

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

CONDOMINIUM PROJECT NAME	PIIKOI TERRACE
Project Address	1314 Piikoi Street Honolulu, Hawaii 96814
Registration Number	6360 (conversion)
Effective Date of Report	August 1, 2007
Developer(s)	Piikoi Terrace Apartments, 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; or (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 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	Not applicable			
Address of Project	1314 Piikoi Street Honolulu, Hawaii 96814			
Address of Project is expected to change because	Not applicable			
Tax Map Key (TMK)	(1) 2-4-012:008			
Tax Map Key is expected to change because	Not applicable			
Land Area	13,896 sq. ft.			
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable			

1.2 Buildings and Other Improvements

Number of Buildings	1
Floors Per Building	7
Number of New Building(s)	0
Number of Converted Building(s)	1
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, concrete block, wood, gypsum board, 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
See Exhibit <u> A </u>						

36	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:	36
Number of Guest Stalls in the Project:	1
Number of Parking Stalls Assigned to Each Unit:	1
Attach Exhibit <u> B </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.	
Not applicable	

1.5 Boundaries of the Units

Boundaries of the unit:
The space within the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls (if any), the floors and the ceilings surrounding each unit.

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 B-1

1.7 Common Interest

<u>Common Interest:</u> 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> B </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 type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

<u>Common Elements:</u> 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 <u>C</u> .	
Described as follows:	
Common Elements	Number
Elevators	1
Stairways	2
Trash Chutes	1

1.10 Limited Common Elements

<u>Limited Common Elements:</u> 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 <u>C</u> .
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: Only one not to exceed 25 pounds in weight and certified guide dogs, service animals and signal dogs
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<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 <u>D</u> describes the encumbrances against title contained in the title report described below.
Date of the title report: June 6, 2007
Company that issued the title report: Integrity Escrow and 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	36	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	A-2 Apartment
		Commercial			Yes	<input type="checkbox"/>	No	
		Mix Residential/Commercial			Yes	<input type="checkbox"/>	No	
		Hotel			Yes	<input type="checkbox"/>	No	
		Timeshare			Yes	<input type="checkbox"/>	No	
		Ohana			Yes	<input type="checkbox"/>	No	
		Industrial			Yes	<input type="checkbox"/>	No	
		Agricultural			Yes	<input type="checkbox"/>	No	
		Recreational			Yes	<input type="checkbox"/>	No	
		Other (specify)			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								

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 type="checkbox"/>	<input checked="" 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>The building lacks the currently required ten-foot side yard setbacks, therefore, if the building were damaged or destroyed, the building would have to be reconstructed in compliance with existing laws and codes or the owners could apply for a variance, but there is no guaranty that a variance would be granted.</p>
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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</p> <p><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:</p> <p style="text-align: center;">See Exhibit E.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p style="text-align: center;">No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the building.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p style="text-align: center;">None.</p>	
<p>Estimated cost of curing any violations described above:</p> <p style="text-align: center;">Not applicable</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>F</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:</p> <ul style="list-style-type: none"> (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>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", provide 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</p>	<p>Name: Piikoi Terrace Apartments, LLC, a Hawaii limited liability company</p> <p>Business Address: P.O. Box 1414 Honolulu, Hawaii 96806</p> <p>Business Phone Number: (619) 206-0655 E-mail Address: davidchong@cox.net</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>Managers: David J. B. Chong Stephen J. W. Chong</p> <p>Members: Wendell Choy, as Trustee of the Revocable Trust of Beatrice C. Choy, dated May 9, 1986</p> <p>Jonathan Jen Sheng Chong, as Trustee for Jonathan Jen Sheng Chong under unrecorded Trust Indenture, dated January 4, 1980</p> <p>Stephen J.W. Chong, Trustee under that certain unrecorded Revocable Trust of Stephen J.W. Chong, dated August 12, 1986</p> <p>Alvin J.B. Chong and Dicki Chong, Trustees of the Alvin J.B. Chong Family Trust of 1983</p> <p>David J.B. Chong, Trustee under the David J.B. Chong Trust dated July 21, 1987</p> <p>Daniel P.L. Chong, Trustee under the Daniel P.L. Chong Trust, dated November 29, 1989</p> <p>Mildred Dai Moi Chong, Trustee under that certain unrecorded Revocable Trust of Mildred Dai Moi Chong, dated December 27, 2000</p> <p>Reuben Chong, as Trustee of the Reuben Chong Trust, dated April 15, 1971</p> <p>Henry Hung Wo Lee, as Trustee of the Henry Hung Wo Lee Trust</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Abe Lee Realty Business Address: 1585 Kapiolani Blvd., #1533 Honolulu, Hawaii 96814</p> <p>Business Phone Number: (808) 216-4999 E-mail Address: abelee@hawaii.rr.com</p>

2.3 Escrow Depository	Name: Integrity Escrow & Title Company, Inc. Business Address: 333 Queen Street, Suite A Honolulu, Hawaii 96813 Business Phone Number: (808) 536-3600
2.4 General Contractor	Name: Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Cen Pac Properties, Inc. Business Address: 1150 S. King Street, Suite 1101 Honolulu, Hawaii 96814 Business Phone Number: (808) 593-2902
2.6 Attorney for Developer	Name: Rush Moore LLP (Irene A. Anzai) Business Address: 737 Bishop Street, Suite 2400 Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0400

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	May 10, 2007	2007-102010

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 25, 2007	2007-135351

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	May 10, 2007	2007-102011

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

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	4460
Dates of Recordation of Amendments to the Condominium Map: July 30, 2007	

3.4 House Rules

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.

The House Rules for this project:

Are Proposed		<input checked="" type="checkbox"/>
Have Been Adopted and Date of Adoption		<input type="checkbox"/>
Developer does not plan to adopt House Rules		<input type="checkbox"/>

3.5 Changes to the Condominium Documents

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.

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"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<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 style="padding-left: 40px;">See Exhibit E.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p><u>Management of the Common Elements:</u> 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.</p>		
<p>The Initial Condominium Managing Agent for this project is (check one):</p>		
<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

<p><u>Estimate of the Initial Maintenance Fees:</u> 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.</p>	
<p>Exhibit <u> H </u> 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.</p>	

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>		
<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 type="checkbox"/>		Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>		
<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> I </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: Name of Escrow Company: Exhibit <u> J </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 <u> </u> .
<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 checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>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

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
Appliances: None

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

Status of Construction: Construction completed in 1969.
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: Not applicable
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: Not applicable

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 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 not 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

1. Hazardous Materials. Apart from the reports and observations set forth in Exhibit E attached hereto, Developer has made no independent investigation as to asbestos or other hazardous substances in the building, or in, under or around the building, 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. Developer does not represent or warrant in any way whatsoever that the reports and observations set forth in Exhibit E are correct or complete. In light of the age of the building, there may be mold and other hazardous substances in the building or in, under or around the building. Because of the possible presence of such substances, the Buyer should have the unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. Prior to any construction or renovation to the unit, the Buyer should consult with an environmental engineer to determine if the scope of such construction or renovation will require such Buyer to remove or encapsulate in place asbestos-containing material and other hazardous substances that may be present in the unit. Developer will not correct any defects in the unit or the building or anything installed or contained therein and Buyer shall expressly indemnify the Developer from any liability if any hazardous materials are discovered.

2. Lead-Based or Lead-Containing Paint. Buyer is hereby notified that the Building may present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. Developer is required by law to provide Buyer with any information on lead-based or lead-containing paint hazards from risk assessments or inspections in Developer's possession and notify Buyer of any known lead-based or lead-containing paint hazards. Developer hereby discloses that Developer has no knowledge of lead-based or lead-containing paint and/or lead-based or lead-containing paint hazards at the project. A risk assessment or inspection, at the Buyer's option and expense, for possible lead-based or lead-containing paint hazards is recommended prior to purchase.

3. Mold/Mildew. Buyer is hereby advised that tropical climates with warm temperatures, high humidity and frequent precipitation are conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. Though the buildings and other improvements may be cleaned to satisfactory appearance, Developer cannot guaranty that mold, mildew, fungus and other types of bacterial growths can be eliminated. The building is old and may have had incidences of leaking and water exposure which may have resulted in the introduction of mold, mildew, fungus and other types of bacterial growths. Buyers should be aware that, as with all properties, the building may have hidden, enclosed and unreachable areas where growths can occur and cannot be detected and that there may in the future be mold and mildew growth if the Association and occupants of the building do not properly maintain the building. If a Buyer or any person who will inhabit the property has respiratory, skin or other health ailments or conditions that can be affected by mold, mildew, fungus or other types of bacterial growths they should seek professional advice before completing this purchase. Neither Developer nor its agents associated with the project have the requisite knowledge to provide counsel as to the presence, likelihood of conditions conducive to propagation of mold, mildew, fungus and other type of bacterial growths in the building or as to the effect the aforementioned conditions can have related to their health, welfare and continued enjoyment of the unit and the building. Individuals who may be capable of providing such advice are professional home inspectors, medical professionals, scientific research professionals, certified industrial hygienists or other environmental specialists and/or others who have requisite knowledge in matters of detection and lab analysis services. Buyer is encouraged to perform or engage a professional consultant to perform a risk assessment or inspection of the unit and the project, at the Buyer's option and expense, for the presence of mold, mildew, fungus or other types of bacterial growths in the unit and the project.

4. General Condition of the Building. Based on reports for the building obtained from an architect, a structural engineer, a mechanical engineer and an electrical engineer included in Exhibit E to this public report, Developer believes that the building is in such condition as is consistent with its age. Notwithstanding anything to the contrary contained herein, the fixtures, appliances and electrical and plumbing equipment included in the unit and the common elements of the project will be sold "AS IS, WHERE IS" WITH ALL FAULTS, and neither Developer nor any of its affiliates or representatives make any warranties, express or implied, as to their working order and condition. Developer makes no warranties or representations regarding the completeness or accuracy of the foregoing reports. Developer further discloses that the building may be subject to exterior weathering, rust, earthquake, fire, floods, erosion, high water table, dangerous underground soil conditions and similar occurrences or conditions which may alter the project's condition or affect its suitability for any proposed use. Developer shall have no responsibility or liability for or with respect to any such occurrence or condition or any conditions disclosed in any of the reports included in Exhibit E or otherwise made available to the Buyer.

5. Replacement of Railings at Project. Pursuant to the provisions of Section 4.6 of the Declaration, Developer has reserved an easement over, under and upon the Project and each Unit in the Project as may be reasonably necessary for the completion of any renovation or repair work at the Project. Developer currently plans to replace the railings along the walkways, stairwells and on the lanais of the Project but makes no representations, warranties or other promises about the replacement work and the Project is being sold strictly in its "as is" condition as of the date of closing. The Developer will assign to Buyer at closing any assignable warranty (if any) with respect to Buyer's unit that is given by the contractor doing the removal and replacement work on the railings.

The removal of the existing railings and the replacement of the same at the Project may result in, and Developer and its agents, employees, consultants, contractors, subcontractors, licensees, successors and assigns shall have the right to create and cause noise, dust, vapors, odors, vibration, traffic congestion, temporary impairment of access to portions of the Project, and other nuisances or annoyances created by or arising from any work relating to or incidental to the removal of the existing railings and the replacement of the same at the Project. The above-described easement reserved to the Developer shall terminate twenty-four (24) months after all the Units in the Project have been sold. Pursuant to Section 4.6 of the Declaration, each Buyer and its mortgagee, successors and assigns, and any other person acquiring any interest in the Project or any Unit in the Project, waives any and all rights, claims or actions that might otherwise be asserted against Developer and/or its agents, employees, consultants, contractors, subcontractors, licensees, successors and assigns based on such noise, dust, vibration, traffic congestion, impairment of access to portions of the Project, and other nuisances and annoyances.

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.

PIIKOI TERRACE APARTMENTS, LLC
Printed Name of Developer

By:  5/10/07
Duly Authorized Signatory Date

David Chong, Manager
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & 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"

UNIT TYPES AND SIZES OF UNITS

Unit Type	Quantity	BR/Bath
A	11	2 / 1
B	12	2 / 1
C	12	2 / 1
D	1	2 / 1

Unit	Unit Type	Approximate Net Floor Area (square feet)	Approximate Lanai(s) Floor Area(s) (square feet)	Total Area
201	A	716	94	810
202	B	721	117	838
203	C	716	119	835
204	C	716	119	835
205	B	721	117	838
206	A	716	94	810
301	A	716	94	810
302	B	721	117	838
303	C	716	119	835
304	C	716	119	835
305	B	721	117	838
306	A	716	94	810
401	A	716	94	810
402	B	721	117	838
403	C	716	119	835
404	C	716	119	835

Unit	Unit Type	Approximate Net Floor Area (square feet)	Approximate Lanai(s) Floor Area(s) (square feet)	Total Area
405	B	721	117	838
406	A	716	94	810
501	A	716	94	810
502	B	721	117	838
503	C	716	119	835
504	C	716	119	835
505	B	721	117	838
506	A	716	94	810
601	A	716	94	810
602	B	721	117	838
603	C	716	119	835
604	C	716	119	835
605	B	721	117	838
606	A	716	94	810
701	D	719	93	812
702	B	721	117	838
703	C	716	119	835
704	C	716	119	835
705	B	721	117	838
706	A	716	94	810

END OF EXHIBIT "A"

EXHIBIT "B"

COMMON INTEREST AND PARKING STALLS

Unit	Common Interest	Parking Stall
201	1/36	1
202	1/36	2
203	1/36	3
204	1/36	4
205	1/36	5
206	1/36	6
301	1/36	7
302	1/36	8
303	1/36	9
304	1/36	10
305	1/36	11
306	1/36	12
401	1/36	13
402	1/36	14
403	1/36	15
404	1/36	16
405	1/36	17
406	1/36	18
501	1/36	19
502	1/36	20
503	1/36	21
504	1/36	22
505	1/36	23
506	1/36	24
601	1/36	25
602	1/36	26
603	1/36	27
604	1/36	28
605	1/36	29
606	1/36	31
701	1/36	32
702	1/36	33
703	1/36	34
704	1/36	35
705	1/36	36
706	1/36	37

One Guest Parking Stall: 30
Parking stalls 1 – 35 and 37 are standard stalls.
Parking stall 36 is a compact stall.

