

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	901 PROSPECT
Project Address	901 Prospect Street, Honolulu, Hawaii 96822
Registration Number	6206 (conversion)
Effective Date of Report	February 14, 2007
Developer(s)	901 Prospect Street LLC

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Address of Project	901 Prospect Street, Honolulu, Hawaii 96822	
Address of Project is expected to change because	---	
Tax Map Key (TMK)	(1) 2-4-015-022	
Tax Map Key is expected to change because	Individual CPR numbers will be issued for each unit	
Land Area	9,365 *See disclosure on page 18.	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	n/a	

1.2 Buildings and Other Improvements

Number of Buildings	One
Floors Per Building	Four with a basement
Number of New Building(s)	None
Number of Converted Building(s)	One
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete and Glass

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
1 Bd	12	1/1	428	0	0	428
1 Bd rev	12	1/1	428	0	0	428
Studio	3	0/1	357	0	0	357
See Exhibit ---						

27	Total Number of Units
----	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	30
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	At least one.
Attach Exhibit <u>A</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit B
--

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): See Exhibit C
--

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u>D</u>
As follows:

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input checked="" type="checkbox"/>	Laundry Area
<input checked="" type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input checked="" type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Trash area

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.	
Described in Exhibit E _____	
Described as follows:	
Common Element	Number
Elevators	0
Stairways	2
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit F _____
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
<input checked="" type="checkbox"/>	Pets: See page 18.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Residential purposes and other uses as permitted by law
<input type="checkbox"/>	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit G _____ describes the encumbrances against title contained in the title report described below.
Date of the title report: November 21, 2006
Company that issued the title report: Integrity Escrow & Title Company, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input checked="" type="checkbox"/>	Residential	27	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	A-2
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.		n/a			

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots	
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>	

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>n/a</p>

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: In accordance with the report dated December 4, 2006, prepared by Michael D. Lau, Professional Architect No. 8385, a copy of which is attached as Exhibit H, the building is in a condition consistent with its age.</p>	
<p>Developer's statement of the expected useful life of each item reported above: No representation is made as to the expected useful life of the structural components and/or the mechanical and electrical installations.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: None.</p>	
<p>Estimated cost of curing any violations described above: n/a</p>	

<p>Verified Statement from a County Official Regarding any converted structures in the project, attached as Exhibit <u> </u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</p> <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: 901 Prospect Street LLC</p> <p>Business Address: 1585 Kapiolani Blvd, #1533, Hono. HI 96814</p> <p>Business Phone Number: 808-942-4472</p> <p>E-mail Address:</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Abraham W. H. Lee, Manager</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Abe Lee Realty, LLC</p> <p>Business Address: 1585 Kapiolani Blvd. #1533, Honolulu, HI 96814</p> <p>Business Phone Number: 808-942-4472</p> <p>E-mail Address: liathakemolo_ra@yahoo.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Integrity Escrow & Title Company, Inc.</p> <p>Business Address: 333 Queen Street, #A, Honolulu, HI 96813</p> <p>Business Phone Number: 808-447-6000</p>
<p>2.4 General Contractor</p>	<p>Name: n/a</p> <p>Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: CenPac Properties, Inc.</p> <p>Business Address: 1150 S. King St, #1101, Honolulu, HI 96813</p> <p>Business Phone Number: 808-593-2902</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Jennifer A. Aquino, AAL ALC</p> <p>Business Address: 1188 Bishop St. #3009, Honolulu, HI 96813</p> <p>Business Phone Number: 808-526-9400</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 8, 2006	2006-225323

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	February 8, 2007	2007-025615

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 8, 2006	2006-225324

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	February 8, 2007	2007-025615

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4344
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

<p>The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.</p>		
<p>The House Rules for this project:</p>		
Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/>	December 29, 2006
Developer does not plan to adopt House Rules	<input type="checkbox"/>	

3.5 Changes to the Condominium Documents

<p>Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.</p>		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	<p>No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).</p>
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>See Exhibit J.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit 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.	
The Initial Condominium Managing Agent for this project is (check one):	
<input checked="" type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit 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 unit and the unit 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 K contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) Insurance

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>L</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: December 8, 2006 Name of Escrow Company: Integrity Escrow & Title Company, Inc. Exhibit <u>M</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	<u>There are blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Purchaser's interest may be terminated and Purchaser may be entitled to a refund, less any escrow cancellation fees.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: None. Units will be sold "as is".
Appliances: None. Units will be sold "as is".

