

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Oren Tuck Hung Leong & Jo-Ann Ching Leong

Address 45-007 Ka Hanahou Place Kaneohe, Hawaii 96744

Project Name(*): "POINT AT KA HANAHOU"

Address: 45-007 Ka Hanahou Place, Kaneohe, Hawaii 96744

Registration No. 6070 (Partial Conversion) Effective date: August 22, 2006 Expiration date: September 22, 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:

SPECIAL NOTICE

There are County restrictions on the number of residential dwelling units, or other structures, which may be build upon the property. Therefore, unless the purchaser is purchasing an existing residential dwelling, there is no assurance that the purchaser will be able to build a residential dwelling unit on the property. There is also no assurance that the purchaser will be able to convert an existing non-residential structure to a residential use. The purchase should consult with the appropriate County agencies to determine whether the purchaser may build a residential dwelling unit, or any other type of structure, upon the property.

This is a condominium project, not a subdivision, and the project does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a limited common element and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A:	Developer's Reserved Rights to Change Project Documents
EXHIBIT B:	Boundaries of Apartments
EXHIBIT C:	Permitted Alterations to Apartments
EXHIBIT D:	Architect's Report dated August 13, 2004
EXHIBIT E:	Zoning Variance 2003/VAR-35
EXHIBIT F:	Limited Common Elements
EXHIBIT G:	Encumbrances Against Title
EXHIBIT H:	Estimate of Initial Maintenance Fees
EXHIBIT I:	Summary of Sales Contract
EXHIBIT J:	Summary of Escrow Agreement

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:

Oren Tuck Hung Leong & Jo-Ann Ching Leong
Name*
45-007 Ka Hanahou Place
Business Address
Honolulu, Hawaii 96816

Phone: (808) 522-0422
(Business)

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

N/A

Real Estate Broker*:

None selected. See page 20.
Name
Business Address

Phone:
(Business)

Escrow:

Integrity Title & Escrow Company, Inc..
Name
333 Queen Street, Suite A
Business Address
Honolulu, Hawaii 96813

Phone: (808) 447-6007
(Business)

General Contractor*:

N/A
Name
Business Address

Phone:
(Business)

Condominium Managing Agent*:

Self-Managed by Association of Apartment Owners
Name
Business Address

Phone:
(Business)

Attorney for Developer:

Randall Y. C. Ching
Name
707 Richards Street, Suite 630
Business Address
Honolulu, Hawaii 96813

Phone: (808) 522-0422
(Business)

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

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"

[] 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: 45-007 Ka Hanahou Place Tax Map Key (TMK) : (1)4-5-047-094
Kaneohe, Hawaii 96744

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

Land Area: 23,805 [X] square feet [] acre(s) Zoning: R-10

Fee Owner:

Oren Tuck Hung Leong & Jo-Ann Ching Leong
Name
45-007 Ka Hanahou Place
Address
Kaneohe, Hawaii 96744

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: Two Floors Per Building: Hula Kai - Two floors
Puna He'le - One Floor

Exhibit "B" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Siding, Glass and Asphalt shingle roofing (Hula Kai). Puna Hele is a shed constructed of Wood.

4. Uses Permitted by Zoning:

	No. of Apts. <u> </u>	<u>Uses Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: Shed	<u>1*</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

*NOTE: There are only two Units in the Project. As of the date of this report, Puna He'le is a shed which cannot be occupied for residential purposes. Puna He'le may, however, be converted to residential use (which is a permitted use under the applicable zoning) pursuant to Section S of the Declaration, which is summarized in Exhibit C attached hereto.

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>Hula Kai</u>	<u>1</u>	<u>3/4.5</u>	<u>3,719</u>	<u>791</u> <u>748</u>	<u>Garage/Stor./Laundry</u> <u>Entry/Patio/Deck</u>
<u>Puna He'le</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>9</u>	<u>(Shed)</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: 2*

	<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>2</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>2</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>2</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.

* Hula Kai has a two-car Garage. Puna He'le is a shed and currently does not have assigned parking. Parking is permitted within the limited common element area appurtenant to Puna He'le.

- 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: Common Element driveway containing an area of 6,476 square feet

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 prepared by Ed Resh, Professional Architect No. 3239, a copy of which is attached as Exhibit "D", the existing structure (Hula Kai) is in good condition and the electrical and plumbing systems are in good working order consistent with its age. Puna He'le is a shed constructed in 2005 and does not currently have mechanical or electrical installations.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

Zoning Variance 2003/VAR-35, a copy of which are attached as Exhibit "E".

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 Exhibit "E".

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 _____.

as follows:

- (a) The Land in fee simple.
- (b) That certain Common Element driveway consisting of approximately 6,476 square feet, more or less, as shown on said Condominium Map, providing access to the Units from Ka Hanahou Place.
- (c) All pipes, wires, conduits, and other utility and service lines which are utilized for or serve both Units.
- (d) 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.

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 June 2, 2006 and issued by Integrity Title and Escrow Company, 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 will 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. Units sold in "as is" condition.

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

Hula Kai was constructed and completed in 1952. Puna He'le is a shed constructed in 2005.

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.
- 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 Sewer Television Cable
- Other _____

* Puna He'le is a shed and is not currently serviced by any utilities. When utility services are installed for Puna He'le, the owner of Puna He'le will be required to install, at such owner's sole cost and expense, utility services with individual meters separate from Hula Kai.

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
- Specimen Sales Contract
Exhibit "I" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 18, 2006
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. 6070 filed with the Real Estate Commission on June 28, 2006.

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."