END OF EXHIBIT "B"

EXHIBIT "B-1"

PERMITTED ALTERATIONS TO UNITS

Section 15 of the Declaration provides as follows:

SECTION 15. ALTERATION OF PROJECT.

Section 15.1. Alteration of Building. Except as otherwise provided by applicable law or this Declaration, restoration or replacement of any of the Improvements different in any material respect from the Condominium Map, or the construction of any additional building, or any material addition to or alteration of the Project, or the excavation of any basement or cellar shall be undertaken by the Association or any Owner only pursuant to an amendment of this Declaration, duly executed by or pursuant to a vote or the written consent of at least sixty-seven percent (67%) of the Owners and in accordance with complete plans and specifications first approved in writing by the Board, and promptly upon completion of such restoration, replacement, construction, alteration or addition the Association shall record such amendment in the Recording Office together with a complete set of floor plans and elevations, as applicable, of the Project as so altered, certified as built by a registered architect or professional engineer.

Section 15.2. Nonmaterial Alterations. Subject to the provisions of this Declaration, nonmaterial additions to or alterations of the common elements or Units, including, without limitation, the installation of solar energy devices, or additions to or alterations of a Unit made within the Unit or within a limited common element appurtenant to and for the exclusive use of the Unit, shall require the approval only by the Board, which shall not unreasonably withhold such approval, and all other directly affected Owners (as determined by the Board).

The phrase "nonmaterial additions and alterations" shall mean an addition to or alteration of the common elements or a Unit that does not jeopardize the soundness or safety of the Project, reduce the value of the common elements or the Unit, impair any easement, 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.

The phrase "solar energy device" shall mean any new identifiable facility, equipment, apparatus, or the like which makes use of solar energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for its generation; provided that if the equipment sold cannot be used as a solar device without its incorporation with other equipment, it shall be installed in place and be ready to be made operational in order to qualify as a "solar energy device".

Section 15.3. Building Permits. The Association or Owner(s), as applicable, shall obtain any required building permits and governmental approvals for any construction, restoration or replacement, and shall comply with all applicable laws, ordinances, codes, rules, regulations and administrative orders.

END OF EXHIBIT "B-1"

EXHIBIT "C"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Common Elements

The common elements of the Project include the following:

1. The land of the Project in fee simple.
2. All lanais.
3. All yards, grounds, landscaping, planters, fences and walls.
4. All parking areas, driveways, walkways and corridors.
5. The elevator and all stairways.
6. All mailboxes located on the ground floor of the building.
7. All laundry areas located on the second through seventh floors of the building, as shown on the Condominium Map
8. All pipes, wires, cables, conduits, ducts, water meters, electrical equipment, and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, water, sewer, storm drainage, telephone and television signal distribution, if any.
9. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Limited Common Elements

The limited common elements of the Project include the following:

1. One (1) parking stall, the number of which is designated on the Condominium Map and set forth on Exhibit "B" attached to the Declaration of Condominium Property Regime and on Exhibit "B" to this Developer's Public Report shall be appurtenant to and for the exclusive use of the respective Units.
2. One (1) mailbox shall be appurtenant to and for the exclusive use of each Unit.
3. The lanai adjoining a Unit, as shown on the Condominium Map and described in Section 2.1 of the Declaration of Condominium Property Regime and on Exhibit "A" to this Developer's Public Report shall be appurtenant to and for the exclusive use of respective Units.

END OF EXHIBIT "C"

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the land of the Project, identified as Tax Map Key No. (1) 2-4-12-8.

1. For Real Property taxes that may be due and owing reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Any unrecorded tenant leases and matters arising from or affecting the same.
4. Any matters as set forth in the Survey Map dated March 9, 2007, and Surveyor's Report dated June 12, 2007, prepared by James R. Thompson, Licensed Professional Land Surveyor No. 3627.
5. Declaration of Condominium Property Regime of Piikoi Terrace dated May 10, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-102010, and Condominium Map No. 4460 filed in the Bureau of Conveyances of the State of Hawaii, as amended by First Amendment of Condominium Property Regime of Piikoi Terrace and Condominium Map No. 4460 dated June 25, 2007, recorded in said Bureau of Conveyances as Document No. 2007-135351.
6. Bylaws of the Association of Unit Owners of Piikoi Terrace dated May 10, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-102011.

END OF EXHIBIT "D"

EXHIBIT "E"

DEVELOPER'S STATEMENT REGARDING PRESENT CONDITION OF PROJECT

1. **ZONING AND CODE COMPLIANCE.** The Project is zoned A-2 Apartment District under the Land Use Ordinance of the City and County of Honolulu ("LUO"). According to the letter from the Department of Planning and Permitting of the City and County of Honolulu ("DPP") dated February 20, 2007 (the "DPP Letter"), a copy of which is attached to this Public Report as Exhibit F, the 7-story 35-unit apartment building with 35 off-street parking spaces met all applicable code requirements when it was constructed in 1969. The DPP Letter states that further investigation revealed that on February 7, 1990, Building Permit No. 281629 was issued for alteration work to create an additional apartment unit within the seventh floor for a total of 36 units in the building. Also approved was a revised parking plan for two (2) additional off-street parking spaces that were required for the new apartment unit. The completed 7-story 36-unit building with 37 off-street parking spaces is hereinafter referred to as the "Building".

The DPP Letter states that the Building is considered a nonconforming structure because it lacks the required ten-foot side yard setbacks.

The DPP Letter also states that no variances or other permits were granted to allow deviations from any applicable codes.

Developer certifies, subject to the penalties set forth in Section 514B-69(b) of the Act, that to the best of Developer's knowledge based upon the DPP Letter the Project is in compliance with all zoning and building ordinances and codes applicable to the Project at the time it was built and all other applicable permitting requirements, including any supplemental rules adopted by the City and County of Honolulu, and that the Building is considered a nonconforming structure because it lacks the required ten-foot side yard setbacks.

2. **DEVELOPER MAKES NO WARRANTIES OR PROMISES.** Except as set forth in Section 1 above, the Developer cannot determine whether the Project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes. The Developer does not give any warranties or assurances that the units can be expanded or that variances are obtainable from the City and County of Honolulu for any proposed improvements. The units and anything installed or contained therein are being sold in "AS IS, WHERE IS" condition "WITH ALL FAULTS" by the Developer, without any warranties whatsoever, express or implied.

Developer disclaims any warranties, either express or implied, including any implied warranty of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Building or the units or anything installed or contained therein. Neither the Developer nor its representatives will be liable to the Association or the unit owners for any construction or other defects (including any latent or hidden defects in the Project, the units or anything installed or contained therein) or for any other aspects of the Project, the units or anything installed or contained therein. This means that neither the Association nor the unit owners will have the right to file any lawsuit for damages against Developer or its representatives for any defects or other matters later discovered by the Association or the unit owners.

Without limiting the generality of any of the foregoing, the Developer makes no warranties or promises: (a) that the Project or any improvements in the units (including the common elements) will be free from cracks in, or other damage to, the concrete or other building materials; (b) regarding the value of the Project or the personal property; (c) regarding the physical or environmental condition of the Project, including, without limitation, any deferred maintenance at the Project; or (d) regarding the suitability, conformance, compliance or lack of compliance of the Project with any State, federal, county or local law, code, ordinance, order, permit, administrative requirement, or regulation, including, without limitation, to related to the operation and use of the Project and accessibility of the Project by persons with disabilities. In other words, the Developer makes no warranties or promises at all.

3. **CONDITION OF BUILDING AND UNITS.** The Developer is not a professional developer, has never been involved in the planning and construction of a condominium project, and was not involved in the planning and construction of this Project. The Developer has engaged a structural engineer, mechanical engineer, electrical engineer, and architect to provide their opinions about the condition of the Building (the "Property Condition Reports"), copies of which are attached hereto as Exhibits 1, 2, 3, and 4, respectively. Based upon these professional third party Property Condition Reports, Developer believes that the Building is in such condition consistent with its age. Notwithstanding anything to the contrary contained herein, the Building, units and common elements and any fixtures, appliances and electrical and plumbing equipment located therein will be sold "AS IS" WITH ALL FAULTS, and neither Developer nor any of its representatives, make any warranties, express or implied, as to their working order and condition. All recommended work described in the Property Condition Reports will be the responsibility of the unit owners and not that of Developer or any other party. The unit owners, by acceptance of their respective unit deeds, shall be deemed to have accepted the conditions described in the Property Condition Reports and agreed that, except as otherwise set forth herein, neither the Developer nor any of its representatives, shall be responsible for changing any nonconforming conditions.

The Developer does not represent or warrant that the reports attached hereto are correct or complete. The reports should not be relied upon as the opinion of the Developer. No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations of the Building. Except as described herein, the Developer has not ascertained if any of the conditions disclosed in the attached reports have been addressed. Certain conditions identified as non-compliant with current code requirements were in compliance when installed and are therefore a legal non-conforming condition which may need to be addressed at such time as additional improvements or renovations are made to the Building. It is recommended that the Association of Unit Owners for the Project review with the Managing Agent the recommendations of the engineers' and architect's Property Condition Reports and undertake a maintenance and repair program as needed to keep the Building in good condition and repair.

A. Structural Engineer's Property Condition Report. Excerpts from the structural engineer's report attached hereto as Exhibit 1 indicate that in general, the Building is structurally in good condition. The observations were limited to only the roof and elevator machine room, Unit 201, the concrete walkway on the second floor, and the ground floor parking area.

The engineer's observations include the following for the roof and elevator machine room: Building roofing appears in good shape; observed ponding of water and soft

spots, elevator machine room door had a corroded door jam; and moisture penetration and damage caused by moisture penetration was observed inside the elevator machine room.

The engineer's observations include the following for Unit 201 and the concrete walkway on the second floor of the Building: no structural damage observed in Unit 201; water leaks were observed from the floor above; railing connections in lanai area are inadequate; some railing connections on the concrete walkways are showing signs of corrosion; some remedial measures have been done to walkway railing connections; concrete walkways show cracks and deterioration (cracks have been repaired with epoxy on some floors); ceilings above the walkways also show cracks; edges of walkway have spalling of concrete; and hair line cracks were observed in the walls of the stair shaft on the mauka side of Building.

The engineer's observations include the following for the ground floor: no visible signs of ground settlement were observed around the Building perimeter; AC paving seemed in good condition; no structural issues were noted in the electrical room; some peeling of paint was observed on the exterior walls; and corrosion was observed at the location where the plumbing pipes penetrate 2nd floor slab.

The engineer's observations include the following regarding the lateral load design of the Building: the lateral load resistance is provided by shear walls that run in the transverse direction and also by the elevator shaft that is in the middle of the Building and the two stair shafts located at each end of the Building; it appears that the structure has adequate lateral load resistance in the transverse direction but the longitudinal direction is lacking in terms of adequate sheer walls; the Building was designed under building codes that were in effect at the time of construction; and building codes have since changed and have become more stringent with respect to the lateral load design of structures, however, the structures that were built under earlier codes are grandfathered under Hawaii State law.

The engineer recommends that: the railing connections should be investigated for adequacy and should be properly strengthened if necessary; the deterioration and spalled edges of concrete should be addressed to avoid aggravation of this issue; and the Building should be monitored for foundation movement. The engineer states in his report that other observations are minor in nature and do not impact the integrity of the overall structure. The engineer states that his observations can be addressed with a good maintenance program and upkeep of the Building. The cracks observed in concrete walkways should be sealed with epoxy injection.

The engineer further states that: maintenance is important for the upkeep of the Building; in general, the Building is structurally in good condition; the Building should continue to perform well with regular maintenance; and all repairs should be done by a licensed contractor under the guidance of a licensed structural engineer.

B. Mechanical Engineer's Property Condition Report. Excerpts from the mechanical engineer's report attached hereto as Exhibit 2 indicate that the mechanical systems were visually observed to be in fair condition and that the systems were generally maintained in good condition. Due to the age of the Building and the systems and the normal usage, there will be future maintenance repairs that will be required. The mechanical systems were visually assessed to their physical conditions and there was no destructive investigation done of the mechanical systems. The report includes the following observations:

(1) Ventilation System. The apartment bathroom ceiling fans are in fair condition. There are ventless or recirculating type of kitchen hoods over the ranges in each unit. The hoods are in fair condition. The exhaust vents terminate at the roof in goosenecks with bird screens. The roof vents are the original vents and have slight corrosion. The coin operated dryer exhaust is not ducted but each dryer exhausts within the naturally ventilated laundry room through a dryer sock filter.

The mechanical engineer's recommendations regarding the ventilation system are as follows: the toilet fans should be checked throughout the Building and fans should be replaced if noisy or vibrates; excessively corroded goosenecks should be replaced; replace birdscreens on the goosenecks with new stainless steel screens; kitchen hoods that are the original equipment should be replaced with the stainless steel residential type because they have a longer life cycle and are easy to maintain.

(2) Plumbing System. The plumbing system consists of the waste and vent sanitary system, the water system, wet standpipe and dry standpipe systems. Electric heaters are located in each unit. There is no gas on the site. There is no booster pump system for the domestic water system.

(3) Sanitary and Storm System. The sanitary system is constructed with cast iron and vent systems. The piping below the second floor at the ceiling of the ground floor have been replaced with new PVC pipes. The system is a gravity system with the Building sewer collected at the ground floor. The exposed pipes were in good condition. Two waste and vent piping at North end of the ground floor is at 6 feet 6 inches which does not meet the minimum code required clearance of 7 feet 6 inches. There are scraped marks on the pipes that the tenant automobiles have hit the pipes. There are corroded cast iron pipes at second floor pipe penetrations, which were caused by pipe leaks from the upper floors. There were no visual checks of the pipes within the walls because the pipes were not exposed during the site visit. Roof has gutters with downspouts on the exterior walls of the Building. Downspouts terminate at ground floor. There is no storm drain system on the property.