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: The building was constructed in 1973.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: n/a
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: n/a

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input checked="" type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):

<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p>Box A <input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B <input type="checkbox"/></p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

HAZARDOUS MATERIALS. On behalf of Developer, a Phase 1 Environmental Site Assessment ("ESA") was prepared on June 29, 2006, by Aina Environmental Group, Inc. A copy of the ESA will be made available for inspection from the Developer. The ESA revealed no evidence of recognized environmental conditions in connection with the property. The ESA did note that numerous suspect asbestos containing materials were identified in various building components. The ESA also noted that there are two Hawaiian Electric Company, Inc. ("HECO") transformers located on or near the Project. Exclusive of the ESA, Seller has made no independent investigation as to asbestos or other hazardous substances in the units 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 units, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. Seller will not correct any defects in the units or in the Project or anything installed or contained therein and Buyer expressly releases developer from any liability to Buyer if hazardous materials are discovered.

LEAD BASED PAINT. 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."

DEVELOPER TO PAY ACTUAL COMMON EXPENSES. Pursuant to Section 514B-41, HRS, disclosure is hereby made that the Developer shall initially assume the actual common expenses of the Project and that the unit owner shall not be obligated to pay his or her respective share of the common expenses until such time as the Developer sends the unit owners written notice that, after a specified date, the unit owners will be obligated to pay for the the portion of the common expenses that are allocated to their respective units. The Developer will mail the written notice to the owners, the Association and the Managing Agent at least thirty (30) days prior to the date the common expenses will be charged to the unit owners.

LAND AREA. Disclosure is hereby made that there is a discrepancy in the square footage of the land underlying the Project. The survey and legal description for the subject parcel indicate the area as 9,365 square feet. However, the real property tax assessment office indicates the land area as 9,366 square feet.

PETS. The Bylaws provide that dogs, cats, and other usual and customary animals may be kept in reasonable number per rules and regulations established by the Board. Article VI of the House Rules restricts the number of pets per unit to one (1) dog, cat or other commonly accepted household pet not to exceed 25 pounds in weight, and fish, birds or other similar animals.

LEASE OF COMMON ELEMENT LAUNDRY FACILITIES. The laundry facilities are currently leased to Web Services Company, Inc. ("Lessee"), for a term of Five (5) years commencing on December 5, 2006. Lessee operates the facility as a coin-operated laundry facility available for use by the occupants of the Project. Rent paid by the Lessee for the term of the Lease is the greater of \$5.00 per month or a percentage of the gross income based on the average per machine monthly gross income. A copy of the Lease is available for inspection from the Developer or the Managing Agent.

DEVELOPER'S ADDITIONAL DISCLOSURES: Disclosure is hereby made that the Manager of the Developer, Abraham W. H. Lee, holds an active real estate broker's license in the State of Hawaii and is the Principal Broker and owner of Abe Lee Realty, LLC, the real estate company handling the sale of the units. Mr. Lee is also one of the owners of Integrity Escrow and Title Company, Inc., the company handling the escrow of the sales for this Project.