Oceanfront Property, Flood Hazard Zone and Tsunami Inundation Area - The property upon which the Project is situated is located within the boundaries of a special flood hazard area as officially designated on the Flood Insurance Administration maps promulgated by the appropriate Federal agencies for the purposes of determining eligibility for emergency flood insurance programs. As such, the purchaser of a Unit in the Project shall be responsible for verifying the Unit is in a recognized flood area or zone and the flood insurance requirements. The property upon which the Project is located may also be within an anticipated tsunami inundation area as designated on the Department of Defense Civil Defense Tsunami Inundation maps. The purchaser of a Unit in the Project shall be responsible for verifying whether the Unit is within an anticipated tsunami inundation area. Prospective purchasers are advised that the property fronts the ocean and may be situated in a Special Management Area. The shoreline boundary and the shoreline setback line may be subject to change because of the wave action along the shoreline and is subject to redetermination according to State law.

Disclosure re: Selection of Real Estate Broker - When Developer offers to sell apartments in the Project, Developer shall select a real estate broker for the sale of an apartment, and prior to entering into a binding contract for such sale, the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

Disclosure re: Notice of Pendency of Action. On April 5, 2006, the City and County of Honolulu, a municipal corporation, filed in the Circuit Court of the First Circuit, State of Hawaii, in Civil No. 06-1-0587-04EEH (Condemnation), a Complaint to acquire a sewer easement over, under, through and across a portion of the property upon which the Project is situated. The proposed sewer easement purports to cross that portion of the property where the common element driveway is located. Disclosure is hereby made that as of the date herein, the Developer does not plan on challenging the City's claim. A copy of the Complaint is available for inspection from the Developer.

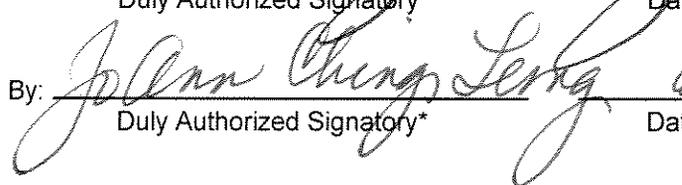
Extension Into Easement Area. As shown on the Condominium Map, a portion of Hula Kai extends into Easement 11. Prospective purchasers are hereby made aware that Section R of the Declaration provides that the owner of Hula Kai, by acceptance of such owner's apartment deed, shall be deemed to have accepted said building extension into Easement 11, and agreed that neither the Developer, Developer's affiliates or representatives, shall be responsible for changing the extension of Hula Kai into Easement 11, or for any cost or damage sustained as a result of said extension into the area designated as Easement 11.

- 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.

Oren Tuck Hung Leong & Jo-Ann Ching Leong

Printed Name of Developer

By:  6/18/06
 Duly Authorized Signatory* Date

By:  6/18/06
 Duly Authorized Signatory* Date

Oren Tuck Hung Leong & Jo-Ann Ching Leong

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, 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 Bureau of Conveyances and/or 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 thereto, the By-Laws, and/or the Condominium Map in any manner, without the consent of any purchaser or any other party.

The owner of a Unit in the Project, including the Developer if an owner of a Unit, shall have the right, with the consent of any mortgagee affecting said Unit, to remove, redesign, improve, renovate, make additions to, enlarge, replace 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.

Pursuant to Section T of the Declaration, the Developer has reserved the right at any time prior to the closing of the last sale of a Unit in the Project owned by the Developer: (i) to grant easements over, across, and under the common elements, including, without limitation, easements for utilities, sanitary and storm sewers, cable television, walkways, roadways and rights-of-way, and (ii) to relocate or realign any existing easements and rights-of-way over, across, and under the common elements, including, without limitation, any existing utilities, sanitary and sewer lines, and cable television lines, and connect the same, over, across, and under the common elements, provided that such easements, relocations, and connections of lines shall not materially impair or interfere with the use of any Unit.

BOUNDARIES OF APARTMENTS

The Project consists of two (2) separate, detached buildings, which are designated on the Condominium Map as "Hula Kai" and "Puna He'le".

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, by the exterior surfaces of the respective roofs thereof, and inclusive of the floor and ceiling of each of the buildings in the Project and all other improvements from time to time located upon the limited common element area appurtenant to the Unit. When facing the Units from the common element driveway leading from Ka Hanahou Place, Hula Kai is on the left and Puna He'le is on the right.

(a) Hula Kai contains two (2) stories, without a basement, and consists of an Entry, a Foyer, two (2) Living areas, a Dining, Kitchen, an Office, two (2) Bedrooms, three and one-half (3.5) Baths, a Family area, a Bar, a Deck, a Covered Patio, a Lanai a Laundry area, a two-car Garage and Storage on the first floor. The second floor consists of one (1) Bedroom and a Master Bath. Hula Kai contains a net living area of approximately 3,719 square feet. The Garage/Storage/Laundry Areas contain 791 square feet and the Entry/Patio/Deck and Lanai Area contain 748 square feet. Hula Kai is constructed primarily of concrete, wood, siding, glass and asphalt shingle roofing.

(b) Puna He'le contains one (1) story, without a basement, and is a shed containing a net living area of approximately 9 square feet. Puna He'le is constructed primarily of wood. While Puna He'le is a shed, parking for the Unit shall be within the limited common element area appurtenant to said Unit.

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, 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.

The owner of a Unit in the Project, including the Developer if an owner of a Unit, shall have the right, with the consent of any mortgagee affecting said Unit, to remove, redesign, improve, renovate, make additions to, enlarge, replace 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, which include that such work shall be made in accordance with plans and specifications prepared by a duly licensed architect, shall be at the sole cost and expense of the apartment owner, shall be completed expeditiously and shall, upon completion, be described in an amendment to the Declaration which shall set forth at least the following:

- (a) a description of the new, redesigned or renovated Unit, stating the number of stories and basements, and the principal materials of construction of the new or altered Unit,
- (b) a statement of the approximate area, number of rooms, immediate common elements to which the Unit has access, designated parking stall(s), if considered a limited common element, and any other information necessary for its proper identification,
- (c) a set of floor plans and elevations of the new, redesigned or renovated Unit, showing the layout, location, and dimensions of the new, redesigned or renovated Unit, and bearing a statement of a registered architect or professional engineer certifying that the plans are as approved by the county officer having jurisdiction over the issuance of permits for the construction of buildings and "as built", and
- (d) any such other matters as may be necessary or as may be required by law to effectuate the construction of the new, redesigned or renovated Unit and/or the operation of the property as a condominium project.