The mechanical engineer's recommendations regarding the sanitary and storm system are as follows: the system should be spot checked in walls to verify the conditions of the piping in the wall; the sewer system should be routed through at every cleanout; and pipes at 6 feet 6 inches should be re-piped with shallow type plumbing system to raise the pipes as high as possible.

(4) Water System. The domestic water system has a single pressure zone, which is dependent on the City's pressure to provide water up to the seventh floor. The exposed pipes are hard drawn copper. There are new ball shutoff valves installed at each riser. There were no visual leaks. There is no backflow prevention device installed for the property. An approved backflow prevention device is required by the Board of Water Supply. Existing hose bibs did not have vacuum breakers as required by City and County of Honolulu code requirements. Hose bib is missing at the back of elevator.

Each unit has an electric hot water heater under counter with removable access panels on the living room side of the counter. The condition of the heaters was not assessed because the heaters were not readily accessible. Current code requires that the heaters have drain pans and piped T&P valve drains. The laundry has an electric heater. Heater is in good condition.

The mechanical engineer's recommendations regarding the water system are as follows: an approved reduced pressure backflow prevention device (RPBP) is required immediately after the water meter; device should be installed in adjacent landscaping area; a RPBP should also be provided for the irrigation system; and hose bibs should be replaced with hose bibs with non-removable vacuum breaker.

(5) Plumbing Fixtures. The plumbing fixture condition varied throughout Building. The fixtures do not meet ADA and the low flow requirements. The water closets were regular flow tank type toilets. Water closets are in fair condition aside from regular wear and tear. The lavatories are original fixtures. They are counter mounted with two-handle faucet. Fixture and trims are the original and need cleaning, refinishing or replacement.

The tub/showers are constructed cast iron tub, which are in fairly good condition. The shower faucet assembly is a two-handle type. Tub shower valve and trims need to be replaced. Stainless steel single-compartment kitchen sinks are self-rimming type. The sinks and trims are in fair condition. Disposers under sinks are in good condition. The laundry tray is fiberglass type with corroded galvanized back-splash.

The mechanical engineer's recommendations regarding the plumbing fixtures are as follows: replace fixtures with new fixtures meeting low flow and safety requirements; the fixtures and trims should meet ADA requirements where required in the units; water closets need to be replaced with low flow tank type water closet; lavatories should be replaced; the faucets drain and water supplies should be replaced; single lever faucets with ceramic cartridges should be provided; the shower valve and trims should be replaced with a pressure balancing valve with a high limit temperature setting and low flow shower heads and single lever handle; the pressure balancing valves are required to prevent shower scalding; the kitchen stainless steel sink should be cleaned and polished or replaced; the faucets should be replaced with new low flow faucets; the laundry tray should be replaced with new faucets on laundry tray back shelf; and the back splash should be removed.

(6) Fire Protection System. There are two existing Class 1 fire hose cabinets with 5-lb. fire extinguishers on each floor. The wet system is connected to the domestic system throughout an independent riser with a check and shutoff valve at the ground floor ceiling. The wet system uses City water pressure.

There is a 6-inch dry standpipe system in the South stairway and in good condition. The dry standpipe fire department Siamese connection is located at the ground level facing Kinau Street on the South side of the Building. The fire department connection on the roof is in good condition.

The mechanical engineer's recommendations regarding the fire protection system are as follows: the Life Safety equipment should be checked and repaired or corrected immediately; a certification flow test should be done on the wet and dry standpipe system; the dry standpipe system should be pressure tested and certified; fire extinguishers should be tested and inspected; and these tests should be conducted by a fire service contractor who should be independent from those that are currently servicing the system.

C. Electrical Engineer's Property Condition Report. Excerpts from the electrical engineer's report attached hereto as Exhibit 3 indicate that considering the age of the Building, the overall condition of the existing electrical system is acceptable. The electrical system has been maintained in fairly good condition except for some corrosion on the

enclosures of several pieces of equipment. Certain deficiencies that were observed will require attention because they involve life safety issues. The report includes the following observations:

(1) Apartment Units (Typical Two Bedroom). The panelboard is located in the broom closet; the National Electrical Code (NEC) does not allow for panelboards to be located in storage closets with combustible materials stored in the vicinity of the panelboard; there is a smoke detector located in the hallway of the unit, however, there are no smoke detectors in the bedrooms; detectors are the self-contained battery operated type; the receptacles at the kitchen counters and at the bathrooms are not GFCI type; the NEC requires GFCI protected receptacles in the kitchen and bathroom; the latest NEC requires arc fault interrupter (AFI) circuit breakers for all circuits entering the bedrooms; and the existing unit panelboards may not allow for the installation of the AFI circuit breakers.

(2) Common Areas. The fire alarm system bells may not be audible in every apartment; and there is only one alarm bell per floor; there is only a single fire alarm manual pull station located on each floor; the manual pull station along with the alarm bell is not located adjacent to the smoke tower exit stairway and the second exit stairway; if ADA compliance is required, ADA requires visual strobes in the common areas such as the parking areas and the exterior walkways on the upper floors; the panelboard for the laundry rooms does not have the clearance in front of it required by the NEC; accessible clearance of three feet in front from floor to ceiling is required for all electrical apparatus; the electrical room does not provide adequate clearances in front and below the electrical equipment; the NEC requires 36 inches of clear space in front of the equipment from the floor to the ceiling; the electrical room cannot be utilized to store combustible and hazardous materials; the smoke tower stairway is not provided with emergency battery powered lighting fixtures; the exit signage is not the emergency battery powered type; the exit route is not properly identified with illuminated exit signs; and the individual apartment meter/mains should be labeled to clearly identify the unit being served by each meter/main.

D. Architect's Property Condition Report. Excerpts from the architect's report attached hereto as Exhibit 4 indicate that the Building has been well-maintained but that as the Building ages, increased maintenance and replacement costs should be expected.

(1) Apartments. Visible observations of three apartments include the following: apartment entry door at corridor must have 20 minute fire resistance and label visible; this was not seen; electrical convenience outlets in the kitchen and bathroom that are within 6 feet of a water source must be GFIC; this was not provided; wall cabinet above the range, minimum 24" clear height must be provided between the burner top and a metal range hood above; bedroom windows must be sized for fire escape, the existing windows had a sill height of 5 feet 4 inches which is higher than the required maximum finished sill height of 44 inches; water damage not seen; electrical outlet in any light fixture must be GFIC; washer/dryer not designed for individual apartment and may not be added; portable dishwasher may drain into system that was not designed for every unit to possess such a unit and should not be added; toilet water closet must be a space with 30" clear with minimum 24" in front of water closet; shower surround must be hard impervious surface to height of 6 feet; ceiling height must be 7 feet 6 inches minimum with projections not lower than 6 feet 6 inches high; bathrooms and halls may be 7 feet high; all rooms (except toilet and toilet exhaust) must have minimum 10 % light and 5% ventilation area in exterior wall based on floor area of the room; lanai guardrail must be 42 inches high; current maximum opening in the guardrail is 4 inch maximum; at the time of construction, the opening maximum may have been larger as the existing is 5 inches which may be a safety hazard; fire extinguisher not seen in proximity of range; electrical panels must be 3

feet clear in front, not storage; UL-approved hard wire smoke detector required just inside each bedroom door currently not provided and one required outside in the hallway outside the bedroom doors; glass sliding door on lanai and for shower must have safety glass; windows with sill lower than 3 feet 6 inches must have guardrail at 3 feet 6 inches high if open below on the exterior; existing lattice and grills on the guardrail and lanai opening may constitute attractive nuisance as children may climb onto them and fall over the guardrail; window a/c units have been added without condensate drain, the water on the concrete slab could contribute to spalling; termite damage of wood doors and cabinets has been reported in the past; and acoustical spray on the ceiling and floor tile smaller than 12 feet square should be tested to ensure that it does not contain asbestos.

(2) Common Areas and Parking Areas. Visible observations of common areas and parking areas include the following: parking stalls may not have the 22 feet clear in front required by the current zoning code; there are no loading stalls; there is no ADA-compliant or van-accessible parking stall; there are not ADA or FHA compliant apartment in the Building; occupants and guests may not be able to access the Building from the sidewalk or the parking garage; exit signs are not lighted and are lacking in some areas; exit lighting on emergency batteries or generator power is lacking; management effort must enforce the clear lighted exit path and visibility of exit signs from all directions; proper exhaust ventilation of dryers not seen; outlet at washer/dryer area should be GFI; stairs have required 44 inch clear width; handrails should be between 34 inches and 38 inches high above the nosing but were only 31 inches high in some locations; exit doors must be 20 minute fire resistive and both door and frame labeled, provided with smoke gasket and draft protection, be self-closing and properly identified with exit sign; stair enclosure door must be 90 minute fire resistive and both door and frame labeled, be self-closing and properly labeled with exit sign; handrail did not extend past the last riser and exceeded the spacing or projection from the wall; open stairway did not have a guardrail but may have been grandfathered although this is not the best design; stair should have handrails on both sides with extension 12 inches past the last riser on top and bottom; guardrail at the upper floor exit balconies is 42 inches high but has up to 6-1/2 inch openings that children could fall through; roof does not need scuppers but needs roof vents to address bubbles in the BUR; pipe insulation may have asbestos; no roof insulation; roof access door is locked to public access; guardrail at top of enclosed stair is only 3 feet high, rebuild to 3 feet 6 inches high; penetrations between garage and residential area require fire separation protection and rated caulking; parking area puddles in heavy rain; surrounding streets have inadequate storm drain system and flooding may occur in a major storm; and gate at bottom of the makai open stair has round knob and should have lever handle.

END OF EXHIBIT "E"

**EXHIBIT I TO
EXHIBIT "E"**



**HAWAII
ENGINEERING
GROUP, INC.**

Consulting Civil & Structural Engineers

March 18, 2007

**Re: Piikoi Terrace Condominium
1314 Piikoi Street,
Honolulu, HI**

Structural Engineering Observation Report

A site visit was held to note cursory observations of the Piikoi Terrace Condominium Building on March 14, 2007. The inspection involved a walk-through observation of the building structure. The observations were limited to the following areas only:

Roof

1. Elevator Machine Room

Second Floor

1. Unit 201
2. Concrete walkway

Ground Floor Parking Area

No calculations or testing of any kind was performed. Architectural, Mechanical, Electrical, and other nonstructural aspects were not addressed. Compliance of design with the current building codes or the building code it was designed under was not checked.

Original structural drawings for the building were made available for review. The drawings for the building indicate that the structural engineer of record was "Robert K. K. Pang". According to the design drawings the structure was designed in 1968 and revised in 1969. According to the owner of the building the construction of the building took place in 1971.

The building has overall plan dimensions of 127'-4" x 38' and has ground plus six floors and a roof. The typical building floor height is 8'-8". The building is a poured in place reinforced concrete structure supported on individual spread foundations.



The ground floor consists of AC paving. Typical floor framing for carrying the gravity loads consist of 8" thick reinforced concrete slabs spanning 19'-1.5" max. For the 4' cantilevered concrete walkways the slab thickness varies from 7.5" to 4" at the edge. The slabs are supported by reinforced concrete shear walls that align in the transverse direction. The lateral load resistance is provided by shear walls that run in the transverse direction and also by the elevator shaft that is in the middle of the building and the two stair shafts located at each end of the building. It appears that the structure has adequate lateral load resistance in the transverse direction but the longitudinal direction is lacking in terms of adequate shear walls.

The building was designed under building codes that were in effect at the time of construction. Building codes have since changed and have become more stringent with respect to the lateral load design of structures. However, the structures that were built under earlier codes are grandfathered under Hawaii Sate Law.

Observations:

Roof

1. The building roofing appears to be in good shape. However, we observed ponding of water and soft spots in the roofing.
2. The elevator machine room door had a corroded door jamb.
3. Moisture penetration and damage caused by moisture penetration was observed inside the elevator machine room.

Second Floor

1. No structural damage was observed in unit 201.
2. The tenant who also happened to be the building manager informed that he had to keep adjusting the doors by shaving them from time to time to keep them from sticking to the door frame. He mentioned that it may be due to building settlement.
3. Water leaks were observed in the unit from the floor above.
4. It appears that the railing connections in lanai area are inadequate.
5. Some of the railing connections on the concrete walkways are showing signs of corrosions.
6. It also appears that some remedial measures have been done on the walkway railing connections.



7. The concrete walkways show cracks and deterioration. These cracks have been repaired with epoxy on some floors.
8. The ceilings above the concrete walkways also show cracks.
9. The edges of the concrete walkway have spalling of concrete.
10. Hair line cracks were observed in the walls of the stair shaft on the Mauka side of the building.

Ground Floor

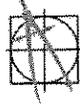
1. No visible signs of ground settlement were observed around the building perimeter at the time of the walk thru.
2. The AC paving seemed in good condition.
3. No structural issues were noted in the electrical room.
4. Some peeling of paint was observed on the exterior walls.
5. Corrosion was observed at the location where the plumbing pipes penetrate 2nd floor slab.

Recommendations:

The railing connections should be investigated for adequacy and should be properly strengthened if necessary. The deterioration and spalled edges of concrete should be addressed to avoid aggravation of this issue. Other observations made are minor in nature and do not impact the integrity of the overall structure. These observations can be addressed with a good maintenance program and upkeep of the building. The cracks observed in concrete walkways should be sealed with epoxy injection.

We recommend that the building be monitored for foundation movement.

Maintenance is important for the upkeep of the buildings. In general, the building is structurally in good condition. The buildings should continue to perform well with regular maintenance. All repairs should be done by a licensed contractor under the guidance of a licensed structural engineer.



