

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

CONDOMINIUM PROJECT NAME	6233 KEOKEA PLACE
Project Address	6233 Keokea Place Honolulu, Hawaii 96825
Registration Number	6482 (Conversion)
Effective Date of Report	January 18, 2008
Developer(s)	NMF Keokea LLC, a Hawaii limited liability company

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report.....	1
General Information On Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units.....	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions.....	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters.....	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions.....	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer.....	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS.....	10
3.1 Declaration of Condominium Property Regime.....	10
3.2 Bylaws of the Association of Unit Owners.....	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements.....	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner.....	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties.....	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

TABLE OF CONTENTS

	<u>Page</u>
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing.....	14
5.7 Rights Under the Sales Contract	16
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract.....	16
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract	16
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed	17
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	17
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT	18
EXHIBIT A: Description of Unit Types and Sizes of Units, Boundaries of the Units, and Common Interest	
EXHIBIT B: Permitted Alterations to the Units	
EXHIBIT C: Common Elements and Limited Common Elements	
EXHIBIT D: Encumbrances Against Title	
EXHIBIT E: Developer's Reserved Rights to Make Changes to the Condominium Project or Condominium Documents	
EXHIBIT F: Schedule of Annual Maintenance Fees and Monthly Estimated Maintenance Fees for the Residential Units	
EXHIBIT G: Summary of Sales Contract	
EXHIBIT H: Summary of Escrow Agreement	
EXHIBIT I: Additional Developer Disclosures	

General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

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

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

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the Board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there are 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	N/A
Address of Project	6233 Keokea Place, Honolulu, Hawaii 96825
Address of Project is expected to change because	N/A
Tax Map Key (TMK)	(1) 3-9-034:058
Tax Map Key is expected to change because	Individual CPR numbers may be given to each unit.
Land Area	0.388 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements

Number of Buildings	1 residential building and 2 car port structures
Floors Per Building	1 2-story residential building; 2 1-story car port structures
Number of New Building(s)	N/A
Number of Converted Building(s)	1 residential building; 2 car port structures
Principal Construction Materials (concrete, wood, hollow tile, steel glass, etc.)	The residential apartment building uses concrete walls, wood-beams and concrete floor slab and wood truss for the roof structures.

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 A

8 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 :	16 tandem stalls
Number of Guest Stalls in the Project:	1 regular stall
Number of Parking Stalls Assigned to Each Unit:	2 per unit.
Attach Exhibit A 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).	
The Developer has not reserved any rights to assign or re-assign parking stalls.	

1.5 Boundaries of the Units

Boundaries of the Unit: <u>See Exhibit A, Section B.</u>

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): <u>See Exhibit B.</u>
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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 A .
As follows: <u>See Exhibit A, Section C.</u>

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input checked="" type="checkbox"/>	Storage Area – one (1) storage closet as shown on Sheet 1 of the Condominium Map
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input checked="" type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Common driveway, dock, and walkways

1.9 Common Elements

<p>Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common element for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit C.</p>	
<p>Described as follows:</p>	
Common Element	Number
Elevators	0
Stairways	2
Trash Enclosure	1

1.10 Limited Common Elements

<p>Limited Common elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit C.</p>
<p>Described as follows:</p>
<p><u>See Exhibit C.</u></p>

1.11 Special Use Restrictions

<p>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.</p>	
<input checked="" type="checkbox"/>	Pets: Pets are allowed in the Project in accordance with and subject to the House Rules
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input checked="" type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>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).</p>
<p>Exhibit D describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: October 31, 2007</p>
<p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</p>

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	8	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A-1 Low Density Apartment
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify):		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Variances to zoning code have been granted. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Describe any variances that have been granted to zoning code.		N/A		

1.14 Other Zoning Compliance Matters

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

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

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable</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><u>See Exhibit I, Section A.6.</u></p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p><u>See Exhibit I, Section A. 6.</u></p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>N/A</p>	
<p>Estimated cost of curing any violations described above:</p> <p>N/A</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit 2 to Exhibit I is a verified statement signed by an appropriate county official which states that:</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> <p>N/A</p>

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	<p>Name: NMF KEOKEA LLC, a Hawaii limited liability company</p> <p>Business Address: 1165 Bethel Street, 2nd Floor Honolulu, HI 96813</p> <p>Business Phone Number: (808) 539-9528</p> <p>E-mail Address: frankt@nmfhi.com</p>						
<p>Name 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>Members:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">National Mortgage & Finance Co., Ltd.</td> <td style="width: 20%; text-align: right;">Member</td> </tr> <tr> <td>Terence O'Toole</td> <td style="text-align: right;">Member</td> </tr> <tr> <td>Evelyn O'Toole</td> <td style="text-align: right;">Member</td> </tr> </table>	National Mortgage & Finance Co., Ltd.	Member	Terence O'Toole	Member	Evelyn O'Toole	Member
National Mortgage & Finance Co., Ltd.	Member						
Terence O'Toole	Member						
Evelyn O'Toole	Member						
2.2. Real Estate Broker	<p>Name: COLDWELL BANKER PACIFIC PROPERTIES</p> <p>Business Address: 4211 Waialae Ave., Suite 9000 Honolulu, HI 96816 Attn: Anne Hogan Perry</p> <p>Business Phone Number: (808) 748-3474</p> <p>E-mail Address:</p>						
2.3 Escrow Depository	<p>Name: TITLE GUARANTY ESCROW SERVICES, INC.</p> <p>Business Address: 235 Queen Street, 1st Floor Honolulu, HI 96813 Attn: Ann Kurihara</p> <p>Business Phone Number: (808) 521-0233</p>						
2.4 General Contractor	<p>Name: N/A</p>						
2.5 Condominium Managing Agent	<p>Name: HAWAIIAN PROPERTIES</p> <p>Business Address: 1165 Bethel Street, 2nd Floor Honolulu, HI 96813</p> <p>Business Phone Number: (808) 593-6896</p>						
2.6 Attorney for Developer	<p>Name: CHUN KERR DODD BEAMAN & WONG, LLLP</p> <p>Business Address: 745 Fort Street, 9th Floor Honolulu, HI 96813 Attn: Andrew R. Bunn, Esq. Anne E. Lopez, Esq.</p> <p>Business Phone Number: (808) 528-8200</p>						

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 26, 2007	2007-192969

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances		

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	October 26, 2007	2007-192970

Amendments to the Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances		

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	4535
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map:	

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 Maps are effective only if they are duly adopted and recorded. Where permitted, the minimum percentage 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><u>See Exhibit E.</u></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 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 checked="" type="checkbox"/>	Other (explain): Financial Management by Managing Agent affiliated with Developer; property management by Association.

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 F 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 checked="" type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water for the common elements
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify): Refuse collection, Dock Fees

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 checked="" type="checkbox"/>	Water for the Unit only
<input checked="" type="checkbox"/>	Sewer for the Unit only
<input checked="" type="checkbox"/>	TV cable for the Unit only
<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 G 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: October 26, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit H 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.
<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 types 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 the Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
N/A	

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. The units are being conveyed in "As Is" condition

Appliances: None. The appliances, if any, are being conveyed in "As Is" condition

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

Status of Construction: The Project was constructed in 1968.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain projects costs. For this project, the Developer indicates that purchaser deposits may be used to 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>
<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.</p>	

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 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

Additional Developer Disclosures not covered elsewhere in the Developer's Public Report are set forth in **Exhibit I** attached to this Public Report and by this reference made a part hereof. The Additional Developer Disclosures contained in **Exhibit I** cover two areas (A) Project Specific Disclosures and (B) General Residential Disclosures. Buyers are encouraged to read **Exhibit I** in its entirety prior to executing and delivering the Deposit Receipt and Sales Contract to Seller.

SUMMARY OF ADDITIONAL DEVELOPER DISCLOSURES

A. Disclosures Specific to the Project.

1. Maintenance Fees for Residential Units. The analysis utilized by the Developer to determine the estimated annual maintenance fees and the estimated monthly fees for each Residential Unit in the Building, which represents the common expenses of the Project, are set forth in Exhibit I, Section A.1.
2. Construction Detail. The content of the Property Condition Report prepared by Pacific Atelier International dated September 12, 2007 is described in Exhibit I, Exhibit 3.
3. Compliance with Building Code. The results of the investigation performed by the Department of Planning and Permitting of the City and County of Honolulu ("DPP") as reported in the March 9, 2006 ("the DPP Letter") received by the Developer are provided. See Exhibit I, Exhibit 2
4. Warranties: Section A.4 of Exhibit I discloses that the Project, the units and anything installed or contained therein are being sold as "AS IS" condition "WITH ALL FAULTS" by the Developer, without any warranties whatsoever, express or implied. See Exhibit I, Section A.4.
5. Use. The Residential Units shall at all times be occupied and used only for residential purposes by the respective owners their tenants, licensees, families, domestic servants and social guests, and for no other purpose, and no unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. See Exhibit I, Section A.5.
6. Condition of Project and Buildings. Developer believes that the Residential Buildings are in such condition as is consistent with their age. This Section references and attaches the architect's report See Exhibit I, Section A.6.

B. General Disclosures Relevant to Units to be used for Residential Purposes.

1. Hazardous Materials. The Developer has not made an independent investigation as to the presence or absence of hazardous materials or substances in the Residential Building. This Section defines "hazardous materials" and sets forth the responsibilities and obligations, if any, of Buyer and Seller. See Exhibit I, Section B.1.
2. Mold/Mildew. The Developer has not made an independent investigation as to the presence or absence of mold and/or mildew in the Residential Building. This Section advises Buyer that tropical climates with warm temperatures, high humidity and frequent precipitation, such as we have in Hawaii, are conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. The responsibilities and obligations, if any, of Buyer and Seller, are set forth in this Section. See Exhibit I, Section B.2.
3. Lead-Based or Lead-Containing Paint. The Developer discloses that it has no knowledge of lead-based or lead-containing paint and/or lead-based or lead-containing paint hazards at the Project and that residential buildings constructed prior to 1978 have the potential to carry lead-based and lead-containing paints. This Section sets forth Developer's responsibilities with regard to providing Buyer with information regarding lead based paints and lead containing paints. The responsibilities and obligations, if any, of Buyer and Seller, are set forth in this Section. See Exhibit I, Section B.3.

4. Asbestos. The Developer discloses that it has no knowledge of the presence of asbestos materials in the Project and the buildings constructed prior to 1979 may have been constructed with materials containing asbestos. As a condition to closing the sale of a unit, Buyer is informed that it must provide written acknowledgement of receipt of all relevant information regarding asbestos materials hazards together with a waiver of liability regarding the presence of such hazards. See Exhibit I, Section B.4.

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.