ENCROACHMENT AGREEMENT: A boundary survey revealed that a rock wall owned by the Project encroaches on the adjacent property that is part of the Association of Apartment Owners of Prospect Tower Apartments and a rock wall owned by the Association of Apartment Owners of Prospect Tower Apartments encroaches on the subject property. An Encroachment Agreement dated January 18, 2007 was recorded in the Bureau of Conveyances to permit the encroaching rock walls to continue to exist on both properties.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

901 PROSPECT STREET LLC

Printed Name of Developer

By: Abraham W. H. Lee
Duly Authorized Signatory*

JAN 04 2007

Date

Abraham W. H. Lee, Manager

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; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

PARKING STALL ASSIGNMENTS*

<u>Unit Number</u>	<u>Parking Stall Number(s)</u>
101	101
102	102
103	103
104	104
105	105
106	106
107	107
108	108
109	109 and S-4
201	201
202	202
203	203
204	204
205	205
206	206
207	207C
208	208C
209	209C
301	301
302	302 and S-2C
303	303 and S-3C
304	304
305	305
306	306
307	307
308	308
309	309C

* All parking stalls are covered.

C = Compact stall

EXHIBIT B

BOUNDARIES OF UNITS

The Project consists of one (1) four-story building, with a basement, containing twenty-seven (27) separate freehold estates located in the spaces within the perimeter walls, floors and ceilings of each unit. Section A.1(b) of the Declaration defines the limits of the units and provides that each Unit shall not be deemed to include: (i) the undecorated or unfinished interior surfaces of the perimeter or party walls, (ii) the undecorated or unfinished surfaces of the interior load-bearing walls, (iii) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Unit, or (iv) any pipes, shafts, wires, conduits, ducts, vents, pumps, cables, conduits, or other utility or service lines running through any such Unit which are utilized for or serve more than one Unit, the same being deemed common elements as provided in the Declaration. Each Unit shall be deemed to include: (i) all walls and partitions which are not load-bearing within its perimeter walls, (ii) all pipes, shafts, wires, conduits, ducts, vents, pumps, cables, conduits, and other utility or service lines running through such Unit which are utilized for and serve only that Unit, (iii) the inner decorated or finished surfaces of all perimeter walls, floors, and ceilings, (iv) all doors and windows (including but not limited to sliding glass doors, if any, windows, including jalousies, or panels along the perimeter of the building), including any unfinished surfaces thereof, and (v) all fixtures, appliances, built-in cabinets, carpets and floor coverings, and furnishings installed therein.

EXHIBIT C

PERMITTED ALTERATIONS TO UNITS

Section L of the Declaration provides that 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, as reasonably determined by the Board. No Unit owner may make or allow any material additions or alterations, or excavate a basement or cellar, without first obtaining: i) the written consent of sixty-seven percent (67%) of the Unit owners, ii) consent of all owners whose Units and/or limited common elements are directly affected thereby, and iii) the approval of the Board, which shall not be unreasonably withheld.

EXHIBIT D

COMMON INTEREST

Apt #	Type	Sq Ft	% Interest
101	1 Bedroom	428	0.0377325
102	1 Bedroom	428	0.0377325
103	1 Bedroom	428	0.0377325
104	1 Bedroom	428	0.0377325
105	1 Bedroom	428	0.0377325
106	1 Bedroom	428	0.0377325
107	1 Bedroom	428	0.0377325
108	1 Bedroom	428	0.0377325
109	Studio	357	0.0314733
201	1 Bedroom	428	0.0377325
202	1 Bedroom	428	0.0377325
203	1 Bedroom	428	0.0377325
204	1 Bedroom	428	0.0377325
205	1 Bedroom	428	0.0377325
206	1 Bedroom	428	0.0377325
207	1 Bedroom	428	0.0377325
208	1 Bedroom	428	0.0377325
209	Studio	357	0.0314733
301	1 Bedroom	428	0.0377325
302	1 Bedroom	428	0.0377325
303	1 Bedroom	428	0.0377325
304	1 Bedroom	428	0.0377325
305	1 Bedroom	428	0.0377325
306	1 Bedroom	428	0.0377325
307	1 Bedroom	428	0.0377325
308	1 Bedroom	428	0.0377325
309	Studio	357	0.0314734

