

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

CONDOMINIUM PROJECT NAME	1675 AND 1677 MAHANI LOOP
Project Address	1675 Mahani Loop Honolulu, Hawaii 96819
Registration Number	6657 (Conversion)
Effective Date of Report	December 17, 2008
Developer(s)	Huilin Dong and Eric Grant Richards

**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.

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*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.]

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.

2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each Apartment as shown on the Condominium Map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the approximate location of the limited common element assigned to each Apartment.

3. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

4. No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARDING TO THE FOREGOING.

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## **General Information On Condominiums**

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

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

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

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

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

## **Operation of the Condominium Project**

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

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

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

**1. THE CONDOMINIUM PROJECT**

**1.1 The Underlying Land**

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	1675 Mahani Loop, Honolulu, Hawaii 96819
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 1-4-023-001
Tax Map Key is expected to change because	Each unit will be assigned a new CPR Unit number
Land Area	14,463 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

**1.2 Buildings and Other Improvements**

Number of Buildings	2
Floors Per Building	Unit 1675 - two (2); Unit 1677 - two (2)
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	1675: Wood, sheet rock, glass windows & other bldg. 1677: Wood, sheet rock, glass windows & other bldg.

**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
1675	1		1,268 s.f.	1,111 s.f.	(carport, mezzanine, stair, and covered deck)	2,379 s.f.
1677	1		1,045 s.f.	2,070. s.f.	(1st floor walkway, covered loft area, uncovered loft deck, and carport)	3,115 s.f.
See Exhibit	A					

2	<b>Total Number of Units</b>
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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 Stall in the Project:	Unit 1675 - 2 parking; Unit 1677 - 2 parking
Number of Guest Stalls in the Project:	
Number of Parking Stalls Assigned to Each Unit:	2
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).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. None	

**1.5 Boundaries of the Units**

Boundaries of the unit:  See Exhibit A.
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**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): Each Unit Owner may alter the structure and any other improvements located within their Unit's limited common element land area as provided in Section XV of the Declaration of Condominium Property Regime.
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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 _____ .
As follows: Unit A: 50% Unit B: 50%

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

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

**1.9 Common Elements**

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

Described in Exhibit  B .

Described as follows:

Common Element	Number
Elevators	
Stairways	one (1) mechanical
Trash Chutes	

**1.10 Limited Common Elements**

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

Described in Exhibit  B .

Described as follows:

**1.11 Special Use Restrictions**

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

**1.12 Encumbrances Against Title**

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit  C  describes the encumbrances against title contained in the title report described below.

Date of the title report: June 2, 2008

Company that issued the title report: Island Title Corporation

**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	2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5
<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 Declaration 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>			

**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input checked="" type="checkbox"/> <b>Applicable</b></p> <p><input type="checkbox"/> <b>Not Applicable</b></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>EXHIBIT F</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>EXHIBIT F</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><b>Verified Statement from a County Official</b></p>	
<p>Regarding any converted structures in the project, attached as Exhibit <u>G</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p>	

**1.16 Project In Agricultural District**

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

## 2. PERSONS CONNECTED WITH THE PROJECT

<p><b>2.1 Developer(s)</b></p>	<p>Name: Huilin Dong and Eric Grant Richards</p> <p>Business Address: 1675 Mahani Loop, Honolulu, HI 96819</p> <p>Business Phone Number : 528-5650</p> <p>E-mail Address: huilin@hawaii.rr.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: Prudential Locations LLC</p> <p>Business Address: 614 Kapahulu Avenue, Suite 200 Honolulu, Hawaii 96815</p> <p>Business Phone Number: 303-0430</p> <p>E-mail Address: bernie.tong@pruhawaii.com</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Island Title Corporation</p> <p>Business Address: 1132 Bishop Street, Suite 400 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 531-0261</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: N/A</p> <p>Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Self-managed by the Association</p> <p>Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Jonathan S. Durrett</p> <p>Business Address: 841 Bishop St., #702, Hon., HI 96813</p> <p>Business Phone Number: (808) 526-0892</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
Land Court	May 6, 2008	3745079