NMF Keokea LLC, a Hawaii limited liability company
Printed Name of Developer

By: *Michael J Toole* 10/26/07
Duly Authorized Signatory* Date

By
Its Member

By: TERENCE O'TOOLE MEMBER
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

DESCRIPTION OF UNIT TYPES AND SIZES OF UNITS, BOUNDARIES OF THE UNITS, AND COMMON INTEREST

A. Section 3 of the Declaration of Condominium Property Regime of 6233 Keokea Place (the "Declaration") describes the Project as follows:

3. Description of Project.

a. Generally. The Project consists of one (1) two-story residential building containing eight (8) residential units (collectively, the "Units"), two (2) carport structures, the surrounding grounds, driveway, parking area and boat dock. The Project is accessed by a private access roadway which connects to Keokea Place, a public road, and maritime access via Kuapa Pond.

b. Project Buildings. The residential building shall be located at 6233 Keokea Place (sometimes referred to herein as the "Residential Building"). The Residential Building shall contain two (2) floors, each with two (2) units with (3) bedrooms and two (2) bathrooms and two (2) units with two (2) bedrooms and one and one-half (1 ½) bathrooms. Each ground floor unit shall have access and use of a private courtyard area and a lanai. One carport structure, designated as Carport 1, as shown on Sheet 1 of the Condominium Map, shall have a storage room, and four parking stalls under roof. The other carport structure, designated as Carport 2, as shown on Sheet 1 of the Condominium Map, shall have a mechanical room and an electrical room (referred to collectively as "Utility Rooms" on the Condominium Map), and four parking stalls under roof. The Residential Building and carports are located on the land, more specifically described in the Declaration, and constructed primarily of reinforced concrete, masonry, steel, aluminum and appropriate trim.

c. Parking Areas. The parking stalls serving the Project shall be located to the rear of the Project. There shall be a total of seventeen (17) at-grade parking stalls located as shown on Sheet 1 of the Condominium Map (the "Parking Area"), and configured as follows: sixteen (16) stalls shall be configured as tandem stalls with one (1) covered stall stacked in front of a second uncovered stall, and one (1) stall shall be a standard visitor stall. All stalls shall be reserved for use by the unit owners pursuant to such parking stall assignments and rules governing use as shall be determined from time to time by the Board of Directors of the Association of Unit Owners of 6233 Keokea Place (the "Board").

d. Project Grounds. As shown on Sheet 1 of the Condominium Map, the Residential Building will be served by a driveway leading to the parking area. There are landscaped grounds surrounding the perimeter of the parking area leading to a wooden boat dock located on the waterfront of the Project. There is a garbage collection area and a transformer pad located on the grounds. The Project will be surrounded by a fence with access via rolling gate.

e. Boat Dock. As shown on Sheet 1 of the Condominium Map, the Project will be served by a boat dock for use by the owners and occupants of the Project, pursuant to rules governing use as shall be determined from time to time by the Board.

B. Section 4 of the Declaration describes the Units as follows:

4. Description of Units. There is hereby established in the Project a total of eight (8) residential condominium units, as shown on the Condominium Map. Each unit is designated as a separate freehold estate. Each unit consists of the spaces within the perimeter walls, floors and ceilings of the respective units as shown on the Condominium Map.

Each unit is designated on the Condominium Map by a unit number consisting of a three digit number, the first digit of which represents the floor upon which such unit is located. Each unit as so designated and identified by a unit number is located in the Project as shown on the Condominium Map and is configured by unit type as follows:

Type A1 (Unit 101) shall have two (2) bedrooms, one and one-half (1 1/2) bathrooms, a kitchen, a dining area, and a living room.

Type A1R (Unit 104) shall be the reverse of unit Type A1.

Type B1 (Unit 102) shall have three (3) bedrooms, two (2) bathrooms, a kitchen, a dining area, and a living room.

Type B1R (Unit 103) shall be the reverse of unit Type B1.

Type A2 (Unit 201) shall have two (2) bedrooms, one and one-half (1 1/2) bathrooms, a kitchen, a dining area, and a living room.

Type A2R (Unit 204) shall be the reverse of unit Type A2.

Type B2 (Unit 202) shall have three (3) bedrooms, two (2) bathrooms, a kitchen, a dining area, and a living room.

Type B2R (Unit 203) shall be the reverse of unit Type B2.

Each unit will have the number of rooms (exclusive of courtyards and lanais), approximate net living floor area in square feet (exclusive of courtyards and lanais), and approximate net courtyard floor area in square feet, as set forth in **Exhibit B** attached to the Declaration and by this reference incorporated herein.

The approximate net living floor areas set forth in **Exhibit B** of the Declaration are based on measurements taken from the undercoated or unfinished interior surface of all perimeter walls as shown on the Condominium Map, except that no reduction has been made to account for interior walls, ducts, vents, shafts and the like located within

the perimeter walls. All approximate net courtyard floor areas set forth in **Exhibit B** of the Declaration are based on measurements taken from the inner surfaces of all perimeter walls and boundaries of the courtyard areas. All floor areas set forth in **Exhibit B** of the Declaration are not exact but are approximations based on the floor plans of each type of unit. For these reasons, the measurements of the floor areas set forth in **Exhibit B** of the Declaration may not follow the designation of the limits of the units (the legally designated areas of the units) set forth below, and the floor areas set forth in **Exhibit B** of the Declaration may be different from the actual floor areas of the units as constructed.

Each unit will have immediate access to the walkways, unit access paths, and/or stairways of the Residential Building which lead to the common areas of the Project.

Notwithstanding the floor areas set forth in **Exhibit B** of the Declaration and the manner in which such floor areas have been measured, the respective units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, and ceilings located within or at the perimeter of or surrounding such unit, any pipes, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise within such unit which are utilized for or serve more than one unit, all of which are deemed common elements as hereinafter provided. Each unit shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, and ceilings; all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of each unit; all spaces, interior non-loadbearing partitions, and other fixtures and improvements within the boundaries of a unit; all glass windows, window frames, louvers (if any), shutters (if any), panels, doors and door frames along its perimeter, the courtyards shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such courtyards and to the exterior edge of the exterior railings or other boundaries of such courtyards; and all of the fixtures and appliances (if any) originally installed therein.

C. Exhibit B to the Declaration provides as follows:

Unit types, areas, parking and common interests

	Unit/Apt. No.	Unit/ Apt. Type	Net Living Area	Net Courtyard Area	Net Lanai Area	% Common Interest (8 apts.)	Assigned Parking Stalls	Assigned Dock Area
1.	101	A1	959.3	112.6	46.0	11.6969%	9 & 10 (tandem)	1

2.	102	B1	1160.7	288.4	47.0	15.6542%	11 & 12 (tandem)	3
3.	103	B1R	1160.7	288.4	47.0	15.6542%	1 & 2 (tandem)	6
4.	104	A1R	959.3	112.6	46.0	11.6969%	3 & 4 (tandem)	8
5.	201	A2	974.6	-	-	10.1976%	13 & 14 (tandem)	2
6.	202	B2	1190	-	-	12.4513%	15 & 16 (tandem)	4
7.	203	B2R	1190	-	-	12.4513%	5 & 6 (tandem)	5
8.	204	A2R	974.6	-	-	10.1976%	7 & 8 (tandem)	7
TOTAL	8	-	8,569.2	802	186	100%	16	-

PERMITTED ALTERATIONS TO THE UNITS

Section 19 of the Declaration provides as follows:

19. **Alteration of the Project.**

a. **General.** Except as otherwise provided in this Declaration or the Act or as otherwise required by law, neither the Association nor any unit owner shall perform any of the following acts except pursuant to plans and specifications therefore approved in writing by the Board:

(1) repairing, replacing or rebuilding any unit or any of the common and limited common elements in a manner different in any material respect from the Condominium Map;

(2) engaging in any alterations which will affect the structural integrity of any unit or the common and limited common elements;

(3) constructing on the common and limited common elements any new building or structure; or

(4) enclosing any courtyard, balcony, lanai or parking stall.

Upon the completion of any such work, there shall be filed with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or unit owner, as the case may be, shall file an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a licensed architect and structural engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the unit owner, as the case may be, and approved by the Board or Declarant, and no consent or joinder of any other unit owner or person shall be required. Except as otherwise provided in this Declaration, the Bylaws and the House Rules, each unit owner shall be free, with the consent of all mortgagees of record of any interest in such unit owner's unit, to make such alterations and improvements within such unit owner's unit or within or on the limited common elements appurtenant thereto, without the consent or joinder of the Board, the Association, any unit owner, Declarant or any other person.

b. **Certain Work Prohibited.** Notwithstanding anything to the contrary in this Declaration, no unit owner (i) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, or impair any easement, (ii) shall make or allow any material addition or alteration, or excavate an additional basement or cellar, (iii) shall enclose any courtyard, balcony or patio, or (iv) shall rebuild, repair or restore the Project in the event of substantial or total destruction of the Project, without in every

EXHIBIT B

such case obtaining the prior consent of sixty-seven percent (67%) of the unit owners, together with the prior written consent of all unit owners whose units or limited common elements appurtenant thereto are directly affected, and the approval of the board, which shall not be unreasonably withheld; provided that nonmaterial additions to or alterations of the common elements or units made within such unit or within a limited common element appurtenant to and for the exclusive use of the unit, shall require approval only by the Board, which shall not unreasonably withhold its approval, and such percentage, number or group of unit owners or other parties as may be required by this Declaration or the Bylaws. As used in this Section, “nonmaterial additions and alterations” means 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 thereof, impair any easement, detract from the appearance of the Project, interfere with or deprive any nonconsenting unit owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting unit owner. Notwithstanding anything in this Declaration to the contrary, no alterations or changes of any nature under any circumstances shall be made to the structural elements of the Residential Building, including, without limitation, roofs, floors, supporting walls, foundations, columns, girders, floor slabs, supports, perimeter, party or load bearing walls and partitions without first obtaining the certification from a licensed structural engineer reasonably acceptable to the Association that the plans for such alterations or changes will not in any way diminish the present structural integrity of the Residential Building and the elements therein. The aforementioned structural engineer shall be licensed in the State of Hawaii, in good standing, and shall have a policy of professional liability insurance with appropriate coverage from a responsible insurance company authorized to operate in the State of Hawaii, having a financial rating by Best's Insurance Reports of Class A, VI, or better. Notwithstanding anything in this Declaration to the contrary, no storage or alterations or changes of any nature under any circumstances, including any courtyard enclosures, shall be made that would violate the fire sprinkler requirements of the Building Code.

c. Connection between Units.

(1) The owner of any two or more adjacent units separated by a common element which is a wall may, with the consent of all mortgagees of record of any interest in such owner's units, alter any portion of the intervening wall if the structural integrity of the common elements or any other unit in the Project will not thereby be adversely affected and if the finish of the common element then remaining is placed in a condition substantially comparable to that of the common element prior to such alterations. As used above, “adjacent units” does not include units which are located above and beneath one another on different floors.