EXHIBIT E

COMMON ELEMENTS

Section A.2 of the Declaration defines the common elements of the Project as:

- (a) The Land in fee simple.
- (b) All foundations, floor slabs, beams, columns, supports, girders, unfinished perimeter, party and load-bearing walls, roofs, gutters, downspouts, walkways, corridors, railings, stairs, stairways, fences, gates, and entrances and exits of the building.
- (c) All driveways, pavements, walkways, yards, planting areas, grounds, and landscaping.
- (d) The Laundry area, Utility Room, Trash Area and adjacent Dumpster Space located in the basement of the building.
- (e) All existing and future central and appurtenant installations for power, light, water, ventilation, sewer, gas, refuse, telephone, if any, and all pipes, shafts, wires, conduits, cables, ducts, vents and other service and utility lines which are utilized by and service more than one Unit.
- (f) Any and all other apparatus and installations of common use, and all other parts of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

EXHIBIT F

LIMITED COMMON ELEMENTS

Section A.3 of the Declaration provides that certain parts of the common elements are set aside and reserved for the exclusive use of certain Units and shall constitute limited common elements appurtenant thereto. Each Unit shall have an exclusive easement for the use of the limited common elements appurtenant thereto, except as otherwise provided in the Declaration. The cost of maintenance, repair, upkeep, and replacement of each limited common element shall be assessed to the owner of the Unit to which such limited common element is appurtenant. The limited common elements shall be appurtenant to each of the Units as follows:

(a) The right to the exclusive use of at least one (1) parking stall shall be appurtenant to each Unit. The number of each parking stall is as shown on the Condominium Map and the assignment of parking stalls appurtenant to each Unit is shown on Exhibit "B", of the Declaration, and on Exhibit A of this Public Report, subject to the right of the Unit owners to change the assignment of parking stalls appurtenant to their Units as may be provided for in the Condominium Property Act.

(b) Each Unit shall have appurtenant thereto and for the exclusive use thereof one (1) mailbox.

(c) All pipes, shafts, wires, vents, conduits, cables, and other utility and service lines not contained within the Units but used by and servicing only one Unit, shall be appurtenant to and for the exclusive use of the Unit using and serviced by such pipes, shafts, wires, vents, conduits, cables, and other utility and service lines.

(d) Any other common element or fixture designed to serve a single Unit, but are located outside the Unit's boundaries, as defined in Section A.1., of the Declaration, are limited common elements appurtenant to and for the exclusive use of that Unit.

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes, your attention is directed to the Director of Finance, City and County of Honolulu
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Any matters as set forth in the Surveyor's Report and Survey Map dated June 8, 2006, prepared by Jaime F. Alimboyoguen, a Licensed Professional Land Surveyor No. 8216.
4. MORTGAGE
Mortgagor: 901 PROSPECT STREET LLC, a Hawaii limited liability company
Mortgagee: LINDA NAKAGAWA JOHNSTON (formerly known as Linda Nakagawa Wu), Trustee of the Linda Nakagawa Johnston Revocable Living Trust (formerly known as the Linda Nakagawa Wu Revocable Living Trust) dated October 17, 1988, made by Linda Nakagawa Wu, as Settlor, and restated by Linda Nakagawa Johnston, as Settlor, on June 14, 2006, with powers to sell, lease, mortgage or otherwise deal with and dispose of property of the trust estate.
Date: October 4, 2006
Recorded: Document No. 2006-183968
Amount: \$4,140,000.00
5. Condominium Map No. 4344, recorded in the Bureau of Conveyances, of the State of Hawaii.
6. 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 901 PROSPECT, dated December 7, 2006, recorded as Document No. 2006-225323. As amended by instrument dated February 8, 2007, recorded February 9, 2007, as Document No. 2007-025615.
7. 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 901 PROSPECT, (undated) recorded as Document No. 2006-225324. As amended by instrument dated February 8, 2007, recorded February 9, 2007, as Document No. 2007-025615.
8. ENCROACHMENT AGREEMENT dated January 18, 2007, recorded January 23, 2007, as Document No. 2007-013218.

