curbs or appurtenances thereof, or stockpile any material above or on the surface of the easement area, unless said building, structure, building foundation, or stockpile, shall be first approved by the City and County of Honolulu by its Department of Public Works and unless the same shall not interfere with the Grantee's use of the easement area for construction, reconstruction, maintenance, operation, repair and removal of, or access to said sewer system and easement area; provided, however, that this provision shall not prohibit the Grantor from planting or maintaining grass, shrubs and similar plants within said easement area, or from laying, maintaining, operating, repairing or removing their own water or sewer pipelines, conduits or drains below the surface of the said easement area insofar as such uses do not interfere with the exercise by the Grantee of the rights herein granted;

That in the event it is necessary or convenient for the Grantee to destroy, remove or alter any building, structure or building foundation, within the easement area in existence at the time of this indenture, in order to construct, reconstruct, maintain, operate, repair or remove its sewer system or any appurtenant equipment therein, the Grantee shall be liable for the replacement or restoration of the same destroyed, removed or altered; provided, however, that such replacement or restoration work shall be limited to such replacement or restoration to the condition of the same existing immediately prior to the destruction, removal or alteration thereof, to the extent that the same is reasonably possible;

That, except as otherwise herein provided, the Grantee shall not be liable or responsible for any damage to any building, structure, or building foundation of any kind, placed or erected or used within the easement area contrary to the terms hereof, caused by or resulting from the exercise by the Grantee of the rights herein granted;

That after the completion of any construction, reconstruction, maintenance, operation, repair or removal work by the Grantee, the Grantee shall restore the surface of

the ground within the easement area to its original condition to the extent that such restoration is reasonably possible;

That, except as otherwise herein provided, the Grantee shall indemnify and save harmless the Grantor against loss or damage to the property of the Grantor or to the property of others situated outside of the easement area, and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death arises or proximately results from the negligence of the Grantee, its officers, agents or servants;

That the Grantor does hereby for themselves, their assigns and the survivor of them and his or her heirs, devisees, personal representatives and assigns covenant and agree with the Grantee, its successors or permitted assigns, that they are seised in fee simple of the herein described easement area; that the same is free and clear of and from all encumbrances, except as hereinafter provided, that they have good right to sell and convey said easement through the within described real property unto the Grantee, and that they will and their assigns and the survivor of them and his or her heirs, devisees, personal representatives and assigns shall WARRANT AND DEFEND the same unto the Grantee, its successors or permitted assigns, forever, against the lawful claims and demands of all persons;

That the Grantee shall not assign any right herein granted or otherwise given, except to a successor or permitted assigns, without the written consent of the Grantor;

That any sewer pipeline(s), manholes or other appurtenant equipment constructed, reconstructed or installed within the easement area and maintained, operated or repaired by the Grantee shall be and remain the property of the Grantee;

That when more than one person is involved in the grant of this indenture and the covenants herein contained, the terms "Grantor" and "Grantee" in the singular shall include the plural;

That the term "Grantor" wherever used herein shall be held to mean and include the Grantor, their assigns and the survivor of them and his or her heirs, devisees, personal representatives and assigns and that the term "Grantee" wherever used herein shall be held to mean the City and County of Honolulu and its successors or permitted assigns

and that this instrument shall be binding upon and shall inure to the benefit of the parties hereto and their said respective heirs, devisees, personal representatives, successors and assigns.

That the parcel of land herein referred to as the "easement area" is more particularly described in Exhibit "A" attached hereto and made a part hereof.

TO HAVE AND TO HOLD the same, unto the Grantee, its successors and assigns, forever, for the uses and purposes aforesaid.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the day and year first above written.

Josephine Tugaoen Matutino
JOSEPHINE TUGAOEN MATUTINO

Sylvester Galuran Matutino
SYLVESTER GALURAN MATUTINO

CITY AND COUNTY OF HONOLULU

By Frank F. Fasi
FRANK F. FASI, Mayor

APPROVED AS TO CONTENTS

[Signature]
Division of Wastewater
Management, DPW

APPROVED AS TO FORM AND
LEGALITY

[Signature]
Deputy Corporation Counsel

APPROVED AND ACCEPTED BY THE CITY
COUNCIL ON APR 4 1990
EFFECTIVE AS OF THE DATE OF RECORD-
ATION IN THE BUREAU OF CONVEYANCES.

[Signature]
CITY CLERK

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On this 16th day of August, 1966, before me personally appeared *JOSEPHINE TUGAOEN MATUTINO and SYLVESTER GALURAN MATUTINO* to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

James S. Brennan
Notary Public, State of Hawaii

My commission expires: 4-13-73

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

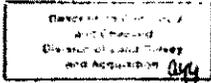
On this 15th day of August, 1966, before me appeared *FRANK F. FASI*, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the CITY AND COUNTY OF HONOLULU, a municipal corporation, and that the seal affixed to said instrument is the corporate seal of said municipal corporation, and that the instrument was signed and sealed in behalf of said municipal corporation by authority of its City Council, and said *FRANK F. FASI* acknowledged the instrument to be the free act and deed of said municipal corporation.

James S. Brennan
Notary Public, State of Hawaii

My commission expires: 4-13-73

EXHIBIT "A"

PARCEL 20 - of MAKAHA SEWERS, SECTION 3, IMPROVEMENT DISTRICT NO. 265: Being Easement 316, area 709 square feet, as shown on Map 224, for sanitary sewer purposes, over and across Lot 488, as shown on Map 9, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application 1052 of Waianae Company and being a portion of the land described in Transfer Certificate of Title No. 168,287 issued to JOSEPHINE TUGAOEN MATUTINO and SYLVESTER GALURAN MATUTINO.



Situate at Makaha, Waianae, Oahu, Hawaii.