(2) Prior to commencing any such alteration or removal, the unit owner shall provide to the Board (i) a certification in form and content reasonably satisfactory to the Board signed by an architect or engineer duly registered in the State of Hawaii, that such alteration or removal will not adversely affect the structural integrity of the common elements or any other unit in the Project, (ii) satisfactory evidence that all governmental approvals required for such alteration or removal have been duly obtained, and (iii) if the

EXHIBIT B

cost of such alteration or removal, as reasonably determined by the Board, shall exceed the sum of \$25,000.00, the Board may require that the owner provide evidence satisfactory to the Board of sufficient financing to complete such alteration or removal or, in lieu thereof, require that the owner obtain a performance and lien payment bond, naming as obligees Declarant and the Board and the Association and collectively all unit owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such alteration or removal. Such alteration or removal may be undertaken without the necessity of an amendment to this Declaration or the Condominium Map and, except as otherwise provided in this Section 19, without the consent or joinder of the Association, the Board, Declarant or any other person.

(3) If any intervening wall between adjacent units shall have been altered pursuant to the foregoing provisions, then prior to the termination of the common ownership of such adjacent units, the owner of such units shall restore such intervening wall to substantially the same condition in which the same existed prior to such alteration or removal unless the purchaser of such units shall agree in writing to forego such restoration.

(4) Notwithstanding any alteration or additions permitted under this Section 19.4, such shall not affect the common interest or limited common interest allocable to any unit.

d. Floor Covering and Sound Transmission. All unit owners must minimize the transmission of footsteps and other floor sounds into neighboring units below. Any owner or occupant of a unit (except the units on the Ground Floor) who wishes to change the floor covering on any floor areas that customarily have carpeting with cushion padding, must first: (1) provide written evidence that the new floor covering shall have sound absorbent material and will not exceed the maximum decibel level to be established as described in the House Rules, and (2) obtain the Board's prior written approval of such floor covering change.

e. Skylights. The owner of any unit wishing to repair or replace a skylight must submit written notice to the Board requesting approval for such repair or replacement. The unit owner's written notice shall contain: (1) a statement setting forth the necessity of such work; (2) the plans and specifications describing the scope of the work to be completed; and (3) the name of the licensed contractor chosen to complete the work. The repair or replacement of skylights shall be undertaken at the sole expense of the unit owner provided that such work shall not commence until the Board has provided written consent to the unit owner approving the (i) scope of work to be completed as set forth in plans and specifications, and (ii) unit owner's choice of contractor. Any such contractor must be licensed in the State of Hawaii and shall provide a certificate of insurance completed by a duly authorized representative of the contractor's insurer certifying that coverage is in effect. The Board shall have the right to designate the contractor to do such work and no such work shall jeopardize the warranty, if any, for the roof of the Residential Building. In the event of an emergency, the unit owner shall make

every effort to contact the Board prior to beginning the repair or replacement of the skylight. The unit owner shall be responsible for any and all damage to any common element adversely affected by unit owner's repair or replacement of skylights.

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

A. Sections 5 and 6 of the Declaration provide as follows:

5. **Common Elements**. One freehold estate is hereby designated in all common elements of the Project, which include all portions of the Project other than the Units (except as herein specifically included), and all other common elements mentioned in the Act which are actually included in the Project, including specifically, without limitation:

- a. The Land in fee simple.
- b. All structural components such as foundations, columns, girders, beams, floor slabs, supports, perimeter, party and load-bearing walls and partitions (excluding the finishes thereon within a unit as specified in Section 6 of the Declaration), and the roof of the Project.
- c. All stairways, walkways, unit access paths, loading areas, fences encompassing the Land, entrances and exits of the Project.
- d. All maintenance rooms, storage rooms, utility rooms, mechanical rooms, and electrical rooms in the Project.
- e. All the yard area, grounds paths and walkways, and landscaping.
- f. The refuse facility and mail facility.
- g. The driveway, parking stalls, and parking area.
- h. The water feature and associated benches.
- i. All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical transformers, emergency generators, heat pumps, electrical equipment, pipes, wiring 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, gas (if any), cable television (if any), air conditioning, sewer, refuse, telephone, and radio and television signal distribution.
- j. Any and all apparatus and installations existing for common use, such as, tanks, pumps, motors, fans, compressors and, in general, all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT C

Page 1 of 2

k. All mechanical, electrical and air conditioning equipment originally installed and located within any pump room, mechanical room, utility room, transformer room or electrical room or located elsewhere in the Project (whether or not utilized for or serving only one unit).

l. The limited common elements described in Section 6 of the Declaration.

6. **Limited Common Elements.** Certain parts of the common elements, herein called and designated “limited common elements”, are hereby set aside and reserved for the exclusive use and enjoyment of certain units, and such units shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

a. The courtyard and lanai immediately adjacent to each ground floor unit shall be appurtenant to the adjacent unit as shown on the Condominium Map.

b. The parking stall(s) shall be appurtenant to the units as designated on **Exhibit B** attached to the Declaration and by this reference made a part hereto.

c. The boat dock immediately adjacent to the Residential Building is divided into areas 1 through 8 as shown on the Condominium Map and each such section shall be appurtenant to the units as designated on **Exhibit B** attached to the Declaration, subject, however, to a right of access in favor of each unit owner over all other unit owners dock areas in order to reach and use such owner’s assigned dock area.

d. The mailbox corresponding to the unit number of each unit, such mailbox being located as shown on the Condominium Map.

e. Any chute, flue, duct, wire, conduit, or any other fixture which lies partially within and partially outside the designated boundaries of a unit serving only that unit is a limited common element appurtenant solely to that unit.

f. Any shutters, awnings, window boxes, doorsteps, stoops, courtyards, patios, and all exterior doors and windows or other fixtures designed to serve a single unit, but are located outside the unit’s boundaries, are limited common elements appurtenant exclusively to that unit.

g. Each skylight located in the roof immediately above each second floor unit shall be appurtenant to the second floor unit immediately below the skylight as shown on the Condominium Map.

h. The common elements of the Project which are rationally related to less than all of said units shall be limited to the use of such units.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

The encumbrances against title appearing in the Preliminary Report dated May 4, 2007, prepared by Title Guaranty of Hawaii, Inc. are as follows:

1. Real property taxes that may be due and owing. Check with the County Tax Assessor's office for current status.

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

3. Any unrecorded leases and matters arising from or affecting the same.

4. INSTRUMENT : DECLARATION OF PROTECTIVE PROVISIONS

DATED : July 24, 1962
RECORDED : Liber 4327 Page 229

5. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC.

DATED : January 21, 1963
RECORDED : Liber 4451 Page 154
GRANTING : an easement for utility purposes

The terms and provisions contained in the following:

6. INSTRUMENT : DEED

DATED : effective August 12, 1994
RECORDED : Document No. 94-134057

EXHIBIT D

7. Structural position discrepancies as shown on the survey map prepared by Wesley T. Tengan, Land Surveyor, dated May 11, 2005.

8. Encroachment(s) as shown on the survey map prepared by Wesley T. Tengan, Land Surveyor, dated May 11, 2005.

9. The terms and provisions contained in the following:

INSTRUMENT	:	DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "6233 KEOKEA PLACE" CONDOMINIUM PROJECT
DATED	:	November 1, 2007
RECORDED	:	Document No. 2007-192969
MAP	:	4535 and any amendments thereto

10. The terms and provisions contained in the following:

INSTRUMENT	:	BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF 6233 KEOKEA PLACE
DATED	:	November 1, 2007
RECORDED	:	Document No. 2007-192970

**DEVELOPER’S RESERVED RIGHTS TO MAKE CHANGES TO THE
CONDOMINIUM PROJECT OR CONDOMINIUM DOCUMENTS**

1. Pursuant to Section 21 of the Declaration, Developer reserves the right to amend the Project documents as follows:

At any time prior to the issuance of an effective date for the Public Report by the Real Estate Commission of the State of Hawaii, Developer may amend this Declaration and the Bylaws in any manner and provided, further, that no amendment of the Declaration, the Bylaws, the House Rules or Condominium Map shall, without Developer’s prior written consent, limit, affect or impair the reserved rights of Developer under this Declaration[.]

...Notwithstanding the foregoing and notwithstanding the sale and conveyance of any of the units, this Declaration (including the Bylaws and, when applicable, the Condominium Map) may be amended by Declarant (a) by filing the certification of a licensed architect, engineer or surveyor (with plans, if applicable) required by Section 514B-34 of the Act, certifying that the Condominium Map theretofore recorded, or being recorded simultaneously with such statement, fully and accurately depicts the layout, location, boundaries, dimensions and numbers of the units substantially as built; or (b) to effect any change or amendment required by an agency of any county, state or federal government or a mortgagee of the fee or leasehold interests in the Land as a condition to governmental approvals, marketing the Project or making a loan to finance the construction and/or the sales of the Project.

2. At any time prior to the conveyance of all of the Units in the Project to persons other than Developer or any mortgagee of Developer, Developer reserves the right to modify the Project Documents as may be required by law, the Real Estate Commission, a title insurance company, an institutional mortgagee or any governmental agency and for such other purposes as set forth in subsection G.15.a. of the Sales Contract, provided, however, that any such modification shall be subject to the Buyer’s right to rescind only in the event such change is a “material change” pursuant to subsection G.15.b. of the Sales Contract and to Section 514B-87 of the Condominium Act.

**SCHEDULE OF ANNUAL MAINTENANCE FEES AND
MONTHLY ESTIMATED MAINTENANCE FEES FOR
THE RESIDENTIAL UNITS**

PROJECTED BUDGET August 31, 2007			
Account	Monthly	Annual	Budgeted
Utilities & Service Common			
Electricity	80	960	960
Gas	375	4,500	4,500
Water	115	1,380	1,380
Sewer	370	4,440	4,440
Refuse	245	2,940	2,940
Total	1,185	14,220	14,220
Maintenance, Repairs, Supplies			
R&M Building	80	960	960
R&M Grounds	250	3,000	3,000
Building Supplies	15	180	180
Grounds Supplies	15	180	180
Total	360	4,320	4,320
Management			
Administrative Expenses	30	360	360
Property Management	450	5,400	5,400
Total	480	5,760	5,760
Insurance			
	900	10,800	10,800
Other			
Legal	20	240	240
Accounting & Audit	35	420	420
Taxes	10	120	120
Total	65	780	780
Reserves			
	720	8,640	8,640
Sub-Total			
	3,710	44,400	44,400
Add'l Income			
	10	120	120
Total Maintenance Cost	3,700	44,400	44,400

EXHIBIT F

Estimated Monthly Maintenance Fee for Each Unit

Unit/Apt. No.	Net Living Area	Net Courtyard Area	Net Lanai Area	Total Area per Unit	% Common Interest per Unit	Monthly Maintenance Fee per Unit
101	959.3	112.6	46.0	1,117.90	11.6969 %	\$432.79
102	1160.7	288.4	47.0	1,496.10	15.6542%	\$579.20
103	1160.7	288.4	47.0	1,496.10	15.6542%	\$579.20
104	959.3	112.6	46.0	1,117.90	11.6969%	\$432.79
201	974.6	-	-	974.60	10.1976%	\$377.31
202	1190	-	-	1,160.70	12.4513%	\$460.70
203	1190	-	-	1,160.70	12.4513%	\$460.70
204	974.6	-	-	974.60	10.1976%	\$377.31
					100%	\$3,700.00

Monthly Estimated Maintenance Fees for Each Unit:

1. Unit Type A-1 and A-1(R) shall have an estimated monthly maintenance fee of \$432.79.
2. Unit Type B-1 and B-1(R) shall have an estimated monthly maintenance fee of \$579.20.
3. Unit Type A-2 and A-2(R) shall have an estimated monthly maintenance fee of \$377.31.
4. Unit Type B-2 and B-2(R) shall have an estimated monthly maintenance fee of \$460.70.