ARCHITECT / ENGINEER INSPECTION REPORT
(conversion)

December 04, 2006

Real Estate Commission
Department of Commerce and Consumer Affairs
State of Hawaii
Seventh Floor, 1010 Richards Street
Honolulu, HI 96813

RE: "901 Prospect"
Address/Unit Number: 901 Prospect Street, Honolulu, HI 96822
(27-unit apartment building) Unit #'s:
101, 102, 103, 104, 105, 106, 107, 108, 109,
201, 202, 203, 304, 205, 206, 207, 208, 209,
301, 302, 203, 304, 305, 306, 307, 308, 309.
TMK: (1) 2-4-015:022

Submission for Final Public Report

Dear Commissioners:

The undersigned, being Registered Professional Architect, number 8385 in the State of Hawaii, hereby declares as follows:

1. On August 12, 2006, I examined the residential structures of the above referenced property.
2. Without invasive examination of covered components, my observations during this inspection are that the condition of the buildings appears to be commensurate with its age.

Sincerely,



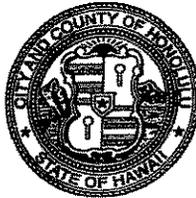
Michael D. Lau
Registered Professional
Architect No. 8385

EXHIBIT 4

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2006/ELOG-1112(RLK)

July 21, 2006

Mr. Abe Lee
Abe Lee Realty
1585 Kapiolani Blvd Suite 1533
Honolulu, Hawaii 96814

Attention: Ms. Liat Levy-Hakemolo

Dear Mr. Lee:

Re: Condominium Conversion Project
901 Prospect Street
Tax Map Key: 2-4-15: 22

This is in response to your letter dated May 11, 2006, requesting verification that the structure on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the 4-story 27-unit apartment building with thirty (30) all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1973 on this 9,366 square-foot A-2 Medium Density Apartment District zoned lot.

Initial inspection on June 15, 2006 revealed thirty-one (31) off-street parking spaces. However, follow-up inspection on July 18, 2006, revealed that there were only thirty (30) off-street parking spaces, as shown on the original building plans. The pathway and area for the trash dumpster were mistakenly counted as a parking space.

On May 8, 1975, a subdivision (File No. 75/Sub-136) was approved to subdivide Tax Map Key 2-4-15: 22 into two lots: one lot of 766 square-feet (roadway setback area) and one lot of 9,366 square-feet (remainder area) on which the structure is located.

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

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

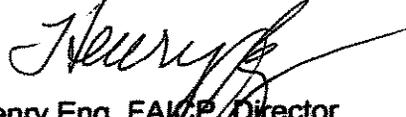
EXHIBIT I

Mr. Abe Lee
Abe Lee Realty
July 21, 2006
Page 2

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

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

Very truly yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:ft

doc466511

EXHIBIT J

DEVELOPER'S RESERVED RIGHTS TO CHANGE PROJECT DOCUMENTS

Pursuant to Section O of the Declaration, the Developer has reserved the following rights to change the Project documents:

Notwithstanding the sale and conveyance of any Unit in the Project, while the Developer retains any interest in the Project, the Developer may, without the consent or joinder of any Unit owner, lienholder thereof, or other person or entity, 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 or quasi-governmental agency. Each and every party acquiring an interest in the Project, shall, by virtue of such acquisition, consent to such amendments by the Developer, and, if requested, agrees to execute and deliver such documents and instruments and do all such things necessary and/or convenient to effect the same, and hereby appoints the Developer and its assigns as his or her attorney-in-fact, with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of such reserved rights and shall not be affected by any disability of the party or parties.

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, as the case may be, of a conveyance or transfer of a Unit in the Project to any person other than the Developer, the Developer may amend the Declaration, and any of the Exhibits hereto, the By-Laws, and/or the Condominium Map in any manner, without the consent of any purchaser or any other party.