This report does not address portions of the building other than those areas mentioned, nor does it provide any warranty either expressed or implied for any portion of the existing building. If there are any comments or questions on any item above, please do not hesitate in calling.

Submitted by: _____

**Ather R. Dar, P.E., President
Hawaii Engineering Group, Inc.**



Photo #1: Roof – Showing ponding of water



Photo #2: Roof – Elevator Mechanical room deteriorated door jamb



Photo #3: Roof – Elevator Mechanical room moisture damage



Photo #4: Roof – Elevator Mechanical room moisture damage



Photo #5: Roof – Elevator Mechanical room moisture damage



Photo #6: Second Floor- Unit #201 improper railing connection

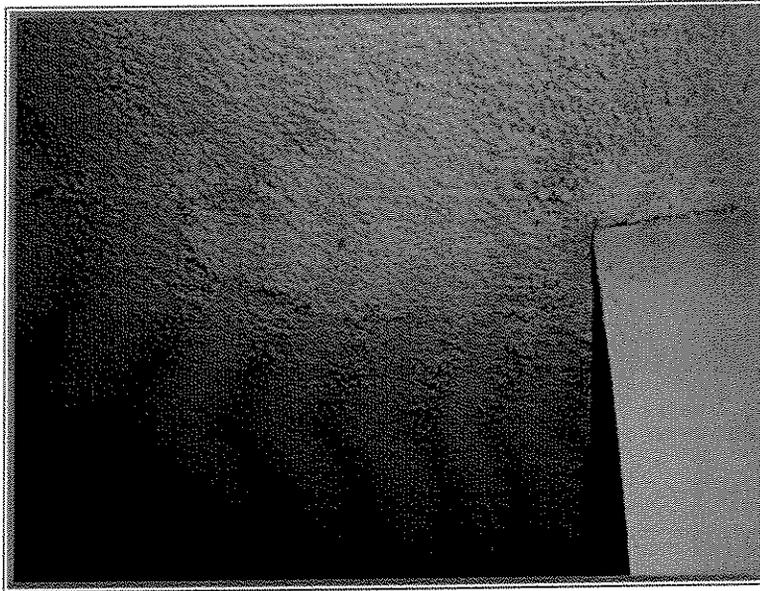
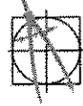


Photo #7: Second Floor- Unit #201 moisture damage from room above



Photo #8: Concrete Walkway – Railing connection

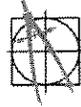


Photo #9: Concrete Walkway – Railing connection looking up

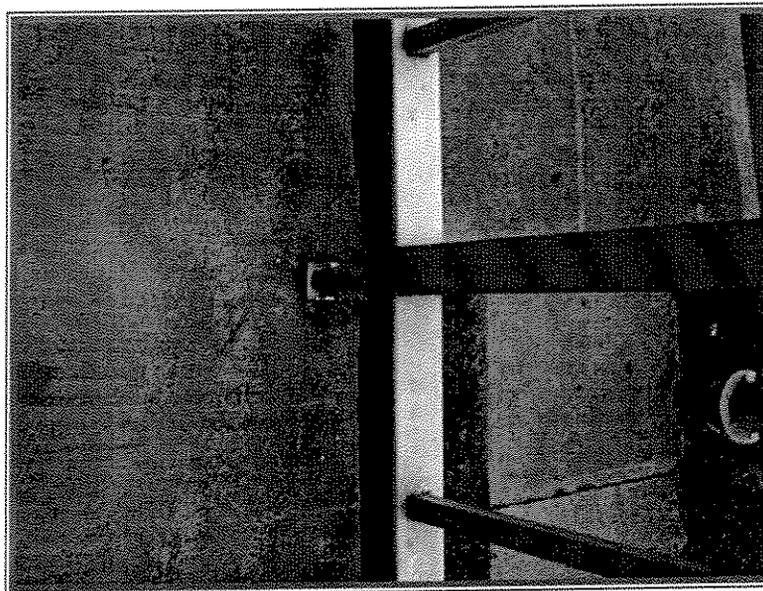


Photo #10: Concrete Walkway – Railing connection



Photo #11: Concrete Walkway – Concrete spalling

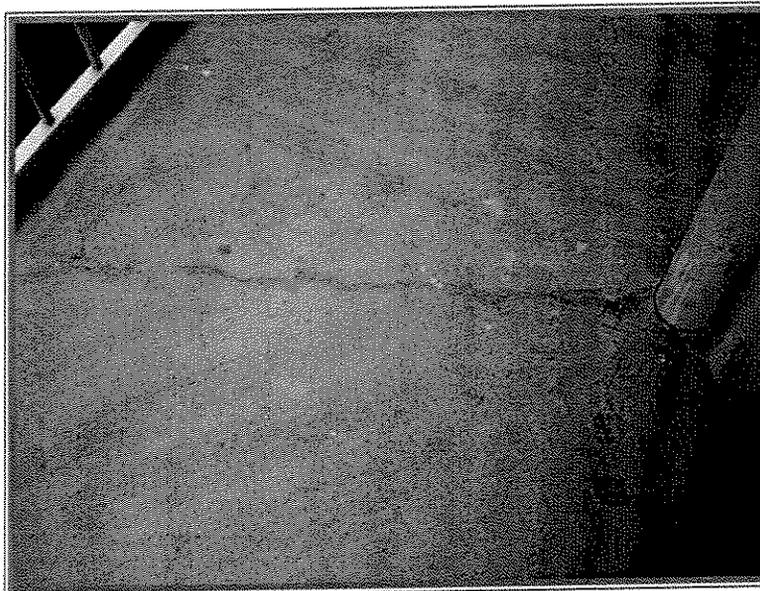


Photo #12: Concrete Walkway – Concrete cracking

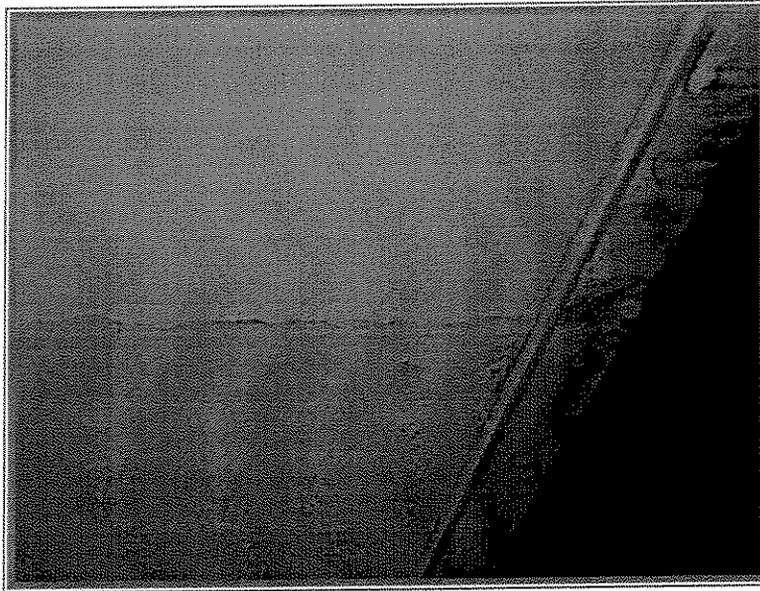
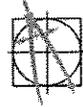


Photo #13: Concrete Walkway – Ceiling Concrete cracking



Photo #14: Concrete Walkway – Deterioration of Concrete

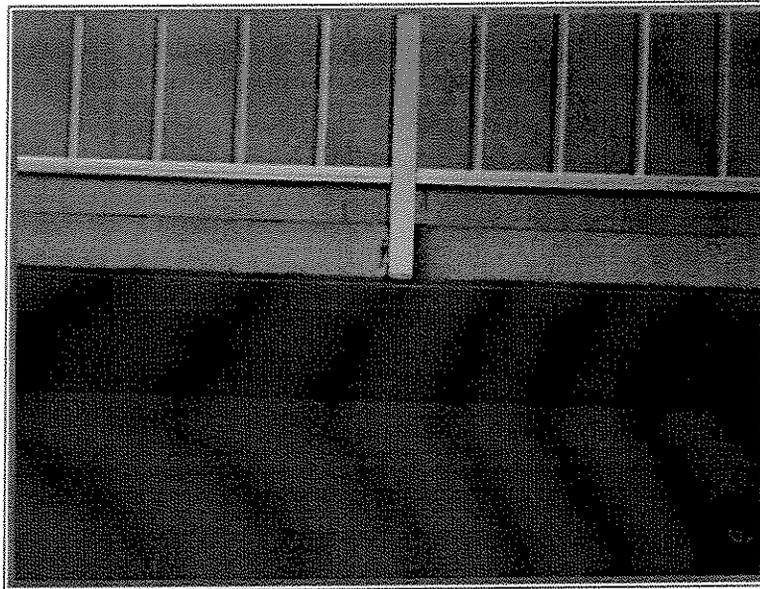


Photo #15: Concrete Walkway – Corrosion of rail connection

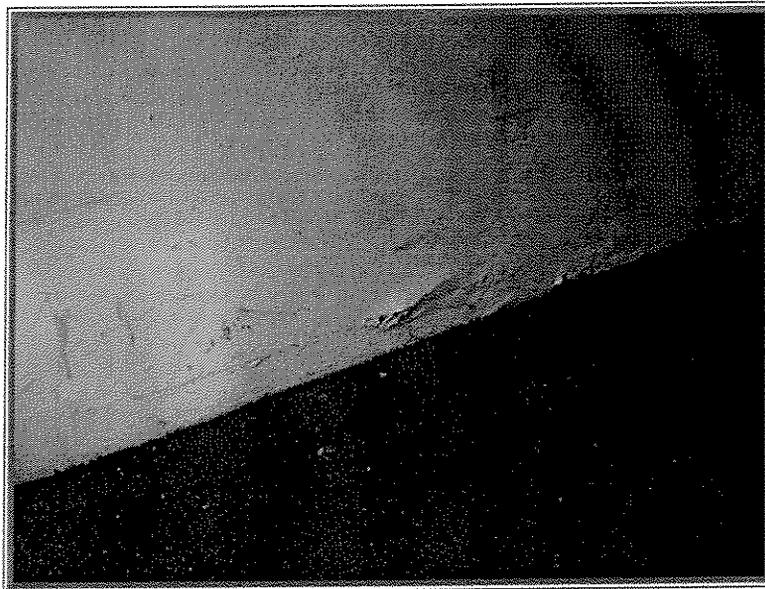


Photo #16: Ground Floor – Peeling of paint

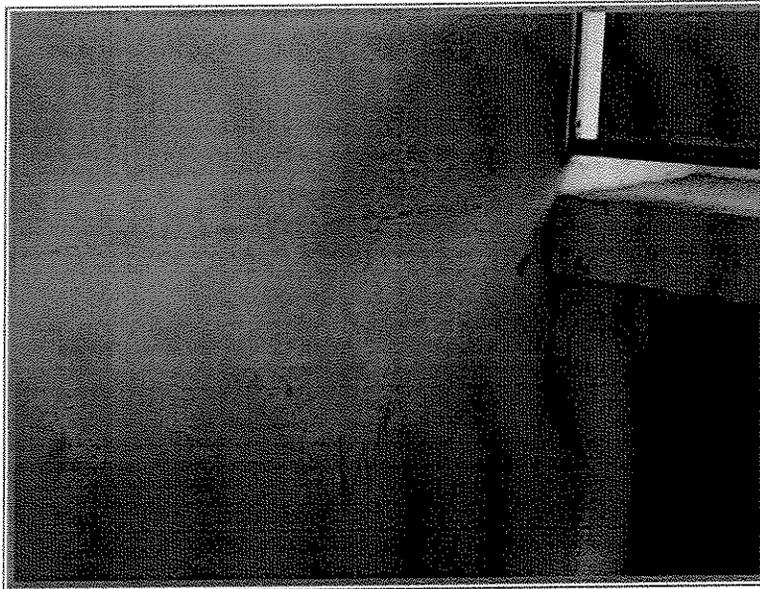


Photo #17: Stair Shaft – Hair line cracks in stair shaft walls

**EXHIBIT 2 TO
EXHIBIT "E"**

PREPOSE ENGINEERING SYSTEMS INC.

1314 South King Street, Suite 1251

Honolulu, Hawaii 96814

Phone: (808) 591-8175

Fax: (808) 596-0479

E-mail:arnold@preposeeng.com

Date: March 30, 2007

Project: Piikoi Terrace
Piikoi Street & Kinau Street
Honolulu, Hawaii

T.M.K.: 2-4-012: 008

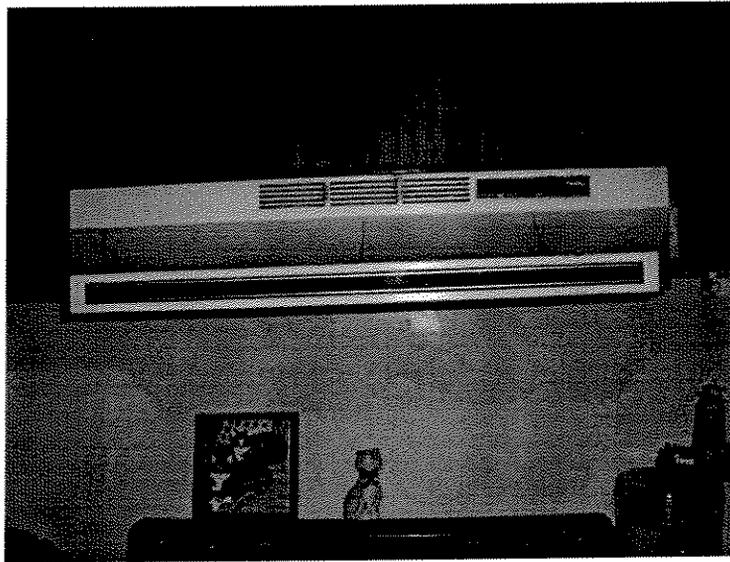
DUE DILIGENCE REPORT

The project scope was to visually inspect the existing mechanical systems for a seven story apartment building. The Ground Floor is used for tenant parking. The apartments are from the Second through Seventh floors. There are a total of thirty-six two-bedroom units. Each floor has a coin operated laundry with a washer, dryer and laundry tray. The building is constructed of concrete masonry and concrete roof and floors. The building is a rental and operated and designed as apartments. There are no recreation area or swimming pool on site. There is no insulation below the roof. Some apartments are air-conditioned with window units. The building has wet and dry standpipe systems. The mechanical systems were visually assessed to their physical conditions. There was no destructive investigation done of the mechanical systems.