In addition, all work to the project must be done in compliance with Zoning Variance No. 1971/256 and 2003/VAR-35, copies of which are attached as Exhibit "E".

(Date)

TO: Real Estate Commission
State of Hawaii

RE: 47-077 Ka Hanahou Place, Kaneohe, Hawaii 96744
TMK # 1-4-5-047-094

I have inspected the structure at the 47-077 Ka Hanahou Place Kaneohe, Hawaii 96744 Condominium Project. Without making any invasive examination of covered components, my observations during this inspection are:

1. The building appears to be in good structural, mechanical and electrical condition commensurate with their age.

Very truly,



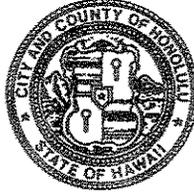
Registered Professional Architect
No. 3239

EXHIBIT "D"

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 523-4414 • FAX: (808) 527-6743
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

JEREMY HARRIS
MAYOR



ERIC G. CRISPIN, AIA
DIRECTOR

BARBARA KIM STANTON
DEPUTY DIRECTOR

2003/VAR-35 (as)

December 27, 2004

Mr. and Mrs. Mario Valdastri, Jr.
45-007 Ka Hanahou Place
Kaneohe, Hawaii 96744

Dear Mr. and Mrs. Valdastri:

Request : Zoning Variance No. 2003/VAR-35
Applicant/
Landowner : Mario and Patricia Valdastri, Jr. Trusts
Location : 45-007 Ka Hanahou Place - Kaneohe
Tax Map Key: 4-5-47: 94

We have revised the Findings of Fact, Conclusions of Law, and Decision and Order of the above variance to reflect the correct lot designations, and to include a previous variance action. More specifically, page 1 was revised to change the reference from "Lot B" to "Lot C". And, page 2 was revised to add a paragraph to describe a previous variance action. Due to the changes, the alphabetical listing also changed slightly on pages 2 through 6. The conditions of the variance remain in force.

If you have any questions, please contact Adrian Siu-Li of our staff at 527-5072.

Sincerely yours,


ERIC G. CRISPIN, AIA
Director of Planning
and Permitting

EGC:cs
Encl.

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EXHIBIT "E"

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

STATE OF HAWAII

IN THE MATTER OF THE APPLICATION)

OF)

MARIO AND PATRICIA VALDASTRI,)
JR. TRUSTS)

FOR A VARIANCE)

FILE NO. 2003/VAR-35

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

I. APPLICATION

A. Basic Information

APPLICANT/
LANDOWNER: Mario and Patricia Valdastrri, Jr. Trusts
LOCATION: 45-007 Ka Hanahou Place - Kaneohe
TAX MAP KEY: 4-5-47: 94
LAND AREA: 23,803 Square Feet
ZONING: R-10 Residential District

The Department of Planning and Permitting (DPP) held a public hearing on August 7, 2003, to consider the application. The applicant and all other interested persons present were given an opportunity to be heard. The record of the hearing is on file with the Department.

B. Proposal: To allow two single-family dwellings on a lot that lacks twice the minimum (net) lot area.

The parcel equals 23,803 square feet. However, it consists of two subdivision lots: "Lot A" of 18,721 square feet; and "Lot C" of 5,082 square feet. Further, Lot C is a private roadway lot. This means that the net lot area for development purpose would be 18,721 square feet. The minimum lot size requirement for 2 single-family dwellings

is 20,000 square feet. The lot lacks 1,279 square feet, or about 13 percent, of the 10,000-square-foot minimum lot area required for a second dwelling.

- C. Variance Required: Land Use Ordinance (LUO) Section 21-3.70-1(b) [Table 21-3.2], relating to lot area regulations.
- D. Applicant's Justification: The applicant provided justification statements which are part of the file.

II. FINDINGS OF FACT

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

- A. Description of Site and Surrounding Uses: The irregular shoreline lot is occupied by a single-family dwelling. A sewer pump station is adjacent to the site. The surrounding area is in single-family dwelling use.

- B. Building Permits:

B.P. No.	Description	Date Issued
98612	New dwelling	September 18, 1952
109926	Addition to dwelling	July 14, 1954
16427	Addition	September 3, 1973

- C. Previous Variance:

On July 1, 1971, a variance (File No. 71/ZBA-51) was approved to allow the consolidation and resubdivision of two lots without meeting the minimum lot width and requiring a change from the 40-foot shoreline setback to a 20-foot setback.

- D. Subdivision Background: On May 26, 1949, Lots 9 and 10 were created, as part of a larger subdivision [File No. 48(219)]. These lots comprise the current Parcels 94, 95, and portion of 129. In addition, Easement 8 was created. Parcel 94 is the applicant's site. (Exhibits B-1 and B-2)

On January 28, 1954, a subdivision [No. 1954(28)] was approved for the subdivision of Lot 10 into 2 lots: Lot 10A of 7,873 square feet, and Lot 10B of 3,444 square feet, which was to be consolidated with Lot 9. This action

increased the lot area for Lot 9 to 27,898 square feet (Exhibit B-3).

In December 1962, the City offered to buy Lot 10A, together with an easement over the existing Easement 8, which was a portion of Lot 9, from Mr. Mario Valdastrri, Sr. (the applicant's father). The City proposed to construct a new sewer pump station. The sale was completed in 1963 (Exhibit B-4).