No amendment to the Declaration and/or the By-Laws which adversely impacts or negates, or attempts to negate any of the rights reserved by the Developer in the Declaration and/or in the By-Laws shall be valid without the expressed written consent of the Developer, Developer's permitted successors and assigns, and contained in said amendment.

EXHIBIT K

ESTIMATE OF INITIAL MAINTENANCE FEES

**901 Prospect
Maintenance fee**

Apt #	Type	Sq Ft	% Interest	Monthly Maint Fee	Yearly Maint Fee
101	1 Bedroom	428	0.0377325	209.75	2,517.00
102	1 Bedroom	428	0.0377325	209.75	2,517.00
103	1 Bedroom	428	0.0377325	209.75	2,517.00
104	1 Bedroom	428	0.0377325	209.75	2,517.00
105	1 Bedroom	428	0.0377325	209.75	2,517.00
106	1 Bedroom	428	0.0377325	209.75	2,517.00
107	1 Bedroom	428	0.0377325	209.75	2,517.00
108	1 Bedroom	428	0.0377325	209.75	2,517.00
109	Studio	357	0.0314733	174.96	2,099.52
201	1 Bedroom	428	0.0377325	209.75	2,517.00
202	1 Bedroom	428	0.0377325	209.75	2,517.00
203	1 Bedroom	428	0.0377325	209.75	2,517.00
204	1 Bedroom	428	0.0377325	209.75	2,517.00
205	1 Bedroom	428	0.0377325	209.75	2,517.00
206	1 Bedroom	428	0.0377325	209.75	2,517.00
207	1 Bedroom	428	0.0377325	209.75	2,517.00
208	1 Bedroom	428	0.0377325	209.75	2,517.00
209	Studio	357	0.0314733	174.96	2,099.52
301	1 Bedroom	428	0.0377325	209.75	2,517.00
302	1 Bedroom	428	0.0377325	209.75	2,517.00
303	1 Bedroom	428	0.0377325	209.75	2,517.00
304	1 Bedroom	428	0.0377325	209.75	2,517.00
305	1 Bedroom	428	0.0377325	209.75	2,517.00
306	1 Bedroom	428	0.0377325	209.75	2,517.00
307	1 Bedroom	428	0.0377325	209.75	2,517.00
308	1 Bedroom	428	0.0377325	209.75	2,517.00
309	Studio	357	0.0314734	174.96	2,099.52
		11343	1.0000000	5,558.88	66,706.56

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

901 PROSPECT				
BUDGET - 2006				
PROJECTED 2006				
REVENUE	MONTHLY	ANNUAL	2006 BUDGET	
MAINTENANCE FEE	5,559	0	66,708	27 units
LAUNDRY -vending	275	0	3,300	Webb Co.
LATE FEES	5	0	60	Estimate
INTEREST	10	0	120	Estimate
TOTAL REVENUE	5,849	0	70,188	
DISBURSEMENTS				
BUILDING REPAIRS	0	1,206	1,206	common area repair
ELECTRICAL & LIGHTING	0	100	100	light bulbs/ replace fixtures
EQUIPMENT / REPAIR	0	300	300	inspection/repair (Star Co. -heaters)
GROUNDS	250	163	3,163	Landscaping Svc - 2X mo.
LOCKS AND KEYS	0	60	60	common area locks
PAINTING	0	250	250	touch up paint, railings
PEST CONTROL	0	150	150	Contingency
PLUMBING	0	600	600	common area -cleanouts
ROOF REPAIR	0	0	0	contingency
SIGNS	0	120	120	contingency
SUPPLIES AND TOOLS	0	360	360	Misc supplies
MISC-OPERATING EX	0	0	0	
OFFICE EXPENSES	40	0	480	XEROX/POSTAGE/BOD expenses
JANITORIAL-MAINTENANCE	550	0	6,600	Janitorial 3X wk
FIRE CONTROL	0	230	230	Am Fire -2006 contract
GAS	650	0	7,800	estimate -laundry / water heaters
ELECTRICITY	625	0	7,500	estimate - common areas
REFUSE	300	0	3,600	Contract - Pac Waste Serv 2x wk
WATER & SEWAGE	1,020	0	12,240	estimate - bldg / owner usage
TELEPHONE/CABLE	125	0	1,500	enter phone / Oceanic Cable
INSURANCE	0	13,772	13,772	Ins Associates, Inc.
GENERAL EXCISE TAX	1	0	7	Parking, vending, LE interest
MANAGEMENT FEES	800	0	9,600	Monthly contract - CPP
AUDIT	0	550	550	Contingency
TOTAL DISTRIBUTION	4,361	17,861	70,188	
NET EXCESS TO RESERVES			0	
RESERVES			11,118	2 months maint fee at closing