Unit Owner's Obligation to Start Paying Maintenance Fees

Unit owners, including Developer, shall become obligated for the payment of their share of common expenses allocated to the owner's unit at the later of (a) the time a temporary or permanent certificate of occupancy relating to the owner's unit is issued by the Department of Planning and Permitting of the City and County of Honolulu, or (b) a Unit Deed is recorded in favor of the unit owner, conveying fee simple title of the unit to such owner.

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

CERTIFICATE

The undersigned, as Managing Agent of the 6233 Keokea Place condominium project (the "Project"), hereby certifies as follows:

1. That I am the President of Hawaiian Properties, Ltd., a Hawaii corporation.
2. That the breakdown of the estimated annual maintenance charges and the monthly estimated cost for each unit in the Project as set forth above are reasonable estimates for the one-year period commencing August 31, 2007, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, 9/4/07.

HAWAIIAN PROPERTIES, LTD.
a Hawaii corporation

By: 

Its **President**

SUMMARY OF SALES CONTRACT

A specimen Deposit Receipt and Sales Contract (“Contract”) has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Contract, among other things, covers in more detail the following items:

1. The Contract will not become binding upon Seller and Buyer unless and until: (a) Buyer has been receipted for or is deemed to have been receipted for the Public Report for the Project for which an effective date has been issued by the Real Estate Commission, which shall include the Public Report itself, the recorded Declaration and Bylaws, House Rules, Condominium Map, and all amendments (collectively, the “Public Report”), and a Notice of Right to Cancel Sales Contract; and (b) Buyer has waived or is deemed to have waived Buyer’s right to cancel the Contract as more particularly provided in Section 514B-86 of the Act. Buyer may cancel the Contract at any time up to midnight of the thirtieth (30th) day after the Public Report is delivered to Buyer. Buyer may waive Buyer’s right to cancel, or shall be deemed to have waived Buyer’s right to cancel, by (i) checking the waiver box on the Notice of Right to Cancel Sales Contract and delivering it to Seller, (ii) letting the 30-day period expire without taking any action to cancel, or (iii) closing the purchase of the Unit before the cancellation period expires.

2. Buyer agrees to deliver to Seller or Seller’s agent certain certified financial statements, a completed loan application to one or more lending institutions, evidence of Buyer’s ability to pay the purchase price, and any other information required by Seller.

3. Any breach of the covenants and warranties contained therein shall constitute a default hereunder by Buyer entitling Seller to retain all sums paid hereunder as liquidated damages as provided therein.

4. In addition to such other remedies which may be available to Seller by law or pursuant to the Contract, Seller may impose a late charge as specified in the Contract.

5. Buyer shall, prior to or within four (4) business days from the date of execution of the Contract, apply for mortgage financing.

6. Seller, in its sole discretion, may elect to cancel the Contract if (a) Buyer’s application or eligibility for a mortgage loan is rejected or not approved within thirty (30) business days after the Acceptance Date, as that term is defined in the Contract; (b) Buyer fails to supply any proposed mortgage lender with full financial information; or (c) Seller is not satisfied as to Buyer’s ability to make the cash deposit payments.

7. Buyer shall pay for all closing costs, including, without limitation, the cost of drafting the Unit Deed and the cost of the acknowledgments thereof; recording fees; the State of Hawaii conveyance tax; the escrow fees; the cost of obtaining financing or a financing

EXHIBIT G

commitment for any portion of the purchase price and all expenses incident thereto; the expense of credit reports; preparation of all of Buyer's mortgage documents (which costs shall be paid directly to Buyer's mortgagee and shall in no event be reimbursed by Seller); any costs incurred for Buyer's title insurance; any costs and fees otherwise required to be paid by Buyer in the Contract, including maintenance fees; and any cost incurred by Buyer or Seller as a result of Buyer's requesting changes in a document after Buyer has been given notice by the Escrow Agent that such document will be prepared. Buyer shall also pay for any attorneys' fees and costs incurred by Seller in connection with any failure by Buyer to timely pre-close and close as set forth herein and otherwise perform all obligations of Buyer as set forth herein.

8. Due to the scheduling requirements necessary to close a condominium project, the final closing date shall be determined by the Seller.

9. Buyer shall be required to prepay two (2) months maintenance fees and real property taxes, as more particularly described in the Contract.

10. Buyer shall have the right to (a) inspect the Condominium Documents for thirty (30) days after receipt of such documents, (b) inspect the Unit during the Inspection Period, as that term is defined in the Contract, and (c) have delivery of possession are as more particularly described in the Contract.

11. Buyer specifically acknowledges and accepts certain enumerated conditions regarding on-going development and marketing of the Project stated in the Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances.

12. After the Acceptance Date of the Contract, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of (a) Buyer's Unit or appurtenant limited common elements, or (b) amenities of the Project available for Buyer's use; provided that such material changes shall not include any additions, deletions, modifications or reservations allowed pursuant to the terms of the Contract, the Declaration or the Bylaws. Waiver of such right is governed more specifically by the terms of the Contract.

13. Buyer specifically acknowledges and agrees that the Declaration of Condominium Property Regime for 6233 Keokea Place contains reservations of certain rights and certain other provisions under which Buyer consents to certain actions by Seller and others, as more particularly described in the Contract and the Declaration.

14. The execution, delivery and recordation of Buyer's Unit Deed shall constitute the assignment by Seller to Buyer of any and all warranties given to Seller by the contractors for the Project, if any, including, without limitation, any warranty of materials and workmanship against faulty or deficient materials and installation. The benefit of such warranties, if any, shall accrue to Buyer on closing without further instruments or documents. BUYER ACKNOWLEDGES

EXHIBIT G

THAT SELLER HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION WITH RESPECT TO THE UNIT, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN.

15. Buyer hereby intentionally waives, relinquishes and subordinates the priority or superiority of any interest under the Contract in favor of the liens or charges upon the Project of the construction lender's mortgage loan.

16. Buyer may not assign Buyer's rights hereunder without Seller's prior written consent, which consent may be withheld by any reason whatsoever in its sole discretion.

ALL BUYERS SHOULD READ THE CONTRACT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE CONTRACT, AND DOES NOT ALTER OR AMEND THE CONTRACT IN ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE CONTRACT IN ANY WAY, THE PROVISION OF THE CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

A copy of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. ("Escrow") has been submitted to the Real Estate Commission. The Escrow Agreement, among other things, covers in more detail the following items:

1. As and when Seller shall enter into a sales contract ("Contract") for the conveyance of a unit or other interest in the Project, it shall require the payments of deposits due thereunder to be promptly made to Escrow. Seller shall deliver an executed copy of the Contract to Escrow together with the name(s) and address(es) of the Buyer as noted on the Contract or otherwise as updated by the Buyer with Seller as being Buyer's last known address.

2. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Escrow Agreement: (a) all payments received by it under the Contracts, (b) such sums received by it under the Escrow Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any Buyer's funds belonging to or held for the benefit of Seller. All funds and instruments received from buyers or prospective buyers shall be held by Escrow in accordance with the provisions contained in Chapter 514B of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow an in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Escrow Agreement.

3. Notwithstanding anything in the Escrow Agreement to the contrary, Escrow shall make no disbursements of Buyer's funds or proceeds from the reservation of or sale of units in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Escrow Agreement, or for payment of project costs as provided in the Escrow Agreement, until (a) Seller has obtained an effective date for the Public Report for the Project, (b) Buyer has waived any right to cancel or rescind the Contract, (c) Seller shall have given Escrow a written waiver of any option reserved by Seller to cancel any Contract, and (d) Seller shall have delivered to Escrow a certification that (i) all conditions contained in the Escrow Agreement that must be met prior to disbursement of purchaser funds have been satisfied, (ii) all sales contracts delivered to Escrow are binding upon buyers, and (iii) no circumstances exist (at the time of the certification) that would permit a Buyer to cancel or rescind the sales contract.

4. Each Buyer shall be entitled to a return of his or her funds, without interest, unless otherwise provided in the Escrow Agreement, and Escrow shall pay such funds to such Buyer, promptly after request for return by the buyer, if one of the following has occurred: (a) Seller and Buyer shall have requested Escrow in writing to return to Buyer the funds of Buyer held hereunder by Escrow, (b) Seller shall have notified Escrow of Buyer's exercise of Buyer's right to cancel the Contract pursuant to Section 514B-86, HRS, (c) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the Contract pursuant to any right of

EXHIBIT H

Page 1 of 2

cancellation or rescission provided therein or otherwise available to Seller, or (d) Seller shall have notified Escrow of Buyer's right to cancel the Contract pursuant to Section 514B-87, HRS, by a valid rescission signed by all buyers of the affected unit and postmarked no later than midnight of the 30th calendar day after the date that buyers received the notice of rescission from Seller. Upon the cancellation of any Contract as specified above, Escrow shall be entitled to a cancellation fee up to a maximum of \$250, plus all costs incurred by Escrow, which shall be paid by the Buyer unless otherwise provided in the Escrow Agreement.

5. Except as otherwise provided by law, Escrow shall give each Buyer entitled to a return of his or her funds notice thereof by certified or registered mail, addressed to such buyer at his address shown on the Contract or any address later made known to Escrow by such buyer. If such buyer shall not have claimed such refund within sixty (60) days from the date said notice is mailed, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow in the name of Seller, as trustee for the benefit of such buyer. After having sent Seller written notice of the foregoing acts, Escrow shall thereupon be released from further liability hereunder with respect to such funds and such buyer.

6. If the Buyer fails to make any payment on or before the due date thereof or if the Buyer does or fails to do any act that would constitute an event of default under the Contract Escrow shall promptly give to such Buyer and to Seller, written notice of default. If the Buyer has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow that (a) Seller has elected to terminate the Contract and has notified the Buyer, or (b) that Buyer is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in the Escrow Agreement, shall thereafter treat all funds of the Buyer paid under such Contract, less Escrow's cancellation fee, as funds of Seller and not of the Buyer. Thereafter, such funds shall be held free of the escrow established by the Escrow Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds (less Escrow's cancellation fee).

ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS AND ANY SUPPLEMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF 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.

EXHIBIT H

6233 KEOKEA PLACE CONDOMINIUM PROJECT
REGISTRATION NO. 6482

ADDITIONAL DEVELOPER DISCLOSURE

AS OF OCTOBER 26, 2007

The Additional Developer Disclosure (the “Additional Disclosure”) is made by NMF Keokea LLC, a Hawaii limited liability company (the “Developer”), as the owner of the 6233 Keokea Place condominium project (the “Project”). The Project was created and established by that certain Declaration of Condominium Property Regime of 6233 Keokea Place dated November 1, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-192969 (the “Declaration”). The Additional Disclosures describes the legal status of the Project, as of the date of the recording of the Declaration, the financial obligations of the Unit Owner, and the physical condition of the Project as of the date hereof.