In 1971, the applicant purchased the land makai of his lot from the State (Exhibit B-5).

On August 30, 1973, a subdivision [No. 1971(256)] was approved for the consolidation and resubdivision of Lots 9, 10B and the land makai of the applicant's property into 2 residential lots: Lot A of 18,721 square feet, Lot B of 13,707 square feet, and a roadway lot (Lot C), of 5,082 square feet (Exhibit B-6).

Although Lots A and C total 23,803 square feet, the net lot area for development purpose would be 18,721 square feet.

- E. Letter: A neighbor submitted a letter (dated August 4, 2003) requesting that the variance be "postponed" until more precise plans were submitted by the applicant.
- F. Public Hearing Testimony: The applicant spoke in support of the request. He stated that the size of his lot was reduced from about 32,000 square feet to less than 19,000 square feet mainly because the City took a portion of his land for a sewer pump station. In addition, an easement of 5,082 square feet was created to provide access into the pumping station site.

The applicant stated that the size of the easement is more than enough, and the City garbage trucks use it as a turnaround, even though there is enough space to do so on the street, outside his driveway. The applicant said that because of the size of the easement, he has a lot area deficiency.

The DPP staff asked whether it was possible to purchase a portion of any of the adjacent lots in order to increase the lot size. The applicant responded that his neighbor was not interested in selling any of his property. And, he had not

inquired if the City was interested in selling a portion of its lot (sewer pump station).

When asked what hardship would be incurred if a second dwelling were not permitted, the applicant stated that the existing house is about 5,800 square feet, and it is too large for them to maintain it.

A neighbor testified in support of the proposal and also suggested ways to increase the applicant's lot area.

No other testimony was given.

- G. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (1) the applicant would be deprived of the reasonable use of such land or building if the provisions of the zoning code were strictly applicable. Ordinarily, it would be difficult to find that the applicant would be denied reasonable use if not allowed a second dwelling unit on a lot which lacks twice the minimum lot area. The applicant has achieved reasonable use of the site with the existing single-family dwelling, which is about 5,800 square feet. The lot area deficiency is 1,279 square feet, or about 13 percent less than the 10,000-square foot lot area required for a second dwelling. However, the lot sizes in this subdivision range from 5,000 to 29,000 square feet. Of the 113 lots in this subdivision (tax plat), about 40 of them (or 35 percent) are less than 10,000 square feet. Eight of those lots are less than 5,500 square feet. Although the applicant's net lot area is 18,721 square feet, the gross lot area is 23,803 square feet. The large roadway lot technically cannot be counted as part of the minimum lot size; however, part of it functions much like a private driveway. The lot area deficiency must be viewed in the context of the entire subdivision. There are 8 substandard lots which are a little more than 5,000 square feet, or about 50 percent less than the 10,000 square-foot minimum lot size. It can be seen that the request is not excessive in comparison to existing density levels.
- H. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (2) the request of the applicant is due to unique circumstances and not the general conditions in the neighborhood, so that the reasonableness of the neighborhood zoning is not drawn into question. The lot is irregular in shape, but it has no

adverse physical conditions that prevent conforming development. However, there are mitigating circumstances that support the request for a second dwelling. Although the lot area deficiency is 13 percent, the proposed "density" is similar to many other lots in the subdivision. The site is almost 19,000 square feet. If the deficiency were split between the two dwelling units, each dwelling would have about 9,361 square feet. Moreover, the site is the only lot that approaches twice the minimum lot. There are a few other lots that exceed 20,000 square feet, but they do not require a variance for the second dwelling. The applicant cannot readily acquire additional lot area to reduce the deficiency. One neighbor has indicated he has no wish to sell land to the applicant. And, it is not certain if the applicant could purchase additional land from the City; i.e., the adjacent sewer pump site. That would further reduce the area of that substandard lot (Parcel 95), and would not be allowed unless the City obtained a waiver. Further, the reduction in the lot width or area of that parcel could create practical difficulties that would affect the pump station operations. As mentioned above, about 40 parcels, or 35 percent of the lots in this subdivision are substandard. The lot area deficiency for the second dwelling unit would be virtually imperceptible.

- I. **The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (3) the request, if approved, will not alter the essential character of the neighborhood nor be contrary to the intent and purpose of the zoning ordinance.** The proposal would not alter the essential character of the neighborhood. The tax plat map shows that there are a number of small lots with less than 6,000 square feet. Subdivision records show that those particular lots were over 10,000 square feet when the Ka Hanahou Subdivision was first created in 1947. However, apparently, they were subdivided shortly afterwards, when the zoning was Rural Residential District; that zoning district required a minimum lot size of 5,000 square feet. In March 1954, the area was rezoned to Rural Class AA Residential District, which required a minimum lot size of 10,000 square feet. The rezoning made those smaller lot nonconforming in lot area.

The proposal would not create a substandard lot, since no subdivision is proposed. Although the proposal would create a "nonconforming dwelling" situation because the second dwelling would exceed the ordinary density limit, the lot

area deficiency for the dwelling unit is not inordinate given the range of lot sizes in the subdivision. A portion of the existing structure will be removed to create the 2 dwellings, so the building footprint will be reduced, not expanded. The work would be minimal and should not affect neighbors. The proposal must meet all other code requirements, such as required yards, height setbacks, maximum height, and off-street parking.

III. CONCLUSIONS OF LAW

The Director hereby makes the following Conclusions of Law:

- A. There is evidence that the applicant would be deprived of a reasonable use of the land or building if the provisions of the zoning code were strictly applied.
- B. The request of the applicant is due to unique circumstances and not to general neighborhood conditions, and it does not question the reasonableness of the neighborhood zoning.
- C. The request will not alter the essential character of the neighborhood nor be contrary to the intent and purpose of the zoning ordinance.