I, Abraham Won Hwan Lee, Manager of 901 PROSPECT STREET, LLC, the Developer for the "901 PROSPECT" condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared by CenPac Properties, Inc., the Project's Managing Agent, in accordance with generally accepted accounting principles.

Abraham Won Hwan Lee

Signature

February 9, 2007

Date

EXHIBIT L

SUMMARY OF SALES CONTRACT

Prospective purchasers are advised to carefully review the specimen Condominium Purchase Agreement (herein the "Agreement") prior to signing. The Agreement contains, among other things, the following provisions:

1. Inspection. Buyer shall inspect the Unit within seven (7) calendar days of acceptance of the Agreement by Seller. Buyer shall have seven (7) calendar days from the inspection to cancel the Agreement by providing Seller and Escrow with written notice to that effect. If Buyer does not provide Seller and Escrow with written notice of cancellation, Buyer shall be deemed to have accepted the Unit and will proceed with closing.
2. Risk of Loss. Risk of loss to the Unit shall be borne by Seller until the Date of Closing; thereafter, such risk of loss shall be borne by Buyer.
3. Time is of the Essence; Default. Section 10 of the Agreement provides that time is of the essence of the obligations of Buyer under the Agreement. Buyer shall be in default under the Agreement if Buyer fails to make a payment when due or if Buyer fails to perform any other required obligation and such failure continues for fifteen (15) days after Seller gives written notice to Buyer of such failure. Any such notice shall be sent by certified or registered mail and shall be deemed given upon deposit in the United States mail, even if Buyer does not sign a return receipt for the mail. In the event of any such default, Seller may, at Seller's option, terminate the Agreement by written notice to Buyer. In the event of such termination, the parties understand and agree that in view of Seller's financial commitments with respect to the Project; the connection between the sale, cancellation or default with respect to one unit and the sale, cancellation or default with respect to other units in the Project; and the nature of the real estate market in Hawaii, that the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such termination, the parties agree that the sums previously paid by Buyer under the Agreement shall belong to Seller as liquidated damages. If Seller does not terminate the Agreement on account of such default, then all costs, including reasonable attorneys' fees, incurred by reason of the default by Buyer shall be borne by Buyer, and Seller may pursue any and all other remedies on account of such default (other than termination of the Agreement) permitted by law or equity, including but not limited to specific performance.
4. Estimated Monthly Maintenance Charges; Collection of "Start-up" Fee. Buyer has examined and approved the estimate of monthly maintenance charges and assessments for the Unit as shown in the Public Report. Buyer is aware that such amounts are only estimates, and BUYER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES. In addition to the Purchase Price, Buyer shall pay an additional sum at closing as Buyer's pro rata share of the 901 PROSPECT's common expense reserve fund. This non-refundable, non-transferable "start-up" fee will become the property of the Association of Unit Owners of 901 PROSPECT STREET (the "Association"), and shall be in an amount which will be determined by Seller prior to closing. That amount will in no event be less than TWO (2) months estimated common expense assessments for the Unit, and not less than TWO (2) months estimated reserves, if any.
5. Conversion Of Existing Building; No Warranties. Buyer is aware, agrees and affirms that the Project consists of a conversion of an existing 4-story, 27-unit apartment building constructed in 1973 on a 9,366 square foot lot, zoned A-2 Medium Density Apartment District. To the best of Seller's knowledge, Seller discloses that at the time of its construction, the building met all applicable code requirements. Seller is not aware of any variances or other permits granted to allow deviations from the applicable building and zoning codes. 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, OR CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN THE UNIT OR IN THE PROJECT, INCLUDING BUT NOT LIMITED TO: A) ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, OR FITNESS FOR ANY