VENTILATION SYSTEM

The apartment bathrooms are mechanically ventilated with ceiling fans. The fans are in fair condition. The exhaust ducts and shafts up through roof were not assessed for compliance to building code.

There are ventless or recirculating type kitchen hoods over the ranges in each unit. The hoods are in fair condition.



KITCHEN RANGE HOOD

The exhaust vents terminate at the roof in goosenecks with bird screens. The roof vents are the original vents and have slight corrosion.



EXHAUST ROOF GOOSENECK

The coin operated dryer exhaust is not ducted but each dryer exhaust within the naturally ventilated laundry room through a dryer sock filter.

The parking level is above ground and open on all four sides. Therefore no mechanical ventilation required for the Ground Floor parking.

Ventilation Recommendations:

The toilet exhaust fans should be checked throughout the building. Fans should be replaced if noisy or vibrates. Excessively corroded goosenecks should be replaced. Replace birdscreens on the goosenecks with new stainless steel screens.

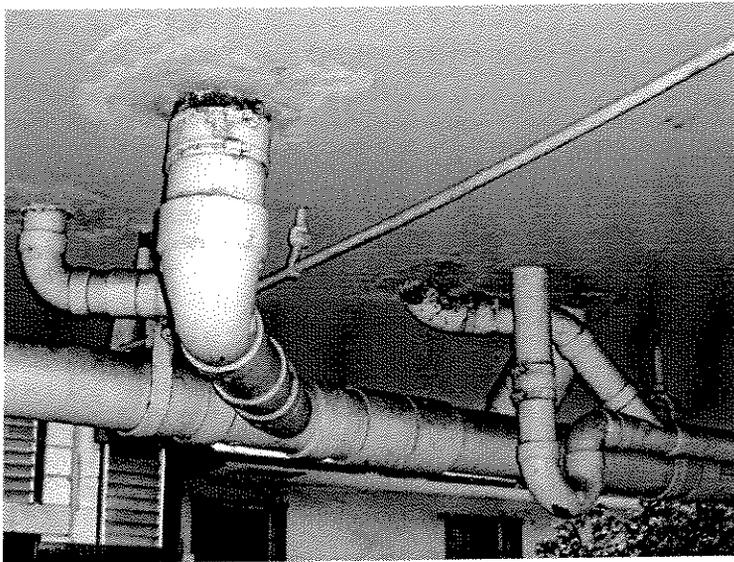
Kitchen hoods that are the original equipment should be replaced. We recommend the stainless steel residential type. Stainless steel is recommended because they have a longer life cycle and they are easy to maintain.

PLUMBING SYSTEM

The plumbing system consists of the waste and vent sanitary system, storm drain system, water system, wet standpipe and dry standpipe systems. Electric heaters are located in each unit. There is no gas on the site. There is no booster pump system for the domestic water system.

Sanitary and Storm System:

The sanitary system is constructed with cast iron waste and vent systems. The piping below the Second Floor at the ceiling of the Ground Floor have been replaced with new PVC pipes. The system is a gravity system with the building sewer is collected at the Ground Floor. The exposed pipes were in good condition. Two waste and vent piping at North end of Ground Floor is at 6'-6" which does not meet the minimum code required clearance of 7'-6". There are scraped marks on the pipes that the tenant automobiles have hit the pipes. There are corroded cast iron pipes at Second Floor pipe penetrations, which were caused by pipe leaks from the upper floors. There were no visual checks on the pipes within the walls because the pipes were not exposed during the site visit. The Building Managers did not indicate any problems with the sanitary waste system.



CORRODED WASTE AND VENT PIPES AT GROUND FLOOR

Roof has gutters with downspouts on the exterior walls of the building. Downspouts terminate at Ground Floor. There is no storm drain system on the property.

Sanitary and Storm System Recommendations:

The system should be spot checked in walls to verify the conditions of the piping in the wall. The sewer system should be routed through at every cleanout.

Pipes at 6'-6" should be re-piped with shallow type plumbing system to raise the pipes as high as possible.

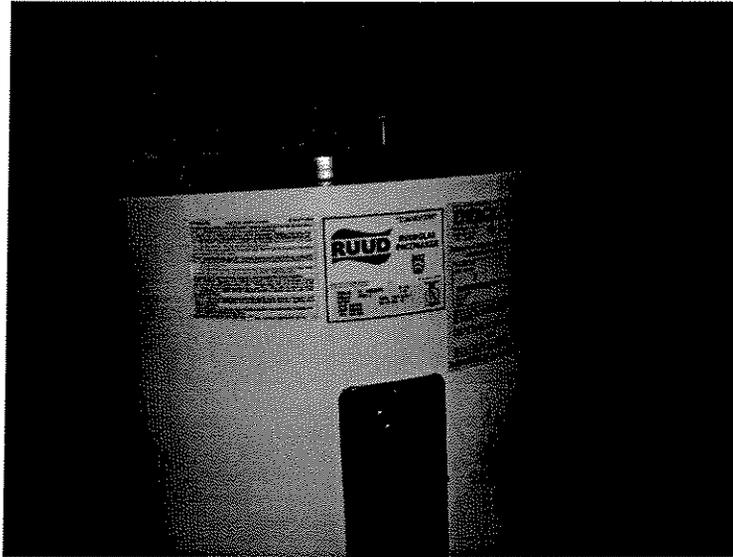
Water System:

The domestic water system has a single pressure zone, which is dependent on the City's pressure to provide water up to the Seventh Floor. The exposed pipes are hard drawn copper. There are new ball shutoff valves installed at each riser. There were no visual leaks. The existing water meter is located on the Piikoi Street Northeast corner of the property.

There is no backflow prevention device installed for the property. An approved backflow prevention device is required by the Board of Water Supply. Existing hose bibs did not have vacuum breakers as required by City of Honolulu code requirements.

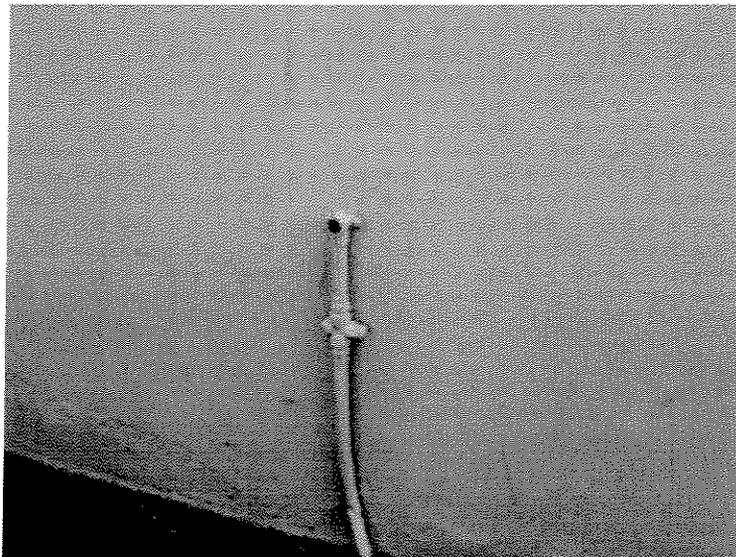
Each unit has an electric hot water heater under counter with removable access panels on the Living room side of the counter. The heaters condition were not assessed because they were not readily accessible. Current code requires that the heaters have drain pans and piped T&P valve drains.

The laundry has an electric heater. Heater on the Sixth Floor is a RUUD EVR80-2, 80-gallon capacity, 4500/3380 watts 230/1/60. Heater is in good condition.

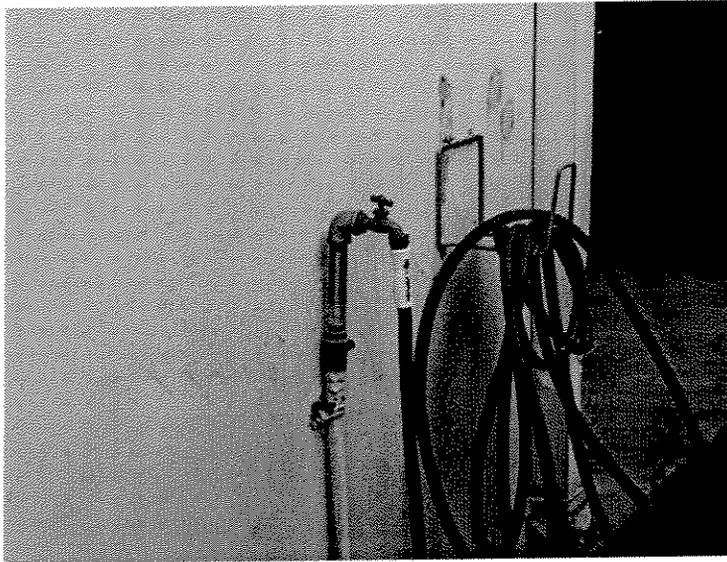


LAUNDRY ROOM HEATER

Hose bibbs do not have vacuum breakers, which is required by City & County of Honolulu. Hose bibb is missing at the back of elevator.



MISSING HOSE BIBB



HOSE BIBB WITHOUT VACUUM BREAKER

Water System Recommendations: An approved reduced pressure backflow prevention device (RPBP) is required immediately after the water meter. Device shall be installed in adjacent landscaping area. A RPBP should be provided for the irrigation system also.

Hose bibbs shall be replaced with hose bibbs with non-removable vacuum breaker.

Plumbing Fixtures:

The plumbing fixture condition varied throughout building. The fixtures do not meet ADA and the low flow requirements.

The water closets were regular flow tank type toilets. Water closets are in fair condition aside from regular wear and tear. The lavatories are the original fixtures. They are counter mounted with two-handle faucet. Fixture and trims are the original and need cleaning, refinishing or replacement.

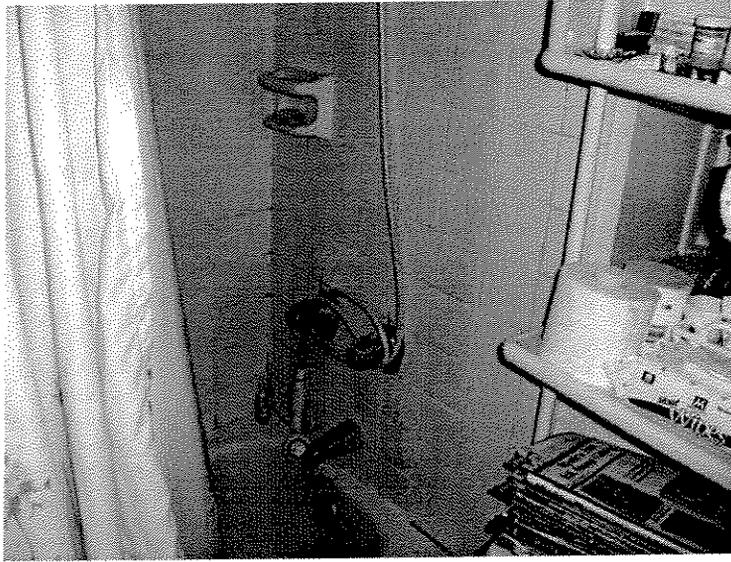


EXISTING WATER CLOSET



EXISTING LAVATORY

The tub/showers are constructed cast iron tub, which are in fairly good condition. The shower faucet assembly is a two-handle type. Tub shower valve and trims need to be replaced.



TUB WITH TWO HANDLE FAUCET

Stainless steel single-compartment kitchen sinks are self-rimming type. The sinks and trims are in fair condition. Disposers under sinks in good condition and are Whirlpool GC2000.



KITCHEN SINK

The laundry tray is fiberglass type with corroded galvanized back-splash.



CORRODED GALVANIZED LAUNDRY TRAY BACKSPLASH

Plumbing Fixture Recommendations: The plumbing fixtures and trims are old therefore replace fixtures with new fixtures meeting low flow and safety requirements. The fixtures and trims should meet ADA requirements where required in the units.

The water closets are tank type and need to be replaced with low flow tank type water closet. If the building is going to be used as a rental apartment than the toilets should be replaced with a pressure flush tank instead of the gravity type. If the apartment is converted to condominium units than a good low flow gravity tank type toilets can be used.

The lavatories should be replaced. The faucets drain and water supplies should be replaced. Single lever faucets with ceramic cartridges should be provided.

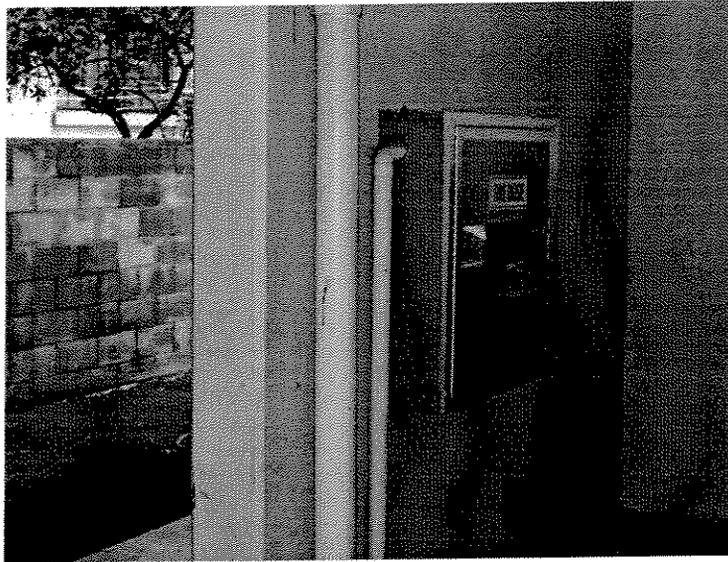
The tub/showers and shower valve and trim should be replaced. The shower valve and trims should be replaced with a pressure balancing valve with a high limit temperature setting and low flow shower heads and single lever handle. The pressure balancing valves are required to prevent shower scalding.