IV. DECISION AND ORDER

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

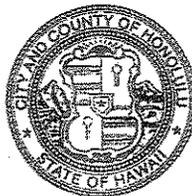
- A. Both single-family dwellings shall meet all other zoning code regulations, including required yards, height setbacks, maximum height, off-street parking and building area.
- B. This variance may be revoked by the Director when, due to a material change in circumstances, one or more of the three Charter-required findings of hardship can no longer be made; or when there is a breach of the condition above stated; provided that, for good cause, the Director may amend the above condition.

File

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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

JEREMY HARRIS
MAYOR



ERIC G. CRISPIN, AIA
DIRECTOR

BARBARA KIM STANTON
DEPUTY DIRECTOR

2003/VAR-35 (as)

October 2, 2003

Mr. and Mrs. Mario Valdastri, Jr.
45-007 Ka Hanahou Place
Kaneohe, Hawaii 96744

Dear Mr. and Mrs. Valdastri:

Request : Zoning Variance No. 2003/VAR-35
Applicant/
Landowner : Mario and Patricia Valdastri, Jr. Trusts
Location : 45-007 Ka Hanahou Place - Kaneohe
Tax Map Key: 4-5-47: 94

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

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

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

Mr. and Mrs. Mario Valdastri, Jr.
Page 2
October 2, 2003

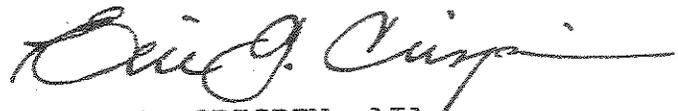
Any party (to the case) wishing to appeal the Director's action must submit a written petition to the Zoning Board of Appeals (ZBA) within 30 calendar days from the date of mailing or personal service of the Director's written decision. (Zoning Board of Appeals Rules Relating to Procedure for Appeals, Rule 22-2, Mandatory Appeal Filing Deadline). Essentially, the Zoning Board of Appeals rules require that a petitioner show that the Director based his action on an erroneous finding of a material fact, and/or that the Director acted in an arbitrary or capricious manner, or manifestly abused his discretion. Generally, the ZBA can only consider the evidence previously presented to the Director of Planning and Permitting. The filing fee for appeals to the ZBA is \$200 (payable to the City and County of Honolulu).

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

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

If you have any questions or need additional information concerning this variance, please contact Robert Bannister of our staff at 527-5025.

Sincerely yours,



ERIC G. CRISPIN, AIA
Director of Planning
and Permitting

EGC:nt

Encl.

Doc. No. 249157

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

STATE OF HAWAII

IN THE MATTER OF THE APPLICATION)

)
OF)

)
MARIO AND PATRICIA VALDASTRI,)
JR. TRUSTS)

)
FOR A VARIANCE)

) FILE NO. 2003/VAR-35
)

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

I. APPLICATION

A. Basic Information

APPLICANT/

LANDOWNER: Mario and Patricia Valdastrri, Jr. Trusts
LOCATION: 45-007 Ka Hanahou Place - Kaneohe
TAX MAP KEY: 4-5-47: 94
LAND AREA: 23,803 Square Feet
ZONING: R-10 Residential District

The Department of Planning and Permitting (DPP) held a public hearing on August 7, 2003, to consider the application. The applicant and all other interested persons present were given an opportunity to be heard. The record of the hearing is on file with the Department.

B. Proposal: To allow two single-family dwellings on a lot that lacks twice the minimum (net) lot area.

The parcel equals 23,803 square feet. However, it consists of two subdivision lots: "Lot A" of 18,721 square feet; and "Lot B" of 5,082 square feet. Further, Lot B is a private roadway lot. This means that the net lot area for development purpose would be 18,721 square feet. The minimum lot size requirement for 2 single-family dwellings

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is 20,000 square feet. The lot lacks 1,279 square feet, or about 13 percent, of the 10,000-square-foot minimum lot area required for a second dwelling.

- C. Variance Required: Land Use Ordinance (LUO) Section 21-3.70-1(b) [Table 21-3.2], relating to lot area regulations.
- D. Applicant's Justification: The applicant provided justification statements which are part of the file.

II. FINDINGS OF FACT

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

- A. Description of Site and Surrounding Uses: The irregular shoreline lot is occupied by a single-family dwelling. A sewer pump station is adjacent to the site. The surrounding area is in single-family dwelling use.
- B. Building Permits:

B.P. No.	Description	Date Issued
98612	New dwelling	September 18, 1952
109926	Addition to dwelling	July 14, 1954
16427	Addition	September 3, 1973

- C. Subdivision Background: On May 26, 1949, Lots 9 and 10 were created, as part of a larger subdivision [File No. 48(219)]. These lots comprise the current Parcels 94, 95, and portion of 129. In addition, Easement 8 was created. Parcel 94 is the applicant's site. (Exhibits B-1 and B-2)

On January 28, 1954, a subdivision [No. 1954(28)] was approved for the subdivision of Lot 10 into 2 lots: Lot 10A of 7,873 square feet, and Lot 10B of 3,444 square feet, which was to be consolidated with Lot 9. This action increased the lot area for Lot 9 to 27,898 square feet (Exhibit B-3).

In December 1962, the City offered to buy Lot 10A, together with an easement over the existing Easement 8, which was a portion of Lot 9, from Mr. Mario Valdastrì, Sr. (the applicant's father). The City proposed to construct a new

sewer pump station. The sale was completed in 1963 (Exhibit B-4).

In 1971, the applicant purchased the land makai of his lot from the State (Exhibit B-5).