PARTICULAR PURPOSE; B) THE WORKMANLIKE CONSTRUCTION, STRUCTURAL SOUNDNESS, CONDITION OR STATE OF REPAIR, OPERATING ORDER, SAFETY, LIVABILITY OF ANY IMPROVEMENT IN OR WITHIN THE PROJECT; AND C) WHETHER THE PROJECT, THE UNITS, OR ANY OF THE IMPROVEMENTS MEET THE REQUIREMENTS OF ANY BUILDING, ZONING, LAND USE, SET BACK, HEALTH OR OTHER LAW, ORDINANCE, OR RULE OR REGULATION WHICH MAY BE APPLICABLE TO THE PROJECT. Buyer agrees the Unit is being purchased in its "AS IS" condition, without any warranties, expressed or implied. This means that all land, improvements (including but not limited to the roof, walls, foundations, soils, plumbing, electrical and mechanical systems, etc.) and real property and personal property (if any) are being purchased in their **EXISTING "AS IS" CONDITION, WITHOUT WARRANTY 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 it's "AS IS" condition as provided for herein.

Page 2 and End of EXHIBIT "L"

EXHIBIT M

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"). Prospective purchasers are encouraged to carefully review the escrow agreement. The escrow agreement contains, among other things, the following provisions:

1. Delivery of Sales Contracts to Escrow. As of when Developer shall enter into a sales contract for the sale of a unit in the Project, Developer shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall contain the correct names and addresses of the purchasers, shall require that all payments to be made thereunder shall be made to Escrow and shall be accompanied by the initial deposit required thereunder.

2. Disbursement of Purchaser's Funds. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled: (a) Escrow shall have received a complete copy of the Public Report issued by the Real Estate Commission and a copy of the notice of the purchaser's thirty-day cancellation right on the form prescribed by the Real Estate Commission; (b) Escrow receives certification from the Developer stating that the requirements of Sections 514B-86 and 514B-87, Hawaii Revised Statutes, as the same may have been amended, have been met; and, if the project is a conversion project, that requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been complied with; (c) Escrow receives satisfactory assurances, including a commitment by a duly licensed title insurer, that the unit has been conveyed free and clear of any liens and that all blanket mortgages and liens have been released from purchaser's unit in accordance with Section 514B-45, Hawaii Revised Statutes; and (d) Purchaser's deed is recorded in the Bureau of Conveyances and/or Office of the Assistant Registrar of the Land Court, State of Hawaii, as the case may be.

3. Return of Funds and Documents. A purchaser shall be entitled to a return of his or her funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred: (a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or (b) Developer shall have notified Escrow of Developer's exercise of an option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or (c) The purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the sales contract pursuant to Sections 514B-86 or 514B-89, Hawaii Revised Statutes, as amended; or (d) The purchaser shall have notified Escrow of purchaser's exercise of his or her right to rescind the sales contract pursuant to Section 514B-87, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, promptly pay said funds to said purchaser, less any cancellation fee commensurate of the work done by Escrow prior to such cancellation, and other costs associated with the purchase, up to a maximum of \$250.00, and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

4. Partial Closings. It is understood that partial closings, i.e., closings for some but not all of the units, may be desired by Developer. If Developer desires to close any or all sales at different times, Escrow agrees to cooperate with Developer and shall vary its performance of the directions contained herein in such manner as will facilitate its performance of such partial closings.