The kitchen stainless steel sink should be cleaned and polished or replaced. The faucets should be replaced with new low flow faucets.

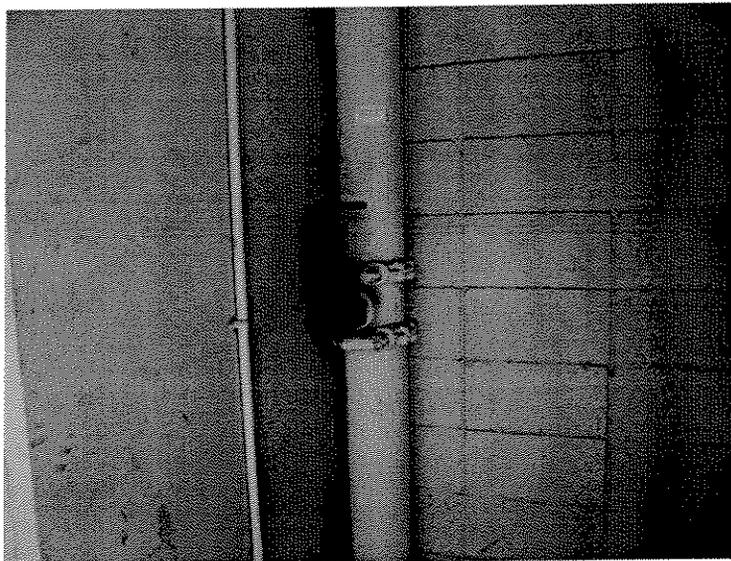
The laundry tray should be replaced with new faucets on laundry tray back shelf. The back-splash should be removed.

FIRE PROTECTION SYSTEM

There are two existing Class 1 fire hose cabinets with 5-lb fire extinguishers on each floor. The wet system is connected to the domestic system through an independent riser with a check and shutoff valve at the Ground Floor ceiling. The wet system uses City water pressure.

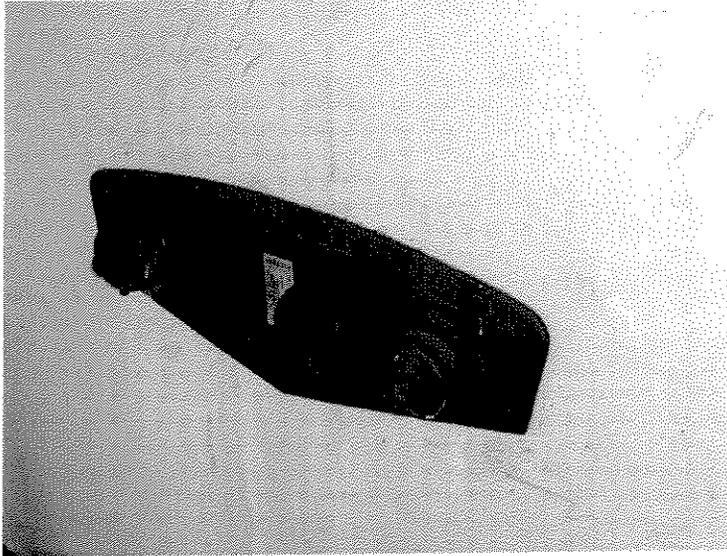


FIRE HOSE CABINET WITH EXTINGUISHER



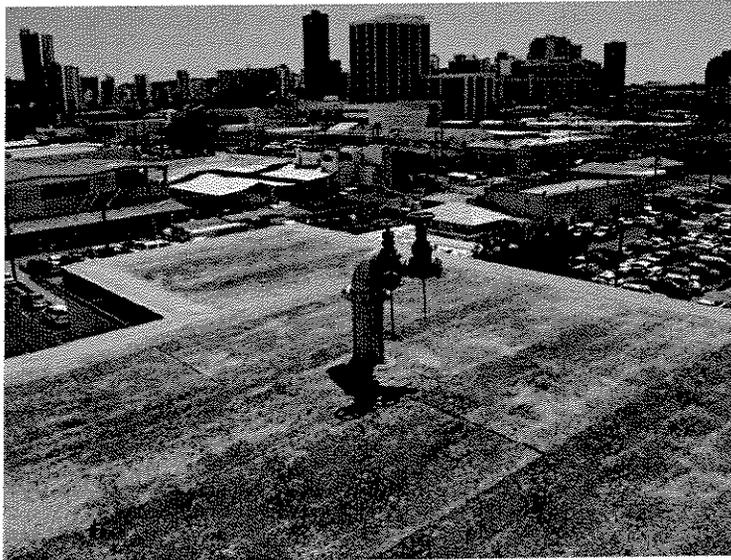
FDC DRY STANDPIPE CONNECTION IN SOUTH STAIRWAY

There is a 6-inch dry standpipe system in the South stairway and in good condition. The dry standpipe fire department Siamese connection is located at the ground level facing Kinau Street on the South side of the building.



FIRE DEPARTMENT CONNECTION

The roof fire department connection on the roof is in good condition.



ROOF FIRE DEPARTMENT CONNECTION

Fire Protection Recommendations: A certification flow test should be done on the wet and dry standpipe systems.

The dry standpipe system should be pressure tested and certified.

The fire extinguishers should be tested and inspected.

GENERAL COMMENTS

The original design drawings were not available. There were indications that pipes were repaired.

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

There were no destructive inspection done for this report

We recommend that the Life Safety equipment be checked and repaired or corrected immediately.

Because this report did not include destructive investigation and technicians to test equipment, we recommend that the following additional services be retained to quantify equipment remaining life and condition of equipment, cost of repair or replacement:

Fire Service Contractor

Pressure test dry standpipe system, flow test fire sprinkler system, test and certify wet standpipe and extinguishers.

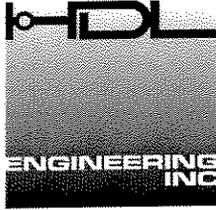
These technicians and or contractors should be independent from those that are currently servicing the systems.

Submitted By:

Arnaldo Prepose, P.E.

Prepose Engineering Systems, Inc.

EXHIBIT 3 TO
EXHIBIT "E"



1136 Union Mall, Suite 700
Honolulu, HI 96813
Tel: (808) 521-3314
Fax: (808) 533-3314
email: hdl@hawaii.rr.com

PROJECT: PIIKOI TERRACE CONDOMINIUM
SUBJECT: DUE DILIGENCE REPORT - ELECTRICAL SYSTEM

The project site was visited on 14 March 2007 for the purpose of conducting a due diligence survey of the building common areas and selected apartment units. The project consists of a single seven story building with the ground or first floor as parking and the second through floors with six apartment units per floor for a total of thirty-six apartment units.

The electrical service is provided by Hawaiian Electric Company at 208Y/120 volts, three phase, four wire. The building main disconnect and apartment meter/mains are located on the first floor. There is an Electrical Room located on the first floor which has the Building main disconnect switches, house meters, house panel, telephone/TV cabinet and fire alarm control panel.

The building has a central fire alarm system with a station and alarm bell located on each floor.

The building is also provided with a secured elevator.

There is an area on each floor designated as a laundry area. There is a panelboard at the second floor laundry room with circuit breakers assigned to the washing machines and dryers.

Each apartment unit is provided with its individually assigned HECO meter and panelboard. The apartment meter/mains are located adjacent to a parking stall and is provided with a protective enclosure.

Construction documents for this project were no available at this time.

Some of the deficiencies noted for this project are as noted:

Apartment Units (Typical 2 Bedrooms):

- a. The apartment panelboard is located in the broom closet. The National Electrical Code (NEC) does not allow for panelboards to be located in storage closets with combustible materials stored in the vicinity of the panelboard.

b. There is a smoke detector located in the hallway of the apartment unit, however, there are no smoke detectors in the bedrooms. It appears that the detectors are the self-contained battery operated type.

c. The receptacles at the kitchen counter are not provided with GFCI protection. The receptacle at the bathrooms are also not GFCI type. The NEC requires GFCI protected receptacles at the kitchen and bathroom.

d. The latest National Electrical Code (NEC) requires arc fault interrupter (AFI) circuit breakers for all circuits entering the bedrooms. This includes all receptacle and lighting circuits. The existing apartment panelboards may not allow for the installation the AFI circuit breakers.

e. The fire alarm system alarm bells are located in such a way that they may not be audible in every apartment unit. There is only one alarm bell per floor.

Common Areas:

a. The fire alarm bells may not be audible within each apartment unit. There is only a single bell on each floor. Also there is only a single fire alarm manual pull station located on each floor. The manual pull station along with the alarm bell is located adjacent to Unit Type "E" and is not located adjacent to the smoke tower exit stairway and the second exit stairway. If the ADA compliance is required, visual strobes will be required in the common areas such as the parking areas and the exterior walkways on the upper floors.

b. The panelboard for the Laundry Rooms does not have the required clearance in front of it as required by the NEC. Accessible clearance of three feet in front from floor to ceiling is required for all electrical apparatus

c. The Electrical Room does not provide adequate clearances in front and below the electrical equipment. The NEC requires 36" clear space in front of the equipment. This clearance is from the floor to the ceiling. The Electrical Room cannot be utilized to store combustible and hazardous materials.

d. The smoke tower stairway is not provided with emergency battery powered lighting fixtures.

e. The exit signage is not the emergency battery powered type, and it appears that the exits are not properly identified. The exit route is not properly identified illuminated exit signs.

f. The individual apartment meter/mains should be labeled to clearly identify the unit being served by each meter/main.

Considering the age of the building the overall condition of the existing electrical system is acceptable. The electrical system has been maintained in fairly good condition except for some corrosion on the enclosures of several pieces of equipment. Several of the above listed deficiencies will require attention as they involve life safety issues.



ERNEST M. UMEMOTO AIA
Architect, Inc.

EXHIBIT 4 TO
EXHIBIT "E"

April 18, 2007

CONDITION REPORT

Property: Piikoi Terrace
1314 Piikoi Street
Honolulu, Hawaii

Prepared by: *Architectural*
Ernest M. Umemoto, AIA
442 Kaleimamahu Street
Honolulu, Hawaii 96825

I. GENERAL

- A. The owner has requested a general assessment of the condition of the structural, electrical, and mechanical elements of the building in order to comply with the disclosure requirements of §514B-84(a)(1)(A) of the Hawaii Revised Statutes which requires “[a] statement by the declarant, 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.” This report covers only architectural concerns. Separate reports have been prepared by other professionals to cover structural engineering, mechanical engineering and electrical engineering concerns.
- B. This Architectural condition report is based on 1 site visit. The Owner did furnish the team with a copy of the condominium property regime plan. There were no approved-stamped Building Department File copy, as-built Construction documents, change orders, soils report, engineering calcs, specification and basis of design. No permitted plans for alteration or renovation of either apartment areas or common areas were reported.
- C. As originally designed and constructed, portions of the improvements may not comply with current building standards. Compliance with current standards is generally not required unless modification of such portions is undertaken.



ERNEST M. UMEMOTO AIA
Architect, Inc.

Ascertaining if the construction met the current building codes at the time it was created or altered is beyond the scope of this report.

- D. Portions of the improvements may not comply with the Americans with Disabilities Act (ADA). The Application Guidelines of the ADA vary depending on whether an improvement existed before the law was adopted, existed but altered after the law's adoption, or built new after adoption of the law. It is beyond the scope of this report to ascertain the property's compliance with these Guidelines.
- E. The visual only observation visit did not include invasive or destructive testing, so the extent of damage or deterioration, if any, was not able to be substantiated. The existence of lead paint, asbestos, environmental toxic material, dirty air quality and other problems was not observable. To address these items would require the retainage of specialty inspectors, and this is rarely done without damage or injury being obvious to the residents and the property managers.
- F. Given the age of the original construction, asbestos may be present in portions of the building.
- G. The building has been well maintained and suits the intended use very well. As the building ages, increased maintenance and replacement costs should be expected.

II. APARTMENTS

- A. This Architectural report covers that which was observed in a sampling of typical apartments, and assumes that the general observations made are pertinent to the building as a whole. The design and construction seen are similar to that found in apartment buildings in Honolulu's urban core. Observations in three apartments found the following concerns:
 - 1. Apartment entry door at corridor must have 20 minutes fire resistance and label visible. None seen.
 - 2. Electrical convenience outlets in the kitchen and bathroom that are within 6' of a water source must be GFIC. This was not provided.
 - 3. Range must have fire resistant finish on the surrounding wall, such as ceramic tile, plastic laminate, and sheet metal. This was not provided.
 - 4. If a wall cabinet exists above the range, minimum 24" clear height must be provided between the burner top and a metal range hood above.



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Architect, Inc.