On August 30, 1973, a subdivision [No. 1971(256)] was approved for the consolidation and resubdivision of Lots 9, 10B and the land makai of the applicant's property into 2 residential lots: Lot A of 18,721 square feet, Lot B of 13,707 square feet, and a roadway lot (Lot C), of 5,082 square feet (Exhibit B-6).

Although Lots A and C total 23,803 square feet, the net lot area for development purpose would be 18,721 square feet.

- D. Letter: A neighbor submitted a letter (dated August 4, 2003) requesting that the variance be "postponed" until more precise plans were submitted by the applicant.
- E. Public Hearing Testimony: The applicant spoke in support of the request. He stated that the size of his lot was reduced from about 32,000 square feet to less than 19,000 square feet mainly because the City took a portion of his land for a sewer pump station. In addition, an easement of 5,082 square feet was created to provide access into the pumping station site.

The applicant stated that the size of the easement is more than enough, and the City garbage trucks use it as a turnaround, even though there is enough space to do so on the street, outside his driveway. The applicant said that because of the size of the easement, he has a lot area deficiency.

The DPP staff asked whether it was possible to purchase a portion of any of the adjacent lots in order to increase the lot size. The applicant responded that his neighbor was not interested in selling any of his property. And, he had not inquired if the City was interested in selling a portion of its lot (sewer pump station).

When asked what hardship would be incurred if a second dwelling were not permitted, the applicant stated that the existing house is about 5,800 square feet, and it is too large for them to maintain it.

A neighbor testified in support of the proposal and also suggested ways to increase the applicant's lot area.

No other testimony was given.

- F. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (1) the applicant would be deprived of the reasonable use of such land or building if the provisions of the zoning code were strictly applicable. Ordinarily, it would be difficult to find that the applicant would be denied reasonable use if not allowed a second dwelling unit on a lot which lacks twice the minimum lot area. The applicant has achieved reasonable use of the site with the existing single-family dwelling, which is about 5,800 square feet. The lot area deficiency is 1,279 square feet, or about 13 percent, less than the 10,000-square foot lot area required for a second dwelling. However, the lot sizes in this subdivision range from 5,000 to 29,000 square feet. Of the 113 lots in this subdivision (tax plat), about 40 of them (or 35 percent) are less than 10,000 square feet. Eight of those lots are less than 5,500 square feet. Although the applicant's net lot area is 18,721 square feet, the gross lot area is 23,803 square feet. The large roadway lot technically cannot be counted as part of the minimum lot size; however, part of it functions much like a private driveway. The lot area deficiency must be viewed in the context of the entire subdivision. There are 8 substandard lots which are a little more than 5,000 square feet, or about 50 percent less than the 10,000 square-foot minimum lot size. It can be seen that the request is not excessive in comparison to existing density levels.
- G. The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (2) the request of the applicant is due to unique circumstances and not the general conditions in the neighborhood, so that the reasonableness of the neighborhood zoning is not drawn into question. The lot is irregular in shape, but it has no adverse physical conditions that prevent conforming development. However, there are mitigating circumstances that support the request for a second dwelling. Although the lot area deficiency is 13 percent, the proposed "density" is similar to many other lots in the subdivision. The site is almost 19,000 square feet. If the deficiency were split between the two dwelling units, each dwelling would have about 9,361 square feet. Moreover, the site is

the only lot that approaches twice the minimum lot. There are a few other lots that exceed 20,000 square feet, but they do not require a variance for the second dwelling. The applicant cannot readily acquire additional lot area to reduce the deficiency. One neighbor has indicated he has no wish to sell land to the applicant. And, it is not certain if the applicant could purchase additional land from the City; i.e., the adjacent sewer pump site. That would further reduce the area of that substandard lot (Parcel 95), and would not be allowed unless the City obtained a waiver. Further, the reduction in the lot width or area of that parcel could create practical difficulties that would affect the pump station operations. As mentioned above, about 40 parcels, or 35 percent of the lots in this subdivision are substandard. The lot area deficiency for the second dwelling unit would be virtually imperceptible.

- H. **The Director may grant a variance upon the ground of unnecessary hardship if the record shows that (3) the request, if approved, will not alter the essential character of the neighborhood nor be contrary to the intent and purpose of the zoning ordinance.** The proposal would not alter the essential character of the neighborhood. The tax plat map shows that there are a number of small lots with less than 6,000 square feet. Subdivision records show that those particular lots were over 10,000 square feet when the Ka Hanahou Subdivision was first created in 1947. However, apparently, they were subdivided shortly afterwards, when the zoning was Rural Residential District; that zoning district required a minimum lot size of 5,000 square feet. In March 1954, the area was rezoned to Rural Class AA Residential District, which required a minimum lot size of 10,000 square feet. The rezoning made those smaller lot nonconforming in lot area.

The proposal would not create a substandard lot, since no subdivision is proposed. Although the proposal would create a "nonconforming dwelling" situation because the second dwelling would exceed the ordinary density limit, the lot area deficiency for the dwelling unit is not inordinate given the range of lot sizes in the subdivision. A portion of the existing structure will be removed to create the 2 dwellings, so the building footprint will be reduced, not expanded. The work would be minimal and should not affect neighbors. The proposal must meet all other code requirements, such as required yards, height setbacks, maximum height, and off-street parking.

III. CONCLUSIONS OF LAW

The Director hereby makes the following Conclusions of Law:

- A. There is evidence that the applicant would be deprived of a reasonable use of the land or building if the provisions of the zoning code were strictly applied.
- B. The request of the applicant is due to unique circumstances and not to general neighborhood conditions, and it does not question the reasonableness of the neighborhood zoning.
- C. The request will not alter the essential character of the neighborhood nor be contrary to the intent and purpose of the zoning ordinance.