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	December 5, 2008	3811804

#### 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
Land Court	May 6, 2008	3745080

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

#### 3.3 Condominium Map

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

Land Court Map Number	1953
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: December 5, 2008	

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

**3.5 Changes to the Condominium Documents**

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
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>The Developer has reserved the right to file an amendment as provided for in Section XVI of the Declaration of Condominium Property Regime.</p>

#### 4. CONDOMINIUM MANAGEMENT

##### 4.1 Management of the Common Elements

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

The initial Condominium Managing Agent for this project is (check one):

<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

##### 4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit H contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

##### 4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:

<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input checked="" type="checkbox"/>	Other (specify) Mechanical Freight Staircase and Insurance

##### 4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:

<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>D</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: July 10, 2008 Name of Escrow Company: Island Title Corporation Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

### 5.2 Sales to Owner-Occupants

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

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

### 5.3 Blanket Liens

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

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

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Purchaser's interest may be terminated, in which event Purchaser will be entitled to a refund of deposit less an escrow cancellation fee.

### 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. There are no warranties, express or implied, being made by Developer. Sales are "as is".

Appliances:

None. There are no warranties, express or implied. Sales are "as is".

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

<p>Status of Construction:  Unit 1675 was completed in 1962; Unit 1677 was completed in 1980</p>
<p>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.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

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

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

**5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance**

<input type="checkbox"/>	<p>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.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
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**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

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

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

<p><b>Box A</b></p> <p><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><b><u>Important Notice Regarding Your Deposits: 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.</u></b></p>
<p><b>Box B</b></p> <p><input type="checkbox"/></p>	<p>The Developer has <b>not</b> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

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

## 5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

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

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

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

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

(1) The purchaser has signed the sales contract.  
(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

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

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

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

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

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

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

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

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

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

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

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

## 6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of a Unit will be conveyed a Unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is NOT a separate, legally subdivided lot.

2. MAINTENANCE FEES. Developer believes that there will be no maintenance fees. All costs pertaining to each Unit and its respective common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective Unit owner. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees to this Public Report. Each Unit will share in periodic maintenance and repair of the mechanical freight staircase.

Section 514B-143, Hawaii Revised Statutes, requires the Association of Unit Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual Unit owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual Unit owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance. Fire insurance for the shared mechanical freight staircase will be billed directly to the owners.

3. RESERVES. Developer discloses that no "reserve study" was done in accordance with Section 514B-148, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

4. DEPARTMENT OF PLANNING AND PERMITTING. Department of Planning and Permitting's letter dated October 12, 2007 is attached hereto as Exhibit G. The letter indicates that the structures met all applicable codes at the time of construction.

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.

Eric Grant Richards  
\_\_\_\_\_  
Printed Name of Developer

By:  \_\_\_\_\_  
Duly Authorized Signatory\*

July 10, 2008  
\_\_\_\_\_  
Date

Eric Grant Richards/Owner/Developer  
\_\_\_\_\_  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & County of Honolulu

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

## EXHIBIT A

### DESCRIPTION OF UNITS AND BOUNDARIES OF UNITS

Two (2) separate and distinct freehold estates, deemed to include the entire structure and all improvements located therein, are bounded by and including the decorated or finished surfaces of the exterior of the perimeter walls, including all exterior doors and windows, by the exterior surfaces of the respective roofs thereof, and inclusive of the floor and ceiling of each of the buildings in the Project, together with any entries, porches, steps, stairs, lanais, decks, laundry areas, carports, or other improvements physically attached to the building.

(a) Unit 1675 contains one (1) freehold estate consisting of a mezzanine study, an office, a master bedroom, two additional bedrooms, three bathrooms, a kitchen, living room and deck area.. Unit 1675 contains a net living area of approximately 1,268 square feet, the carport area approximately 272 square feet, the mezzanine is approximately 459 square feet and the deck area is approximately 380 square feet. There are two (2) covered parking stalls located in the limited common element land area.