1. **Project:** 6233 Keokea Place
 6233 Keokea Place
 Honolulu, Hawaii 96825

2. **Developer:** NMF Keokea LLC
 1165 Bethel Street, 2nd Floor
 Honolulu, Hawaii 96813
 (808) 946-3224

3. **Managing Agent:** Hawaiian Properties, Ltd.
 1165 Bethel Street, 2nd Floor
 Honolulu, Hawaii 96813

A. **Disclosures Specific to the Project.**

1. **Maintenance Fees for Residential Units:** The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each Residential Unit in the Building, which represents the common expenses of the Project allocated to each Residential Unit, are set forth in **Exhibit F** attached to this Public Report. Generally, the maintenance fee estimate is a projection of what individual unit owners will be required to contribute toward the maintenance and upkeep of the Project on a monthly basis. Such estimates are based in part upon an analysis of the physical and financial status of the Project as described in that certain 2008 Reserve Study for 6233 Keokea Place dated August 1, 2007, prepared by Armstrong Consulting, Inc., attached to this Additional Disclosure as **Exhibit 1** (“Reserve Study”) and by reference made a part hereof. The Reserve Study reflects the additional common elements and limited common elements that are part of the Project. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of

the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each Residential Unit are based on information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by unit owners and the actual costs incurred by the Association. Each buyer should check the maintenance fee schedule in **Exhibit F** to the Public Report to see what services are included therein.

2. **Construction Detail.** According to the Property Condition Report prepared by Pacific Atelier International dated May 14, 2007 attached to this Additional Disclosure as **Exhibit 3**, the Building is:

a two-story building constructed using concrete walls, a combination of glued laminated wood beams and concrete floor slab as second floor diaphragm, and wood truss for the roof structure. These structures existed before the renovations by the Developer. Structural walls are concrete masonry unit and some concrete walls. Wood trusses for roof framing are new, were installed in 2006, and are approximately 24" on center. The old roofing has been replaced with new roofing in 2006, which is light weight tile. Eight new skylights were also installed in 2006, with two in each upper floor units. The windows throughout the structure are vinyl frame, sliding, some with fixed glass and insect screens and are in working condition. The unit and room doors throughout the structure are either solid wood doors or vinyl sliding doors. They are in working condition. All interior non-structural partitions have been demolished. Units' interiors have been reconfigured with upgraded kitchen, bathrooms, bedrooms, living and dining rooms. The kitchens have new appliances, counter tops, cabinets and plumbing fixtures. The bathrooms are furnished with new tubs, lavatories on cabinet, toilets and granite tile wall covering at the showers. Closets are closed with mirrored sliding doors. The units were fitted with new flooring and lighting. The floorings are wood plank flooring and granite tile flooring. They are in good condition.

3. **Compliance with Building Code.** According to a letter from the Department of Planning and Permitting of the City and County of Honolulu ("DPP") dated March 9, 2006 ("the DPP Letter"), investigation revealed that the two-story eight-unit apartment building with sixteen (16) all-weather-surface off-street parking spaces met all applicable code requirements with it was constructed in 1968 on the 16,916 square-foot A-1 Low Density Apartment zoned lot.

Based on the professional third party property condition report concerning the condition of the building, the Developer believes that the buildings are in such condition as are consistent with their age. Notwithstanding anything to the contrary contained herein, the Project, and any fixtures, appliances and electrical and plumbing equipment included within the respective units and limited common elements appurtenant thereto will be sold "AS IS" WITH ALL FAULTS, and neither the Developer nor any of its affiliates or representatives, make any warranties, express or implied, as to their working order and condition. All recommended work

described therein will be the responsibility of the owner of the units therein and not that of the Developer or any other party. The owners of the units, by the acceptance of such owners' unit deeds, shall be deemed to have accepted the building conditions described above and agreed that, except as otherwise set forth herein, neither the Developer nor any of their members, affiliates or representatives, shall be responsible for changing any nonconforming conditions.

The 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 buildings or the units or anything installed or contained therein. Neither the Developer nor its members, affiliates or 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 the Developer or its affiliates or representatives for any defects or other matters later discovered by the Association or the unit owners.

4. **Warranties**: 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 buildings in the Project or the units can be expanded or changed or that variances are obtainable from the City and County of Honolulu for any proposed improvements to the Project. The Project, the units and anything installed or contained therein are being sold as "AS IS" condition "WITH ALL FAULTS" by the Developer, without any warranties whatsoever, express or implied. Article IV, Section D.1 of Addendum "B" to the Deposit Receipt and Sales Contract used in connection with the Project provides, in part, as follows:

Seller Makes No Warranties or Promises.

Buyer acknowledges that the residential building in the Project was substantially completed in 1968 and has been used over the years primarily for residential purposes. Buyer understands and agrees that the unit is being sold "as is, where is" with all faults and that Seller makes no warranties or promises of any kind, express or implied, about the unit, the property 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 the unit, the property or the project (including the common elements of the project), including any warranties or promises of "merchantability", "workmanlike construction" or "fitness for a particular use or purpose".

Without limiting the generality of any of the foregoing, Seller makes no warranties or promises: (a) that the project or any improvements in the unit, the property or the Project (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, those related to the consolidation and subdivision of land, the operation and use of the Project and accessibility of the project by persons with disabilities. In other words, Seller makes no warranties or promises at all.

Buyer for itself and its successors, heirs and assigns, releases Seller and its affiliates, and each of their respective past, present and future members, managers, directors, officers, employees, shareholders, trustees, agents, and each of their respective successors and assigns from and waives any claim, action or liability which arises from or relates to any latent or patent defect in the project or the residential unit, known or unknown, which exists now or in the future, or which arises from or relates to any lack of compliance of the project with any state, federal, county or local law, code, ordinance, order, permit, administrative requirement, or regulation, that buyer may have against seller under any federal, state or local law, ordinance, rule or regulation now existing or hereafter enacted or promulgated, including without limitation, those related to asbestos, asbestos-containing materials, lead-based or lead-containing paint, hazardous materials and environmental conditions or matters in, on, under, about or migrating from or onto or into the property or the project, or by virtue of any common law right relating to asbestos, asbestos-containing materials, lead-based or lead-containing paint, hazardous material and environmental conditions or matters (including the presence of mold or mildew) in, on, under about or migrating from or onto or into the property or the project. Seller and Buyer agree that this release from liability has been specifically negotiated between Seller and Buyer.

Buyer acknowledges and agrees that Seller's disclaimer of warranties contained in this Section D.1 to the Deposit, Receipt and Sales Contract is an essential element in the determination of the low purchase price for the unit being sold to Buyer. This means that the unit would not have been sold to Buyer for the amount of the purchase price stated in this agreement without Seller's disclaimer of warranties.

5. Use. The Residential Units shall at all times be occupied and used only for residential purposes by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose, and no unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The Residential Units shall not be rented for transient or hotel purposes, which are defined as (i) rental for any period less than thirty (30) days or (ii) any rental in which the occupants of a unit are provided customary hotel services such as room service for food and beverages, daily maid service, laundry and linen or bellboy service. The Residential Units in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-share purpose or under any time-sharing plan, arrangement or program, including, without limitation, any so-called "vacation license", "travel club membership" or "time interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, without limitation, any plan, program or arrangement under

which the right to use, occupy, own or possess a unit or units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, Association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise.

6. **Condition of Project and Buildings.** The present physical condition of the Project and the structural components, mechanical installations and electrical installations material to the use and enjoyment of the building and the Project are described in a report from the architect, which is attached to this Additional Disclosure as **Exhibit 3.**

Although not required by law, the architect has given an opinion about the condition of the Project to provide buyers with additional information. The architect's report sets forth the professional opinions of the architect, but such opinions may not necessarily be the same as other architects who may inspect the property. The Developer does not represent or warrant that the report attached hereto is correct or complete. The report 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 in the Project. Except as described herein, the Developer has not ascertained if any of the conditions disclosed in the attached reports have been addressed. Buyers are encouraged to engage their own professionals to undertake a property condition inspection on their behalf and to review the report attached hereto.

The observations and recommendations made by the architect in **Exhibit 3** are not intended, nor should be construed by its incorporation herein, to be any representation or warranty of the Developer. Because the Residential Units in the Project are being sold by the Developer in "AS IS" condition with "ALL FAULTS", each buyer should carefully review **Exhibit 3** in its entirety. Furthermore, each buyer should inspect the buyer's unit and the Project or have the unit and the Project inspected by buyer's own experts to buyer's complete satisfaction.

B. General Disclosures Relevant to Units to be used for Residential Purposes.

1. **Hazardous Materials.** The Developer has made no independent investigation as to asbestos or other hazardous substances in the units or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be hazardous substances in the units or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the unit inspected to determine the extent (if any) of such contamination and of any necessary remedial action. The Developer will not correct any defects

in the units or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered.

2. **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 that are a part of the Project may be cleaned to satisfactory appearance, the Developer cannot guaranty that mold, mildew, fungus and other types of bacterial growths can be eliminated. The buildings in the Project are 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. Buyer should be aware that, as with all properties, the buildings 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 in the Project if the Association and occupants of the apartments do not properly maintain the Project. If Buyer, any member of Buyer's family, 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 purchasing an apartment in the Project. Neither the 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 types of bacterial growth in the Project or as to the effect of the aforementioned conditions can have related to their health, welfare and continued enjoyment of the Property. Individuals who may be capable of providing such advice are professional home inspectors, medical professionals, scientific research professionals, certified industrial hygienist or other environmental specialists and/or others who have requisite knowledge in matters of detection and lab analysis services.

3. **Lead-Based or Lead-Containing Paint.** Buyer is hereby notified that 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. The 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 the Developer's possession and notify Buyer of any known lead-based or lead-containing paint hazards. A risk assessment or inspection for possible lead-based or lead-containing paint hazards is recommended prior to purchase. As a condition to closing the sale of a unit, Buyer shall provide written acknowledgement of receipt of all relevant information regarding lead-based or lead-containing paint hazards together with a waiver of liability regarding the presence of such hazards.

4. **Asbestos.** Buyer is hereby notified that the Project may present exposure to asbestos materials. Asbestos materials are hazardous to one's health, particularly if asbestos are released into the air and inhaled. In the past (before 1979, but possibly since) asbestos was a commonly used insulation material in heating facilities and in certain types of floor and ceiling

materials, shingles, plaster products, cement and other building materials. Each Buyer shall make appropriate inquiry into the possible existence of asbestos on the Property. Structures having “popcorn” or “cottage cheese” type ceilings may contain asbestos fibers or asbestos-containing material. Such ceilings should not be disturbed because it could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors. As a condition to closing the sale of a unit, Buyer shall provide written acknowledgement of receipt of all relevant information regarding asbestos materials hazards together with a waiver of liability regarding the presence of such hazards.