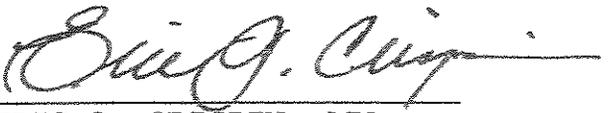
IV. DECISION AND ORDER

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

- A. Both single-family dwellings shall meet all other zoning code regulations, including required yards, height setbacks, maximum height, off-street parking and building area.
- B. This variance may be revoked by the Director when, due to a material change in circumstances, one or more of the three Charter-required findings of hardship can no longer be made; or when there is a breach of the condition above stated; provided that, for good cause, the Director may amend the above condition.

Dated at Honolulu, Hawaii, this 2nd day of October, 2003.

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

By 
ERIC G. CRISPIN, AIA
Director

EGC:nt

Attachments

Posse Doc 249151

LIMITED COMMON ELEMENTS

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. Unless otherwise specified, 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 13,287 square feet, more or less, of the real property of the Project which includes the real property upon which Hula Kai is situated, as shown on said Condominium Map, shall constitute a limited common element appurtenant to and for the exclusive use of Hula Kai.

(b) That certain 4,042 square feet, more or less, of real property of the Project which includes the real property upon which Puna He'le is situated, as shown on said Condominium Map, shall constitute a limited common element appurtenant to and for the exclusive use of Puna He'le.

(c) Each Unit will have appurtenant thereto one (1) mailbox for the exclusive use of such Unit.

(d) 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.

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes due and owing, reference is made to the Budget and Fiscal Services, Real Property Assessment Division, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Easement "8", as shown on Map 6 and 39, as set forth by Land Court Order No. 8375, filed July 8, 1978.

(AFFECTS: LOT 67, PARCEL FIRST)
4. Easement "17", as shown on Map 39, as set forth by Land Court Order No. 52079, filed June 5, 1978.

(AFFECTS: LOT 67, PARCEL FIRST)
5. A GRANT of easement for utility purposes, in favor of HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN TELEPHON COMPANY, dated June 7, 1949, recorded in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 110711.

(AFFECTS: LOT 67, PARCEL FIRST and LOT 34B)
6. A GRANT of easement to maintain, etc., underground water pipe lines, etc., in favor of CITY AND COUNTY OF HONLULU, dated July 14, 1949, recorded in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 112967.

(AFFECTS: LOT 67, PARCEL FIRST and LOT 34B)
7. Easement "11" (2,028 square feet), as shown on Map 8 and 39, as set forth by Land Court Order No. 10167, filed March 8, 1951.

(AFFECTS: LOT 65, PARCEL FIRST)
8. Easement (256 square feet), for sanitary sewer purposes, as shown on Map 19 and 39, as set forth by Land Court Order No. 21838, filed October 22, 1963.

(AFFECTS: LOT 65, PARCEL FIRST)
9. A GRANT of easement for sanitary sewer purposes, in favor of CITY AND COUNTY OF HONLULU, dated September 24, 1963, recorded in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 318141.

(AFFECTS: LOT 65, PARCEL FIRST)
10. Reservations, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons as contained in that certain DEED dated

July 1, 1952, recorded in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 140898.

(AFFECTS: EASEMENTS "8" and "11")

11. A GRANT of easement for sewer purposes, in favor of CITY AND COUNTY OF HONOLULU, dated August 28, 1973, recorded in the Bureau of Conveyances, State of Hawaii, in Book 13456, Page 761, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 921359.
12. A GRANT of easement to construct, reconstruct, install, maintain, operate, repair and remove an underground sewer pipe line or pipe lines, with manholes and other appurtenant equipment, as part of a sewer system, in favor of CITY AND COUNTY OF HONOLULU, a municipal corporation, dated August 28, 1973, recorded as in Liber 13456 at Page 771, and filed as Document No. 921360.

(AFFECTS: EASEMENT "17" OVER & ACROSS LOT 67)

13. AGREEMENT REGARDING WALL, recorded August 19, 1993 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 2057512, by and between, MARIO VALDASTRI, JR., as Trustee under an unrecorded Self-Trusteed Trust Agreement dated July 10, 1991, and PATRICIA ANNE VALDASTRI, as Trustee under an unrecorded Self-Trusteed Trust Agreement dated July 10, 1991, "Valdastri", and OBERT PETER OLSON, JR., "Olson".

(Re: Wall Agreement for hollow tile wall between Lot 8 and Lot 65.)

14. Reservations, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons as contained in that certain DEED dated June 10, 1976, recorded in the Bureau of Conveyances, State of Hawaii, in Book 12424, Page 351.

(AFFECTS: PARCEL SECOND & THIRD)

15. As to the portion of the land herein described bordering on the ocean:

The effect of Sections 205A-41 to 205A-49, inclusive, Hawaii Revised Statutes, as now or hereafter amended, pertaining to shoreline setbacks.

Any adverse claim of the State of Hawaii based upon the contention that some portion of the land hereinafter described lies seaward of the line of vegetation, pursuant to the ruling of County vs. Sotomura (1973) 55 H. 176, 517 P. 2d 57.

16. Structure position discrepancies (as defined in Chapter 669-11, Hawaii Revised Statutes) as shown on Map prepared by Robert K. Y. Lee, Licensed Professional Land Surveyor, No. 5075, dated March 9, 2004, to wit:

In regards to Lot 65:

- (1) Tile wall from adjoining Lot 10-A, extends into subject Lot by 0.6 ft. at west corner.
- (4) CRM seawall runs along easterly boundary of subject Lot with Kaneohe Bay. Concrete steps extend into Kaneohe Bay by 0.8 ft. and CRM and concrete footing extends 1.9 ft. and 2.9 ft.