5. Bedroom windows must be sized for fire escape. Minimum clear height = 24". Minimum clear width = 20". Minimum net clear 5.7 SF. The finished sill height is 44" maximum. Glass jalousie is acceptable if the above sizes are met. The existing windows had a sill height at 5'-4" (too high).
6. Water damage was not seen.
7. The electrical outlet in any light fixture must be GFIC.
8. Washer/dryer not designed for in the individual apartments and may not be added.
9. Portable dishwasher may drain into system that was not designed for every apartment to possess a unit, and should not be added.
10. Toilet water closet must be in a space with 30" clear with minimum 24" clear in front of the water closet.
11. Shower surround must be hard impervious surface to height of 6'.
12. Ceiling height must be 7'-6" minimum with projections not lower than 6'-6" high. Bathrooms and halls may be 7'-0" high.
13. All rooms (except toilet with toilet exhaust) must have minimum 10% light and 5% ventilation area in exterior wall based on floor area of the room.
14. Lanai guardrail must be 42" high. Current maximum opening in the guardrail is 4" maximum. At the time of construction the opening maximum may have been larger as the existing is 5" which may be a safety hazard.
15. Fire extinguisher not seen in proximity of range.
16. Electrical panels must be 3' clear in front, not storage.
17. UL-approved hard wire smoke detector required just inside each bedroom door currently not provided and one required outside in the hallway outside the bedroom doors.
18. Glass sliding door on lanai and for shower must have safety glass.
19. Windows with sill lower than 3'-6" must have a guardrail at 3'-6" high if open below on the exterior.



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Architect, Inc.

20. The individual tenants have put up various lattice and grills onto the guardrail and lanai opening. Some of these may constitute attractive nuisance as children may climb onto them and fall over the guardrail.
21. Window a/c units have been added without condensate drain. The water on the concrete slab could contribute to spalling.
22. Termite damage of wood doors and cabinets has been reported in the past.
23. Acoustical spray on the ceiling and any floor tile smaller than 12' square should be tested to ensure that it does not contain asbestos.
24. If tenants performed any alteration to the permitted construction, they were responsible to obtain Building Permits.

III. COMMON AREAS AND PARKING AREAS

A. In the common areas and parking areas the following concerns were observed:

1. Parking stalls may not have the 22' clear in front as required by the zoning code.
2. There are no loading stalls.
3. There is no ADA-compliant or van-accessible parking stall. There are no ADA and FHA compliant apartments in the building. Occupants and guests may not be able to access the building from the sidewalk or the parking garage.
4. Exit signs are not lighted and are lacking in many areas.
5. Exit lighting on emergency battery or generator power lacking. Management effort must enforce the clear lighted exit path and visibility of exit signs from all directions.
6. Proper exhaust ventilation of dryers not seen.
7. The outlet at the washer/dryer area should be GFI.
8. Stair did have required 44" clear width. Handrails should be between 34" to 38" high above the nosing, but were only 31" high on some locations.
9. Exit doors must be 20 minute fire resistive and both door and frame labeled, provided with smoke gasket and draft protection, be self-closing and properly identified with exit sign.



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Architect, Inc.

10. Stair enclosure door must be 90 minute fire resistive and both door and frame labeled, be self-closing and properly labeled with exit sign.
 11. Handrail height was okay at 36" high but did not extend past the last riser and exceeded the spacing or projection from the wall. The open stairway did not have a guardrail as may have been grandfathered, but this is not the best design.
 12. Stairs should have handrails on both sides with extension 12" past the last riser on top and bottom.
 13. The guardrail at the upper floor exit balconies is 42" high but has up to 6-1/2" openings that children could fall through.
 14. The roof does not need scuppers but needs roof vents to address bubbles in the BUR.
 15. Pipe insulation may have asbestos.
 16. No roof insulation.
 17. Roof access door is locked to public access.
 18. Guardrail at top of enclosed stair is only 3' high. Rebuild to 3'6" height.
 19. Penetrations between garage and residential area require fire separation protection and rated caulking.
 20. The parking area puddles in heavy rain.
 21. The surrounding streets have inadequate storm drain system and flooding may occur in a major storm.
 22. Gate at the bottom of the Makai open stair has round knob. It should have a lever handle.
- B. The above cursory visual only site observation report covers only architectural concerns. The separate reports for structural engineering, mechanical engineering, and electrical engineering have not been cross-coordinated or evaluated against this architectural report. Destructive testing, laboratory testing, checks of approved permits, un-permitted work, zoning and special design district requirements, design review, cost studies, civil engineering, site drainage and flooding, foundation and soils engineering, underground utilities and systems, properly line encroachments, environmental quality, indoor air quality, water infiltration, mold, asbestos, lead paint, other toxic material, shoreline requirements, setback measurements, height requirements, street frontage and



ERNEST M. UMEMOTO AIA
Architect, Inc.

sidewalk improvements, pool and water safety, landscape features, roofing, termite, and traffic safety are not included. Any certifications required by governmental agencies are authored by others and shall not raise the level of visual observation on the site visit. Observations are to the best of my knowledge. Compliance to latest codes and grandfathered status must be ruled on by the Building Department. ADA and FHA are Owner's decisions beyond my control and should be investigated by experts in the respective fields.

Yours truly,

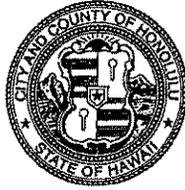
Ernest M. Umemoto, AIA

6 Pages Total

EXHIBIT "F"

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. TANOUÉ
DEPUTY DIRECTOR

2006/ELOG-2774(AS)

February 20, 2007

Irene A. Anzai, Esq.
Rush Moore LLP
A Limited Liability Law Partnership
737 Bishop Street, Suite 2400
Honolulu, Hawaii 96813

Dear Ms. Anzai:

Subject: Condominium Conversion Project
Piikoi Terrace Apartments
1314 Piikoi Street
Tax Map Key: 2-4-012: 008

This is in response to your letter dated January 4, 2007, requesting verification that the structure on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that a 7-story 35-unit apartment building with 35 all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1969 on this 13,896-square-foot A-2 Apartment District zoned lot.

Further investigation revealed that on February 27, 1990, Building Permit No. 281629 was issued for alteration work to create an additional apartment unit within the existing five (5) apartment units on the seventh floor for a total of 36 units in this building. Also, approved was a revised parking plan for two (2) additional off-street parking spaces that was required for the new apartment unit.

The apartment building is considered a nonconforming structure because it lacks the required ten-foot side yard setbacks.

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

Irene A. Anzai, Esq.
Rush Moore LLP
February 20, 2007
Page 2

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

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

doc517134

EXHIBIT "G"

DEVELOPER'S RESERVED RIGHTS

1. The Developer reserves an easement over, under and upon the Project, the common elements of the Project and each unit in the Project as may be reasonably necessary for the completion of any renovations of the Project, the sale of the units in the Project, and the correction of defects in the Project (see Section 4.6 of the Declaration).

2. The Developer reserves the right to conduct extensive sales activities on the Project for the sale of Units in the Project, including without limitation, the use of model units, sales and management offices, and extensive sales displays and activities until the date of the closing of the sale of the last unsold unit in the Project (see Section 4.7 of the Declaration).

3. The Developer reserves the right, for itself and its successors and assigns, at any time prior to December 31, 2013, to designate and to grant to any public or governmental authority or other entity rights-of-way and other easements affecting the Project or the land of the Project which are for the sole benefit of the Project, or which are for the benefit of lands located near or adjacent to the Project, or which do not materially and adversely interfere with the use, nor materially and adversely impair the value of the Project or any unit in it, over, across, under and through the common elements for lines and other transmission facilities and appurtenances for electricity, telephone, water, sewer, drainage, rubbish collection, mail delivery and other public services and utilities, and the right to enter the Project for the purpose of installing, repairing, altering and removing such lines and facilities and trimming any trees in the way of such lines and facilities; provided that in connection with the installation, maintenance, repair, alteration or removal of any such lines and facilities pursuant to rights-of-way and other easements granted hereunder, the Developer or its successors or assigns, as applicable, must require that any damage to the common elements shall be restored promptly at the expense of the party owning and exercising such easement right; provided, further, that the Association, through the Board, and with the consent and agreement of the holders of any affected easements, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utility easements now or hereafter located on or affecting the Project without requiring any consideration. To the extent that joinder of any unit owner and lien holder or other person who may have any interest in the Project, any unit, or the land of the Project, may be required in order to validate any act or thing done pursuant to the foregoing reservation, such joinder shall be accomplished by a power of attorney from each of the unit owners, lien holders or other such parties. The acquiring or acceptance of ownership in a unit or of a lien covering a unit or any other interest in the Project or in the land of the Project shall constitute a grant of such power of attorney and the grant, being coupled with an interest, shall be irrevocable and shall not be affected by the disability of the party granting such power (see Section 4.8 of the Declaration).

4. The Developer reserves the right to amend the Declaration (see Section 17 of the Declaration), without the consent or joinder of the Association or the persons then owning or leasing the units or their mortgagees, to satisfy any requirement of the Department of Veterans' Affairs ("VA"), the Federal Housing Administration ("FHA"), the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), or any federally chartered lending institution that Declarant deems necessary or convenient and to such extent and with such language as may be requested by the FHA, VA, FNMA, FHLMC or

any federally chartered lending institution as a condition precedent to lending funds upon the security of a unit in the Project.

5. The Developer reserves the right to amend the Declaration (see Section 18 of the Declaration), without the consent or joinder of the Association or the persons then owning or leasing the units or their mortgagees, as follows:

a. To make changes to the Project and to amend the Declaration and the Condominium Map in any manner, as long as the Developer owns all of the units in the Project.

b. To change the number of each type of unit in the Project; provided, however, that this right shall apply only to units that are owned by the Developer.

c. To make changes to the Project and the Condominium Map; provided that such changes do not violate applicable laws and codes and do not constitute a material change to the Project or to any unit not owned by the Developer.

END OF EXHIBIT "G"

EXHIBIT "H"

ESTIMATE OF THE INITIAL MAINTENANCE FEES

Estimate of the Initial Maintenance Fees:

<u>Units</u>	<u>Monthly Fee</u> <u>Per Unit</u>	x	<u>12 months</u>	=	<u>Yearly Total</u> <u>Per Unit</u>
201, 202, 203, 204 205, 206, 301, 302, 303, 304, 305, 306, 401, 402, 403, 404, 405, 406, 501, 502, 503, 504, 505, 506, 601, 602, 603, 604, 605, 606, 701, 702, 703, 704, 705, 706	\$237.08	x	12 months	=	\$2,844.96

Yearly Total for all Units: \$2,844.96 x 36 Units = \$102,418.56

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

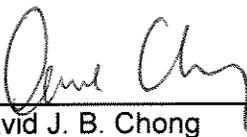
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

PIIKOI TERRACE			
BUDGET -First Year			
			YEARLY
Maintenance Fees	MONTHLY		BUDGET
MAINTENANCE FEE	8,535	X 12 months=	102,420
TOTAL	8,535		102,420
Utilities and Services			
ELECTRICITY-common elements only	1,500	X 12 months=	18,000
WATER & SEWAGE	2,000	X 12 months=	24,000
REFUSE	474	X 12 months=	5,688
TELEPHONE	80	X 12 months=	960
Operating Expenses			
AUDIT/TAX PREPARATION	63	X 12 months=	756
BUILDING REPAIRS	142	X 12 months=	1,704
ELECTRICAL&LIGHTING	15	X 12 months=	180
ELEVATOR	570	X 12 months=	6,840
EQUIPMENT / REPAIR	50	X 12 months=	600
FIRE CONTROL	55	X 12 months=	660
JANITORIAL	1,071	X 12 months=	12,852
LOCKS AND KEYS	10	X 12 months=	120
PAINTING	42	X 12 months=	504
PEST CONTROL	115	X 12 months=	1,380
PLUMBING	117	X 12 months=	1,404
SECURITY	42	X 12 months=	504
SIGNS	10	X 12 months=	120
SUPPLIES AND TOOLS	43	X 12 months=	516
Management			
MANAGEMENT FEES	900	X 12 months=	10,800
OFFICE EXPENSES	100	X 12 months=	1,200
Insurance			
PROPERTY/GENERAL LIABILITY	1,051	X 12 months=	12,612
COMMERCIAL UMBRELLA	117	X 12 months=	1,404
DIRECTORS & OFFICERS/FIDELITY	63	X 12 months=	756
Other			
GENERAL EXCISE TAX	5	X 12 months=	60
VENDING	(100)	X 12 months=	(1,200)
Reserves			
RESERVE	0	X 12 months=	0
TOTAL	8,535		102,420

DEVELOPER'S STATEMENT REGARDING COMMENCEMENT
OF OWNERS' OBLIGATION TO PAY MAINTENANCE FEES

Developer shall initially assume all the actual common expenses of the Project. The unit owners shall not be obligated for the payment of their share of the common expenses until such time as Developer sends the unit owners written notice that, after a specified date, the unit owners shall be obligated to pay for the portion of the common expenses that is allocated to their respective units. Developer's written notice shall be mailed to the owners, the Association and the Managing Agent at least thirty (30) calendar days before the specified date.

PIIKOI TERRACE APARTMENTS, LLC

By: 
David J. B. Chong
Its Manager

Dated: 5/10/07

"Developer"

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF SALES CONTRACT

A copy of the form of Condominium Deposit Receipt and Sales Agreement ("Sales Contract") has been submitted to the Real Estate Commission and is available for inspection at Developer's office. The following is a summary of some of the provisions of the Sales Contract. **ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS OF THE SALES CONTRACT.**

1. The Sales Contract does not become a binding contract until the Binding Date occurs as described hereinbelow. The Effective Date of the Sales Contract shall be the date on which all of the following conditions are fulfilled:

- (a) The Sales Contract has been accepted by Developer;
- (b) A true copy of Developer's Public Report is mailed or otherwise delivered to the purchaser; and
- (c) A notice of the purchaser's thirty-day right to cancel this Agreement is mailed or otherwise delivered to the purchaser.

The Binding Date of the Sales Contract shall be the date when all of the foregoing conditions have been fulfilled and the following additional condition has been fulfilled: becomes a binding Contract

The purchaser has waived or be deemed to have waived the purchaser's right to cancel the Sales Contract pursuant to Section 514B-86 of the Act.

Until the Binding Date of the Sales Contract, it may be terminated at any time, with or without cause, at the option of either party, by written notice of termination to the other.