Exhibits

Exhibit 1 – Reserve Study

Exhibit 2 – DPP Letter

Exhibit 3 – Architect’s Property Condition Report

EXHIBIT 1

Reserve Study

2008
RESERVE STUDY
FOR

6233 Keokea Place

August 1, 2007

Prepared by

Armstrong Consulting, Inc.

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**2008
RESERVE STUDY
FOR
6233 Keokea Place**

August 1, 2007

A level one (1) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. (*See attached standards.*)

On-site visual observations of the common area elements [i.e., roofs, parking areas, paint, etc.] were performed on July 26, 2007 by Steve Kramer.

This report may also rely on information supplied by the property manager, Board of Directors, resident manager, contractors and published replacement guides modified for local conditions related to reconstruction.

The placement of a useful life on common elements is not an exact science. There are many variables that affect their life. For example, weather, usage, vandalism and proper maintenance. Therefore, we recommend a review of the physical analysis every three years or at any time of a major condition change [i.e., storm damage] and an update of the financial analysis every year.

Disclosure; as an impartial third party, Armstrong Consulting, Inc. also provides construction management for Association's reserve projects, by being the Association's representative.

This report was either prepared or reviewed by Dale Armstrong, R.S.

Armstrong Consulting, Inc.



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COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis	Financial Analysis
Component Inventory	Fund Status
Condition Assessment	Funding Plan
Life and Valuation Estimates	

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

II. Update, With-Site-Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No-Site-Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X Effective Age / Useful Life

or

FFB = (Current Cost X Effective Age / Useful Life) + [(Current Cost X Effective Age / Useful Life) / (1 + Interest Rate) ^ Remaining Life] - [(Current Cost X Effective Age / Useful Life) / (1 + Inflation Rate) ^ Remaining Life]

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- **Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual who prepares Reserve Studies.

RESERVE STUDY: A budget planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

HAWAII'S AMENDMENT TO ALLOW CASH FLOW ANALYSIS

HB 70

"Cash flow plan" means a twenty-year projection of an association's future income and expense requirements to fund fully its replacement reserves requirements each year during that twenty-year period, except in an emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period, except in an emergency.

Courtesy of Armstrong Consulting, Inc.

TABLE OF CONTENTS

Section	Page	Report
1	1	Project Definition
2	1	Analysis Definition
3	1	Cash Flow Projections
4	1	Cash Flow Projections Graph
5	1	Projected Expenditures
6	1	Accountant's Report
7	1	Component Summary
8	1	Carpentry Repairs Prior To Painting
8	2	Concrete/Clay Tile Roofing
8	3	Fire Alarm System Upgrade
8	4	Gutters & Downspouts
8	5	Hot Water Heater
8	6	Light Fixtures
8	7	Metal Railings - Perimeter Fencing
8	8	Paint Exterior - Low Rise 2 Coats
8	9	Security Gate, Entrance
8	10	Solar Panels - 4' X 8'

6233 Keokea Place

PROJECT DEFINITION REPORT

8/01/2007

Project Information

Project:	6233 Keokea Place	Project Date:	1/01/1961
Address:	6233 Keokea Place	Number of Phases:	0
City:	Honolulu	Number of Units:	8
State:	HI	Number of Models:	0
Zip:	96825-0000		

Property Description

The 6233 Keokea Place property is a single two-story residential building containing eight (8) residential units, two (2) separate carport structures, driveway, surrounding landscaping, perimeter fencing, and a boat dock. The project is accessed by a private access road which connects Keokea Place, a public road and maritime access via Kuapa Pond.

A site visit was performed on July 26, 2007. At that time, the facilities were in the final stages of renovation that includes structural, roofing, mechanical, electrical, and interior/exterior finishing work. The basic concrete and masonry structure is from 1961 construction; all other elements are considered to be of 2007 installation.

6233 Keokea Place

ANALYSIS DEFINITION REPORT

Analysis 1

Project Information

Project: 6233 Keokea Place
Address: 6233 Keokea Place
City: Honolulu
State: HI
Zip: 96825-0000

Project Date: 1/01/1961
Analysis Date: 1/01/2008
Number of Phases: 0
Number of Units: 8
Number of Models: 0

Analysis Parameters

Rate of Inflation: 3.8%
Rate of Return on Investment: 3.5%
Beginning Funds: \$0.00
Loan/Special Assessment: No

Deferred Expenditures: No
Contingency: 0%
Contingency Time: None

Annual Contribution Factors

		2018:	1%
2009:	1%	2019:	1%
2010:	1%	2020:	1%
2011:	1%	2021:	1%
2012:	1%	2022:	1%
2013:	1%	2023:	1%
2014:	1%	2024:	1%
2015:	1%	2025:	1%
2016:	1%	2026:	1%
2017:	1%	2027:	1%

Additional Analysis Information

This analysis addresses the funding plan for 6233 Keokea Place. The analysis utilizes a starting balance of \$0 for 01/01/2008 as directed by property management. Other assumptions include a 3.5% average rate of return on reserve fund investments; a 3.8% inflation rate are used for future expenditures, and a 20-year time horizon.

Based on these assumptions, an annual \$8,640 reserve contribution for 2008 is recommended; and from 2009 on, this amount increases by 1% each year throughout the time horizon of the study. Under this analysis the Association would meet Hawaii State reserve requirements under the cash flow method of calculations.

Please review the above financial parameters and the entire report for accuracy.

6233 Keokea Place

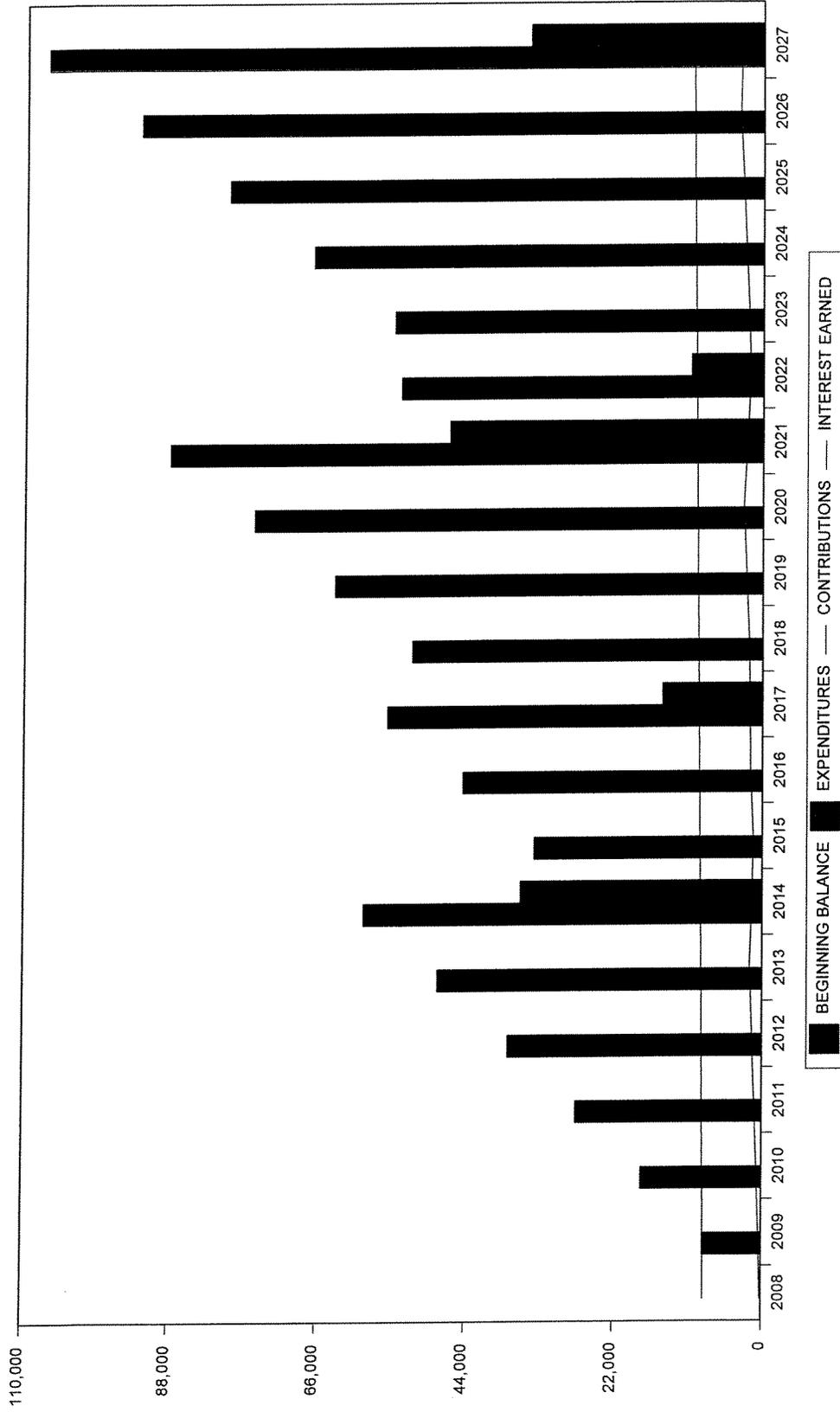
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Analysis 1

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2008	0.00	8,640.00	90.00	165.57	0.00	8,805.57
2009	8,805.57	8,726.40	90.90	480.47	0.00	18,012.44
2010	18,012.44	8,813.66	91.81	809.64	0.00	27,635.74
2011	27,635.74	8,901.80	92.73	1,153.64	0.00	37,691.18
2012	37,691.18	8,990.82	93.65	1,513.03	0.00	48,195.03
2013	48,195.03	9,080.73	94.59	1,888.38	0.00	59,164.14
2014	59,164.14	9,171.54	95.54	1,539.64	35,957.00	33,918.32
2015	33,918.32	9,263.26	96.49	1,384.03	0.00	44,565.61
2016	44,565.61	9,355.89	97.46	1,764.55	0.00	55,686.05
2017	55,686.05	9,449.45	98.43	1,854.58	14,920.00	52,070.08
2018	52,070.08	9,543.94	99.42	2,035.10	0.00	63,649.12
2019	63,649.12	9,639.38	100.41	2,448.81	0.00	75,737.31
2020	75,737.31	9,735.77	101.41	2,880.63	0.00	88,353.71
2021	88,353.71	9,833.13	102.43	2,369.69	46,683.00	53,873.53
2022	53,873.53	9,931.46	103.45	1,884.46	10,787.00	54,902.45
2023	54,902.45	10,030.77	104.49	2,145.18	0.00	67,078.40
2024	67,078.40	10,131.08	105.53	2,580.22	0.00	79,789.70
2025	79,789.70	10,232.39	106.59	3,034.29	0.00	93,056.38
2026	93,056.38	10,334.71	107.65	3,508.18	0.00	106,899.27
2027	106,899.27	10,438.06	108.73	3,284.04	34,882.00	85,739.37
Totals:		190,244.24		38,724.13	143,229.00	