In regards to Lot 67:

- (1) Brick curbing and concrete driveway from adjoining Lot 11 enters subject Lot by 2.1 ft. along the northerly boundary.
- (3) CRM wall from adjoining Lot 66 meanders in and out of subject Lot by 3.1 ft. to 4.3 ft. along the southeast return.
- (4) Concrete driveway from adjoining Lot 66 extends into subject Lot by 3.1 ft. and 3.6 ft. along southwest return.

17. MORTGAGE

Mortgagor: OREN TUCK HUNG LEONG and JO-ANN CHING LEONG, husband and wife

Mortgagee: BANK OF HAWAII, a Hawaii corporation

Date: July 6, 2005

Filed: Document No. 3294003

Recorded: Document No. 2005-135424

Amount: \$1,466,250.00

18. By instrument filed November 16, 2005, as Land Court Order No. 163981, to note an appurtenant easement burdening Lot 67 (as shown on map 39 of Land Court Consolidation No. 29) in favor of Lot 11 (as shown on map 6 of Land Court Consolidation No. 29) over Easement 8 (as shown on Map 6 filed with said Land Court Consolidation No. 29) for purposes of ingress and egress to and from said Lot 11 in common with others thereunto entitled.
19. Condominium Map No. 1776 filed in the Office of the Assistant Registrar of the Land Court, and Condominium Map No. 4188 recorded in the Bureau of Conveyances, in the State of Hawaii.
20. Terms and provisions, including the failure to comply with conditions, covenants, restrictions or reservations, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except that said covenant or restriction is permitted by applicable law, in that certain DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE POINT AT KA HANAHOU, dated October 29, 2005, filed as Document No. 3401487 and recorded as Document No. 2006-044675.
21. Terms and provisions, including the failure to comply with conditions, covenants, restrictions or reservations, contained in that certain BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF THE POINT AT KA HANAHOU, dated October 29, 2005, filed as Document No. 3401488 and recorded as Document No. 2006-044676.
22. NOTICE OF PENDENCY OF ACTION

Plaintiff: CITY AND COUNTY OF HONOLULU, a municipal corporation
Defendant: OLIVER KAUWILA AKAU; JO-ANN CHING LEONG; OREN TUCK
HUNG LEONG, ETAL.,
Date: April 5, 2006
Filed: April 5, 2006 in the Circuit Court of the First Circuit, State of Hawaii, Civil
No. 06-1-0587-04 EEH (Condemnation)
Recorded: Land Court Document No. 3417583

(Re: Plaintiff seeks to acquire a sewer easement over, under, through, and across KA-HANAHOU PLACE SEWER EASEMENTS, PARCEL 1 (Sewer Easement), being an easement for sewer purposes over and across Lot 34-B, area 1,287 square feet, as shown on Map 12, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Consolidation 29 of Louis Alfred Rodrigues Gaspar, Jr. and Violet Claire Delu Gaspar.)

23. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Exhibit A herein.

Note: Before issuance of a title policy, verification is required that there is no renovation or construction in progress at the present time, nor has there been any renovation or construction during the past year, nor has any material been delivered to the site for purposes of renovation or construction in the past year.

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
Hula Kai	0.00 *
Puna He'le	0.00 *

* NOTE: No utilities are currently provided for Puna He'le, which is a shed. When installed by the owner of Puna He'le, the utilities for that unit will be separately metered or otherwise charged. No maintenance fees are currently proposed for repair and/or replacement of the common element driveway, which is in good condition.

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.

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, OREN TUCK HUNG LEONG, as Developer, for the "POINT AT KA HANAHOU" 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.


Signature

6/18/06
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.

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. Hula Kai was constructed in 1952. Puna He'le is a shed constructed in 2005 and, at the time of its construction, is exempt from the requirements of a building permit, pursuant to Section 18.3-1(b) of the Revised Ordinances of the City and County of Honolulu. 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. Installation of Separate Utilities. Only Hula Kai presently has utility services. Buyer is aware that Puna He'le is a shed and does not currently have utility services. The owner of Puna He'le will be required to install separate utility services, including individual meters, at his or her own expense.
7. Zoning Variance. Zoning Variance 2003/VAR-35 was issued on October 2, 2003 and revised on December 27, 2004, to allow two single-family dwellings on a lot that lacks twice the minimum (net) lot area.

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 & TITLE COMPANY, 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 enters into a Sales 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 initial deposit required thereunder.
2. Return of Purchaser's Funds and Documents. Unless otherwise provided in the Sales Contract, 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:
 - i. Escrow receives a written request from Seller and purchaser to return to the purchaser the funds of the purchaser then being held hereunder by Escrow; or
 - ii. Seller 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 Seller; or
 - iii. Seller 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 Seller shall be obligated under the Sales Contract, and Escrow shall return said funds to purchaser, and return to Seller 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 shall not include any interest that has been generated by such purchaser's funds, except as otherwise provided in any rider to the Escrow Agreement or Sales Contract.

3. 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, Seller 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, Seller 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 within the time specified in a notice by the Seller or fails to provide to Escrow any document required for closing within the time specified in a notice by Seller or Escrow, Escrow shall so advise the Seller with reasonable promptness. If purchaser has failed to cure the default after the delivery of notice by Seller and such default continues after the expiration of any grace period, Seller shall so advise Escrow. If Seller shall thereafter certify in writing to Escrow (i) that Seller 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 Seller and not of the purchaser. Thereafter, such funds shall be held free of the escrow established by the Escrow Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller 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.

6. Interest on Escrow Funds. Except as otherwise provided by a rider to the Escrow Agreement or as otherwise described in the Sales Contract, any and all interest earned on funds deposited to escrow under the Sales Contract shall be credited to the account of Seller, pursuant to agreement between Seller 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.
7. Requirements Prior to Disbursement of Purchaser's Funds. Escrow shall make no disbursements of purchaser's funds or proceeds on the sale of such apartments 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.