2. If the unit covered by a particular Sales Contract is an Owner-Occupant Designated Unit, and the purchaser has executed an affidavit stating purchaser's intent to become an owner-occupant of the unit, then purchaser agrees when signing the Sales Contract that purchaser will occupy the unit as purchaser's principal residence. Any such purchaser shall be required to reaffirm his or her intent to be an owner-occupant no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Developer shall constitute a default under the Sales Contract by such purchaser and Developer shall have the remedies provided in the Sales Contract.

3. The unit is sold in "AS IS, WHERE IS" condition and "WITH ALL FAULTS." Developer makes no warranties, express or implied, oral or written, with respect to the unit, its size or dimensions, or the Project (including the common elements of the Project), or about any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed, or otherwise contained in any of the units (including the common elements of the Project).

4. The purchaser agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. The purchaser also agrees that any money that the purchaser deposits with Escrow may be deposited together with other purchasers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to the Escrow Agreement between Developer and Escrow. The purchaser also agrees that all the interest earned from the funds deposited by purchasers will be credited to Developer, except as may be provided in the Sales Contract. In case purchaser is late in making payments to Escrow, the late payment will bear interest at the rate of one percent (1%) per month until paid.

5. All taxes, assessments, and charges of any kind assessable against the unit or the land of the Project will be prorated as of the Closing Date. The purchaser will be responsible for paying all closing costs in connection with the purchase of the unit, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Unit Deed to the purchaser.

6. The purchaser must deposit with Escrow at Preclosing a contribution to the common expenses reserve account (being a nonrefundable "start-up reserve" fee for the condominium association) and a contribution for common expenses operating account equal to two (2) months of the estimated assessments for common expenses (being a nonrefundable "start-up operating" fee for the condominium association). These amounts do not constitute pre-payments of maintenance fees and purchaser shall be required to pay monthly maintenance fees when the collection of such fees is commenced by the Association.

7. The purchaser may not assign purchaser's rights under the Sales Contract without the prior written consent of Developer. Under no circumstances may the purchaser assign purchaser's rights to the Sales Contract after the Preclosing or the Closing Date. If purchaser attempts to assign the Sales Contract without Developer's written consent, purchaser shall be in default under the Sales Contract.

8. Developer, at its sole discretion, shall determine the Closing Date. Developer may, at its option, preclose the sale of a unit by requiring the purchaser to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the closing date. The purchaser will have ten (10) days notice of such preclosing.

9. The purchaser shall not be able to occupy the unit until the Closing Date. Purchaser shall not be able to enter the unit until the Closing Date, except with the prior consent of Developer. If the purchaser attempts to take occupancy of or enter the unit prior to the Closing Date without the consent of Developer, then the purchaser will be in default of the Sales Contract, and Developer has the right to remove the purchaser from the unit using any lawful means and at the purchaser's expense. The foregoing provisions shall not apply to purchasers who are tenants renting their respective unit at the Project at the time they executed the Sales Contract and who continue to rent their unit prior to the Closing Date.

10. The purchaser may inspect the unit, at reasonable hours arranged by the purchaser and Developer, within ten (10) days of the Binding Date of the Sales Contract.

11. By signing the Sales Contract, the purchaser represents that the purchaser is financially capable of paying the purchase price for the unit. The purchaser also represents that any financial data the purchaser has given Developer is accurate.

If the purchaser intends to finance the purchase of the unit, then the purchaser must apply for financing and inform Developer of the name and address of the lending institution and the loan officer handling the loan application within five (5) days from the Effective Date of the Sales Contract. The lender must be an established financial institution duly authorized to do business in the State of Hawaii. The purchaser must obtain from the funding permanent lender, and must provide to Developer a copy of, written conditional loan approval of the loan within twenty-one (21) calendar days from the Effective Date of the Sales Contract. The purchaser agrees to do everything possible and/or necessary to successfully obtain the loan. If purchaser makes a bona fide effort to obtain financing but is unsuccessful in doing so, then purchaser may cancel the Sales Contract upon written notice to Developer on or before thirty (30) days from the Effective Date of the Sales Contract. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

If the purchaser is making a cash purchase of a unit, the purchaser must provide proof to Developer within ten (10) days after Developer accepts the Sales Contract that purchaser is financially capable of making all payments under the Sales Contract. Developer has the option to terminate the Sales Contract if Developer determines at any time that the purchaser is unable to make the required payments. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest, and less an escrow cancellation fee, the cost of any credit reports and all other costs incurred by Developer.

12. If the purchaser defaults after the Binding Date of the Sales Contract, Developer may cancel the Sales Contract and may keep any amounts previously paid by the purchaser as liquidated damages to compensate Developer for its damages. Developer may also pursue any other legal remedy for purchaser's default. If Developer defaults after the Binding Date of the Sales Contract, the purchaser's only remedy is to cancel the Sales Contract and have all of the purchaser's money refunded.

13. If less than twenty (20) units have been sold within one hundred eighty (180) days after the date a purchaser signs the first Sales Contract for a unit in the Project, Developer has the option to cancel the Sales Contract. If Developer cancels the Sales Contract, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

14. By entering into the Sales Contract, the purchaser acknowledges that the purchaser has never received any information of representations from Developer or any of Developer's agents regarding rental income from the unit or other economic or tax benefits that purchaser may receive from ownership of the unit. The purchaser further agrees that he or she will not participate in any rental pool for the renting of the unit. The purchaser may be required to sign documents which satisfy Developer that no such representations have been made.

15 Subject to the requirements of the Hawaii Contractor Repair Act (Hawaii Revised Statutes Chapter 672E), if applicable, any dispute between Developer and purchaser arising out of or relating to the Sales Contract or the unit, or the construction, development or management of the Project or the sale of any unit or the use or occupancy of any unit, or any other aspect of the relationship between Developer and the purchaser regarding the Project shall be subject to non-binding mediation and, if necessary, shall be resolved by mandatory arbitration.

16. The purchaser accepts the following conditions as well as any inconvenience or annoyance which the purchaser may experience as a result of such conditions and expressly

waives any rights, claims or actions which he might otherwise have against Developer or third parties as a result of such circumstances:

(a) Developer currently plans to replace the railings along the walkways, stairwells and on the lanais of the Project and Developer's reserved easement to have such renovation work performed at the Project extends until twenty-four (24) months after all the units in the Project have been sold.. Although Developer at present plans to have such work performed, Developer makes no representations, warranties or other promises about the removal and replacement of the railings and the Project is being sold strictly in its "as is" condition as of the date of closing. The Developer will assign to purchaser at closing any assignable warranty (if any) with respect to purchaser's unit that is given by the contractor doing the removal and replacement work on the railings.

(b) The removal of the existing railings and the replacement of the same at the Project may result in, and Developer and its agents, employees, consultants, contractors, subcontractors, licensees, successors and assigns shall have the right to create and cause noise, dust, vapors, odors, vibration, traffic congestion, temporary impairment of access to portions of the Project, and other nuisances or annoyances created by or arising from any work relating to or incidental to the removal of the existing railings and the replacement of the same at the Project. Pursuant to Section 4.6 of the Declaration, each purchaser and its mortgagee, successors and assigns, and any other person acquiring any interest in the Project or any Unit in the Project, waives any and all rights, claims or actions that might otherwise be asserted against Developer and/or its agents, employees, consultants, contractors, subcontractors, licensees, successors and assigns based on such noise, dust, vibration, traffic congestion, impairment of access to portions of the Project, and other nuisances and annoyances created by, arising from, or incidental to the removal of the existing railings and the replacement of the same at the Project.

(c) Sales activities, including the use of model units, sign and extensive sales displays and other activities for the sale of units in the Project.

(d) Developer reserves the right for itself, its employees, agents, sales representatives, business invitees and prospective purchasers to utilize the common elements for ingress and egress to model units and parking spaces and in order to show the common elements to prospective purchasers.

17. By signing the Sales Contract, the purchaser acknowledges receipt of notice that:

(a) Mold and Mildew. The purchaser has been informed that microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), may be present in the unit and that Microorganisms, at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Concentrations of chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms occur naturally in the environment, Developer cannot eliminate the possibility that Microorganisms may grow in, on or about the unit. purchaser releases and agrees to indemnify and defend Developer and its successors and assigns from and against any and all claims, obligations, demands, damages, causes of action, liabilities, losses and expenses,

including reasonable attorneys' and expert fees, whether now known or hereafter known, foreseen or unforeseen, that purchaser or any occupant of the unit had, has, or may have in the future, in law or in equity (the "claim"), that are attributable to (1) bodily injury, sickness, emotional distress, disease, death or any other personal injury or adverse health effects, or (2) injury to or destruction of tangible personal property, including loss of the use thereof arising out of or relating to, or in any way connected with, indoor air quality, moisture, or the growth, release, discharge, dispersal or presence of any Microorganisms or any chemicals in the indoor air or on the interior surfaces of the unit including, without limitation to, wall cavities, the attic, windows and the basement, or on the exterior surfaces of the unit or on any part thereof.

(b) Hazardous Materials. The purchaser is aware that apart from the professional third party property condition reports attached to the Developer's Public Report (the "Property Condition Reports") and the disclosures made therein, Developer has made no independent investigation as to asbestos or other hazardous substances in the Project or Units, 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, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601, Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901, or any other federal, State or local law or ordinance relating to pollution or protection of the environment. Developer does not represent or warrant in any way whatsoever that the property condition reports are correct or complete. In light of the age of the Project, there may be hazardous substances in the Units and Project. Because of the possible presence of such substances, the purchaser should have the Unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. Developer will not correct any defects in the Unit or the Project or anything installed or contained therein and the purchaser shall expressly release Developer from any liability if any hazardous materials are discovered.

(c) Lead-Based or Lead-Containing Paint. The Unit and the Project may present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. Developer is required by law to provide the purchaser with any information on lead-based or lead-containing paint hazards from risk assessments or inspections in Developer's possession and notify the purchaser of any known lead-based or lead-containing paint hazards. Developer discloses that Developer has no knowledge of lead-based paint and/or lead-based paint hazards at the Project.

(d) Condition of the Unit and Project. The Project is zoned A-2 Apartment District under the Land Use Ordinance of the City and County of Honolulu ("LUO"). According to the letter from the Department of Planning and Permitting of the City and County of Honolulu ("DPP") dated February 20, 2007 (the "DPP Letter"), the 7-story 35-unit apartment building with 35 off-street parking spaces met all applicable code requirements when it was constructed in 1969. The DPP Letter states that further investigation revealed that on February 7, 1990, Building Permit No. 281629 was issued for alteration work to create an additional apartment unit within the seventh floor for a total of 36 units in the building. Also approved was a revised parking plan for two (2) additional off-street parking spaces that were required for the new

apartment unit. The 7-story 36-unit building with 37 off-street parking spaces is hereinafter referred to as the "Building".

The DPP Letter states that the Building is considered a nonconforming structure because it lacks the currently required ten-foot side yard setbacks.

The DPP Letter also states that no variances or other permits were granted to allow deviations from any applicable codes.

Based on Property Condition Reports concerning the condition of the Building attached to the Developer's Public Report for the Project, Developer believes that the Building is in such condition consistent with its age. All recommended work described in the Property Condition Reports will be the responsibility of the owner of the subject Unit and not that of Developer or any other party. The purchaser, by acceptance of the purchaser's Unit Deed, shall be deemed to have accepted the conditions described in the Property Condition Reports and agreed that neither the Developer nor any of its representatives, shall be responsible for any nonconforming conditions.

The purchaser acknowledges, consents to, and approves all of the matters described in Sections 17(a) through 17(d) above, and the purchaser assumes any and all risks in connection with each of those matters and releases and agrees to indemnify and defend Developer and its successors and assigns from and against any and all claims, obligations, demands, damages, causes of action, liabilities, losses and expenses, including attorney's fees and expert fees, whether now known or hereafter known, foreseen or unforeseen, that the purchaser or any occupant of the unit had, has or may have in the future, in law or equity (the "claim") that are attributable to or connected with any of the matters hereinabove disclosed.

END OF EXHIBIT "I"

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

A copy of the Condominium Escrow Agreement dated April 9, 2007, between the Developer and Integrity Escrow & Title Company, Inc. ("Escrow"), has been submitted to the Real Estate Commission and is available for inspection at the Developer's sales office. The following is a summary of some of the provisions of the Escrow Agreement.

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

1. A signed copy of each sales contract for a unit in the Project must be given to Escrow.

2. All money received by the Developer from purchasers under sales contracts for units in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in an interest-bearing account at a federally insured bank, savings and loan association or other financial institution. Any interest earned on funds deposited into Escrow will accrue as set forth in the sales contract unless otherwise provided.

3. Escrow may not make any disbursements of funds unless and until the following conditions have been fulfilled:

(a) Escrow shall have received a complete copy of Developer's 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; and

(b) Escrow receives certification from the Developer stating that the requirements of Sections 514B-86 and 514B-87, Hawaii Revised Statutes, have been met and the requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been complied with; and

(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 of the State of Hawaii.

4. A purchaser shall be entitled to a refund of his or her funds and Escrow will pay such funds to the purchaser, without interest, if any one of the following has occurred:

(a) Developer and purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held 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 in the sales contract 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.

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 a cancellation fee commensurate with the work done by Escrow prior to such cancellation, and other costs associated with the purchase, up to a maximum of \$250.00.

5. If a purchaser fails to claim a refund for a cancelled sales contract, Escrow will notify the purchaser at the purchaser's address shown on the sales contract or any address later made known in writing to Escrow by the purchaser.

6. If a purchaser fails to make a payment to Escrow in a timely manner, Escrow will notify Developer. If the Developer subsequently notifies Escrow in writing that Developer has terminated the sales contract and provides Escrow with copies of all notices of termination sent to the purchaser, Escrow will then treat any funds the purchaser has already paid as though they belong to the Developer. Upon written request by the Developer, Escrow will pay all such sums to Developer minus any escrow cancellation fee.

7. The Escrow Agreement is subject to the provisions of Hawaii Revised Statutes, Chapter 514B, as it may be amended.

END OF EXHIBIT "J"