6233 Keokea Place
CASHFLOW PROJECTIONS GRAPH

Analysis 1



PROJECTED EXPENDITURES

Analysis 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Carpentry Repairs Prior To Painting							3,812			
Hot Water Heater										3,552
Metal Railings - Perimeter Fencing							3,558			
Paint Exterior - Low Rise 2 Coats							28,587			
Security Gate, Entrance										7,105
Solar Panels - 4' X 8'										4,263
Totals							35,957			14,920

PROJECTED EXPENDITURES

Analysis 1

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Carpentry Repairs Prior To Painting				4,949						
Fire Alarm System Upgrade					5,137					
Gutters & Downspouts										13,210
Hot Water Heater										5,160
Light Fixtures					5,650					
Metal Railings - Perimeter Fencing				4,619						
Paint Exterior - Low Rise 2 Coats				37,115						
Security Gate, Entrance										10,320
Solar Panels - 4' X 8'										6,192
Totals				46,683	10,787					34,882

6233 Keokea Place

ACCOUNTANT'S REPORT

Analysis 1

1/01/2008 - 12/31/2008

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2008 Contribution Requirement	2008 Assigned Interest Earned	2008 Funding Requirement
Carpentry Repairs Prior To Painting	06/05	3,812	0	587	11	598
Fire Alarm System Upgrade	14/05	5,137	0	369	7	376
Gutters & Downspouts	19/05	13,210	0	713	14	727
Hot Water Heater	09/05	3,552	0	383	7	390
Light Fixtures	14/05	5,650	0	406	8	414
Metal Railings - Perimeter Fencing	06/05	3,558	0	548	11	559
Paint Exterior - Low Rise 2 Coats	06/05	28,587	0	4,406	84	4,490
Security Gate, Entrance	09/05	7,105	0	766	15	781
Solar Panels - 4' X 8'	09/05	4,263	0	460	9	469
Totals:		74,874	0	8,638	166	8,804

6233 Keokea Place

COMPONENT SUMMARY REPORT

Analysis 1

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Carpentry</u>							
Carpentry Repairs Prior To Painting	6/01/2007	07/00	00/00	06/14	Y	3,000	3,812
Sub Total:						3,000	3,812
<u>Fire/Life Safety</u>							
Fire Alarm System Upgrade	6/01/2007	15/00	00/00	06/22	Y	3,000	5,137
Sub Total:						3,000	5,137
<u>Gutters And Downspouts</u>							
Gutters & Downspouts	6/01/2007	20/00	00/00	06/27	Y	6,400	13,210
Sub Total:						6,400	13,210
<u>Lighting</u>							
Light Fixtures	6/01/2007	15/00	00/00	06/22	Y	3,300	5,650
Sub Total:						3,300	5,650
<u>Mechanical</u>							
Hot Water Heater	6/01/2007	10/00	00/00	06/17	Y	2,500	3,552
Solar Panels - 4' X 8'	6/01/2007	10/00	00/00	06/17	Y	3,000	4,263
Sub Total:						5,500	7,815
<u>Painting</u>							
Metal Railings - Perimeter Fencing	6/01/2007	07/00	00/00	06/14	Y	2,800	3,558

6233 Keokea Place

COMPONENT SUMMARY REPORT

Analysis 1

<u>Description</u>	<u>Starting Date</u>	<u>Useful Life (yr/mo)</u>	<u>Adj. Life (yr/mo)</u>	<u>Sched. Rpl. (mo/yr)</u>	<u>Recur</u>	<u>Current Cost</u>	<u>Future Cost</u>
Paint Exterior - Low Rise 2 Coats	6/01/2007	07/00	00/00	06/14	Y	22,500	28,587
Sub Total:						25,300	32,145
Roofing							
Concrete/Clay Tile Roofing	6/01/2007	35/00	00/00	06/42	Y	220,000	794,803
Sub Total:						220,000	794,803
Security							
Security Gate, Entrance	6/01/2007	10/00	00/00	06/17	Y	5,000	7,105
Sub Total:						5,000	7,105
Grand Total:						271,500	869,677

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Carpentry Repairs Prior To Painting

Category:	Carpentry	Unit Cost:	\$3,000.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	7 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$3,000.00
Next Replacement:	6/01/2014	Future Cost:	\$3,811.61
Remaining Life:	6 YRS	Salvage Value:	\$0.00
Quantity:	1.00 LUMP SUM		

Remarks

This component is intended to cover general carpentry repairs before painting. Although the building is primarily EIFS-Stucco finish, the building has wood roof fascia and trim surrounding the roof line perimeter.

This component is included for budgetary purposes. The estimated budgeted amount was based on the amount of exposed lumber on the buildings.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Concrete/Clay Tile Roofing

Category:	Roofing	Unit Cost:	\$2,000.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	35 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$220,000.00
Next Replacement:	6/01/2042	Future Cost:	\$794,803.07
Remaining Life:	34 YRS	Salvage Value:	\$0.00
Quantity:	110.00 SQUARE		

Remarks

The Monier roofing is new and establishes the placed-in-service date and pricing for this component. Under ideal conditions and with standard maintenance the Monier roof should uphold the industry standard life cycle. Regular maintenance during the life of the roof should include renovation of flashing, gutters and related items as required, as well as reattachment/replacement of any loose tiles. Maintenance should also immediately address removal of any growth of mold or mildew.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Fire Alarm System Upgrade

Category:	Fire/Life Safety	Unit Cost:	\$3,000.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	15 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$3,000.00
Next Replacement:	6/01/2022	Future Cost:	\$5,136.73
Remaining Life:	14 YRS	Salvage Value:	\$0.00
Quantity:	1.00 TOTAL		

Remarks

This component involves the upgrading of the existing fire alarm system originally installed. It is assumed that this system will be in operating condition at the completion of renovation work.

The cost estimate for this asset is provided by Armstrong Consulting, Inc., which may rely upon information, furnished to us by the client and/or their vendor. This estimate is to be used for budgeting purposes only.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Gutters & Downspouts

Category:	Gutters And Downspouts	Unit Cost:	\$8.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	20 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$6,400.00
Next Replacement:	6/01/2027	Future Cost:	\$13,209.75
Remaining Life:	19 YRS	Salvage Value:	\$0.00
Quantity:	800.00 LN. FT.		

Remarks

This component budgets for the replacement of the aluminum gutters and downspouts.

The estimated useful service life and replacement cost of the gutters and downspouts are based on cost data, industry standards and the reserve specialist's experience with this type component.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Hot Water Heater

Category:	Mechanical	Unit Cost:	\$2,500.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$2,500.00
Next Replacement:	6/01/2017	Future Cost:	\$3,552.38
Remaining Life:	9 YRS	Salvage Value:	\$0.00
Quantity:	1.00 EACH		

Remarks

This component budgets for the replacement of the 76 gallon capacity gas/electric water heater. The budgeted amount includes an allowance for replacement of the solar water storage and recirculating tanks. As of the date of the site visit, the hot water heating system was not fully installed. This component assumes that the system will be installed complete and in good working order as of the renovation completion date.

The estimated useful service life and replacement cost of this component is based on cost data, industry standards and the reserve specialist's experience with this type component.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Light Fixtures

Category:	Lighting	Unit Cost:	\$150.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	15 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$3,300.00
Next Replacement:	6/01/2022	Future Cost:	\$5,650.41
Remaining Life:	14 YRS	Salvage Value:	\$0.00
Quantity:	22.00 EACH		

Remarks

The above cost allocation is for replacement of the lighting fixtures on an as-needed basis. The fixtures include recessed, wall mounted, and landscaping accent light fixtures.

The cost estimate for this asset is provided by Armstrong Consulting which may rely upon information furnished to us by the client and/or their vendor. This estimate is to be used for budgeting purposes only.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Metal Railings - Perimeter Fencing

Category:	Painting	Unit Cost:	\$8.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	7 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$2,800.00
Next Replacement:	6/01/2014	Future Cost:	\$3,557.50
Remaining Life:	6 YRS	Salvage Value:	\$0.00
Quantity:	350.00 LN. FT.		

Remarks

This component budgets for the repair and re-painting of the wrought iron fencing. Re-painting will require full prime and 2 finish coats. The estimated cost and useful life of the exterior paint is based on industry standards. Please note that due to metal corrosion this component may require an adjustment of its useful service life. The corrosion should be monitored and repaired as needed.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Paint Exterior - Low Rise 2 Coats

Category:	Painting	Unit Cost:	\$2.25
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	7 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$22,500.00
Next Replacement:	6/01/2014	Future Cost:	\$28,587.06
Remaining Life:	6 YRS	Salvage Value:	\$0.00
Quantity:	10,000.00 SQ. FT.		

Remarks

This component budgets for the re-painting of the building exterior and includes a prime coat and 2 latex finish coats. The estimated cost and useful life of the exterior paint is based on industry standards.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Security Gate, Entrance

Category:	Security	Unit Cost:	\$5,000.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$5,000.00
Next Replacement:	6/01/2017	Future Cost:	\$7,104.75
Remaining Life:	9 YRS	Salvage Value:	\$0.00
Quantity:	1.00 EACH		

Remarks

This component budgets for the replacement or repair of the automatic rolling gate and motor system. As of the date of the site visit, the gate and motor were not installed. This component assumes that the system will be installed complete and in good working order as of the renovation completion date.

The cost estimate for this asset is provided by Armstrong Consulting, Inc., which may rely upon information, furnished to us by the client and/or their vendor. This estimate is to be used for budgeting purposes only.

6233 Keokea Place

COMPONENT DETAIL REPORT

Analysis 1

Solar Panels - 4' X 8'

Category:	Mechanical	Unit Cost:	\$1,000.00
Began Use:	6/01/2007	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$3,000.00
Next Replacement:	6/01/2017	Future Cost:	\$4,262.85
Remaining Life:	9 YRS	Salvage Value:	\$0.00
Quantity:	3.00 EACH		

Remarks

This component budgets for the replacement of the solar water heating panels on the garage roof. As of the date of the site visit, the panels were not installed. This component assumes that the system will be installed complete and in good working order as of the renovation completion date.

The cost estimate for this asset is provided by Armstrong Consulting, Inc., which may rely upon information, furnished to us by the client and/or their vendor. This estimate is to be used for budgeting purposes only.



Armstrong Consulting, Inc.



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Honolulu, Hawaii 96821
Phone (808) 377-8500

1333 Gateway Drive, Suite 1014
Melbourne, Florida 32901
Phone (321) 674-0196

Toll Free (800) 561-7732 Fax (808) 377-8511
E-mail: sales@armstrongassoc.net

August 1, 2007

6233 Keokea Place
c/o Anne E. Lopez, Esq.
Chun, Kerr, Dodd, Beaman & Wong

Re: 6233 Keokea Place - Reserve Study Summary

Dear Anne,

This study considers the replacement, repairs and/or refurbishment of the project's common area improvements. The total current cost of the components included in this analysis as of January 1, 2008 is \$271,500 and the total future cost is \$869,677. The bulk of the future costs are for exterior painting, mechanical systems, and roofing replacement work.

Analysis 1: This study utilizes a \$0 initial reserve fund balance for January 1, 2008 as provided by property management. The analysis is also based on the following parameters: The analysis period is 20 years and the average rate of return on reserve funds invested is projected at 3.5%. The inflation rate estimated for reserve components is 3.8% per year.

Based on these assumptions, an annual contribution rate of \$8,640 for 2008 was utilized. This amount is to increase by 1% each year throughout the remaining time frame of the study. Under this analysis the Association does meet Hawaii State reserve requirements under the cash flow method of calculations.

Please review the assumptions utilized and the entire report for accuracy. We thank you for the opportunity to be of service to you and the Association.

Sincerely,

ARMSTRONG CONSULTING, INC.

DALE ARMSTRONG
Reserve Specialist

Enclosure as noted

EXHIBIT 2

DPP Letter

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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



MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2005/ELOG-2865(RLK)

March 9, 2006

Andrew R. Bunn, Esq.
Attorney at Law
Chun, Kerr, Dodd, Beaman & Wong
A Limited Liability Law Partnership
Fort Street Tower, Topa Financial Center
745 Fort Street, 9th Floor
Honolulu, Hawaii 96813-3815

Dear Mr. Bunn:

Re: Condominium Conversion Project
6233 Keokea Place
Tax Map Key: 3-9-34: 58

This is in response to your letter dated December 5, 2005, requesting verification that the structure on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two-story eight-unit apartment building with sixteen (16) all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1968 on this 16,916 square-foot A-1 Low Density Apartment zoned lot.

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

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

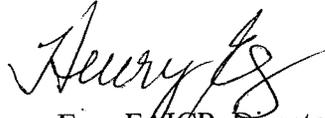
Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

EXHIBIT 2

Andrew R. Bunn, Esq.
Chun, Kerr, Dodd, Beaman & Wong
March 9, 2006
Page 2

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Henry Eng", with a stylized flourish at the end.

Henry Eng, FAICP, Director
Department of Planning and Permitting

doc433870

EXHIBIT 3

Architect's Property Condition Report

**Report on the Condition of One Condominium Building and Two Carports
Proposed Condominium Property Regime**

6233 Keokea Place, Honolulu, Hawaii 96825

TMK: 3-9-034:058

Prepared by:

Pacific Atelier International

September, 2007

Pacific Atelier International, LLC

Phone: 808.533.3688

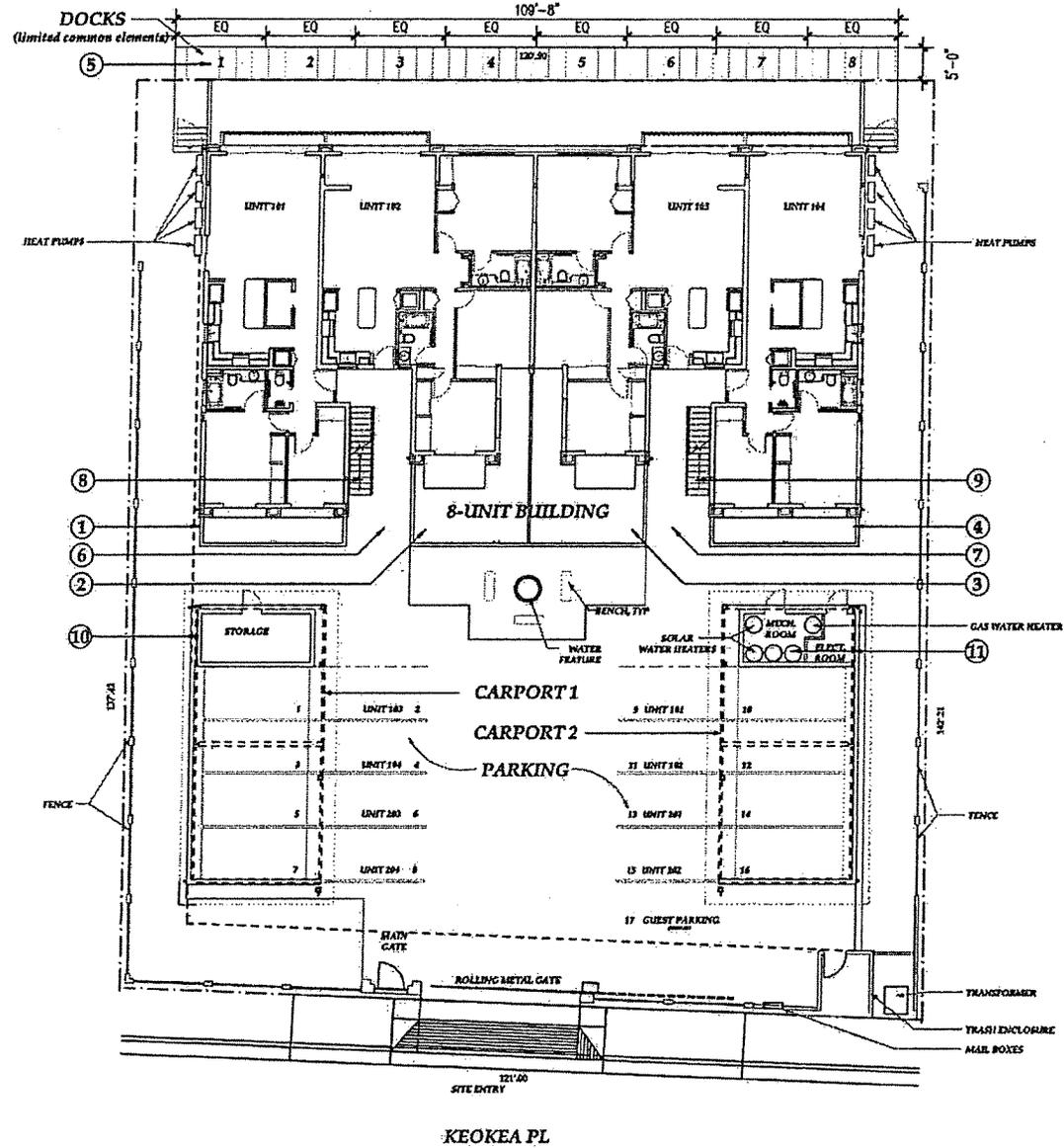
1155 Fort Street

www.pacificatelier.com

Honolulu, Hawaii 96813

Fax: 808.533.3677

Site Plan



Limited Common Elements		
Item	Description	Area (sf)*
1	Courtyard 1	112.6
2	Courtyard 2	288.4
3	Courtyard 3	288.4
4	Courtyard 4	112.6
5	Docks	548.3
6	Unit access path 1	227.2
7	Unit access path 2	227.2
8	Unit access path 3	71.4
9	Unit access path 4	71.4
10	Storage	122.2
11	Utility Rooms	122.8

*Approximate

LEGEND
 (Number in circle) → LIMITED COMMON ELEMENTS (REFER TO TABLE)

Pacific Atelier International, LLC

Phone: 808.533.3688

1155 Fort Street

www.pacificatelier.com

Honolulu, Hawaii 96813

Fax: 808.533.3677

Project Data

Project Description: Interior Alteration of 8 units on two floors

Zoning: A-1

Lot area: 16,916 SF

Occupancy: R-1

Type of Construction: Type V-1 hour

Floor Areas (net): Ground Floor: 4,239 SF

Second Floor: 4,426 SF

Storage Room: 122.2 SF

Utility Room: 122.8 SF

Total: 8,979 SF

Height Limit: 30 Feet

Parking: 2 per unit plus 1 for guest, total of 17 parking stalls

Pacific Atelier International, LLC

Phone: 808.533.3688

1155 Fort Street

www.pacificatelier.com

Honolulu, Hawaii 96813

Fax: 808.533.3677

Zoning Description

The property is currently zoned A-1, which requires a minimum of 10,000 square feet of multifamily dwellings. The parcel is 16,916 square feet and the structures were built prior to 1988. The North side of the condominium is occupied by two carports. All the buildings are within the buildable area.

Condominium Building

Architectural and Structural Information

The two story existing building was constructed using 8" CMU bearing walls at ground floor and 6" CMU bearing walls at 2nd floor. All interior non-bearing partition walls are 2x4 or 2x6 @ 16" stud walls. Roof framing was constructed with pre-engineered wood trusses spacing at 24" center to center. The 2nd floor framing was constructed with 2x12 @ 16" floor joists and ¾" plywood sheathing with 2" concrete topping. Ground floor was constructed with 4" concrete slab on grade. Concrete footing was constructed under front bearing wall, left side bearing wall, right side bearing wall and all interior bearing walls. Under rear bearing wall was a CRM retaining wall.

The old roofing has been replaced with new roofing, which is light weight tile. Eight new skylights were also installed, with two in each upper floor units.

The windows throughout the structure are vinyl frame, sliding, some with fixed glass and insect screens and are in working condition. The unit and room doors throughout out the structure are either solid wood doors or vinyl sliding doors. They are in working condition.

All interior non-structural partitions have been demolished. Units' interiors are reconfigured with upgraded kitchen, bathrooms, bedrooms, living and dining rooms. The kitchen has new appliance, counter tops, cabinets and plumbing fixtures. The bathrooms are furnished with new tub, lavatories on cabinet, toilets and granite tile wall covering at the showers. Closets are closed with mirrored sliding doors.

The units were fitted with new flooring and lighting. The floorings are wood plank flooring and granite tile flooring. They are in good condition.

Lanais accessible from the ground floor units and docks are installed. From visual observation, they are in new condition.

Mechanical Information

The plumbing fixtures at the condominium building all appear to be in good working order. The water supply pipes that existed prior to new construction are in working condition. The new water pipes above grade are type "L" copper pipe. The new water pipes below grade are type "K" copper pipe. The new sewer piping above grade is cast iron. The new sewer below grade is DWV PVC schedule 40. The units are currently connected to the city sewage system.

Solar water heater at the property was existing. Four new water heaters were installed.

All units are natural ventilated, with wall mount air conditioners as alternate ventilation.

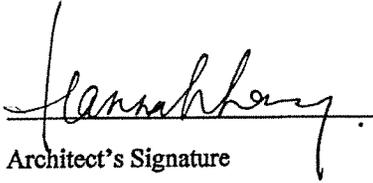
Electrical Information

The building is metered from underground line off Keokea Place with a 500 Amp main service. There are eight panels servicing the eight units, 20 circuits with 90 Amps total main breaker. All of the electrical in the building was replaced. All junction boxes are with covers. Fire alarm system is in working order, and localized smoke detectors are in place.

Carport, Utility Room and Storage

Structural Information

The two carport buildings are mirrored identical. Both of them are constructed with steel posts and wood truss system. The newly constructed walls are gypsum wall boards, which are in good condition. Concrete curb with holes are provided on the low sides of the carports for drainage. The utility room and storage room were existing before construction. They were enclosed by CMU walls with new doors. They are in working conditions.



Architect's Signature