(b) Unit 1677 contains one (1) freehold estate consisting of a living room, dining room, kitchen, two bathrooms, two bedrooms, and two (2) decks and an unfinished loft area. Unit 1677 contains a net living area of approximately 1,045 square feet, the carport area is approximately 276 square feet, the uncovered loft deck area is approximately 438 square feet, the covered loft area is approximately 1,150 square feet, the first floor covered deck area is approximately 145 square feet and the first floor walkway is approximately 61 square feet. There are two (2) covered parking stalls located in the limited common element land area.

Each Unit shall also include all pipes, wires, conduits, and other utility and service lines contained wholly within such Unit and which are utilized exclusively by and serve only such Unit.

## **EXHIBIT B**

### **DESCRIPTION OF COMMON ELEMENTS**

The common elements shall consist of all portions of the Project except the Units above described, and shall specifically include, but not be limited to:

- (a) The Land in fee simple.
- (b) The central and appurtenant installations for services such as power, light, gas, telephone, sewer, and any improvements, equipment and drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services, if any.
- (c) The common easements for drainage and all common or shared installations for underground utilities including electricity, water, telephone, and cable television which run upon or under the common easement, if any; and
- (d) The mechanical freight staircase and land area upon which it is situated delineated and described as "Common Area" in the Condominium Map site plan; and
- (e) Any other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

### **DESCRIPTION OF LIMITED COMMON ELEMENTS**

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

- a. Unit 1675.
  - (1) Unit 1675. The land area surrounding and under Unit 1675 is a limited common element of Unit 1675 and is for the exclusive use of Unit 1675 and consists of approximately 3,533.44 square feet; and

b. Unit 1677.

(1) The land area surrounding and under Unit 1677 is a limited common element of Unit 1677 and is for the exclusive use of Unit 1677 and consists of approximately 4,429.57 square feet;

(2) The two (2) stall carport under Unit 1675 and driveway fronting Mahani Loop, as delineated and described in the Condominium Map site plan with crosshatching consisting of approximately 590.19 square feet; and

(3) The land area above Unit 1677, as delineated described in the Condominium Map site plan as Limited Common Area 2 consisting of approximately 4,917.45 square feet.

c. Any fences, walls or utility systems or lines which are located within the limited common land area and which services or benefits only one Unit shall be deemed a limited common element of such unit.

## EXHIBIT C

### DESCRIPTION OF ENCUMBRANCES

1. Real property taxes that may be due and owing. Reference is made to the Tax Assessor's Office, City and County of Honolulu.
2. Encroachment Agreement by and between Chris Glenn Woodward, husband of Iophina Woodward, as "First Party", and GE Capital Hawaii, Inc., a Hawaii corporation, as "Second Party", dated December 1, 2000, filed in said Office as Document No. 2668052.
3. Mortgage in favor of Central Pacific Bank, a Hawaii corporation, by instrument dated April 6, 2006, filed in said Office as Document No. 3252629.
4. Mortgage secured by a line of credit in favor of Central Pacific Bank, a Hawaii corporation, by instrument dated April 5, 2005, filed in said Office as Document No. 3252630.
5. The terms and provisions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such terms and provisions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes as contained in or incorporated by reference in the Declaration of Condominium Property Regime, as amended. Said Declaration for "1675 AND 1677 MAHANI LOOP" condominium project dated May 6, 2008, filed in said Office as Document No. 3745079, and Condominium Map No. 1953, and any amendments thereto. Further amended by instrument First Amendment to Declaration of Condominium Property Regime of 1675 and 1677 Mahani Loop, filed in said Office as Document No. 3811804.
6. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws, as amended. Said By-Laws dated May 6, 2008, filed in said Office as Document No. 3745080.
7. Title to all minerals and metallic mines reserved to the State of Hawaii.

## EXHIBIT D

### SUMMARY OF SALES CONTRACT

1. Seller may terminate Sales Contract and refund to Buyer all money Buyer has paid without interest, if Seller determines that Buyer's ability to make payments or if the financial ability of Buyer has decreased at the time the credit report is updated.
2. Risk of loss to the unit and percentage interest in the common elements will be borne by Seller until the date of final closing at which time risk of loss will be borne by Buyer.
3. The contract will not be assignable without the prior written consent of Seller and any attempt to assign without this consent will be null and void.
4. Seller reserves the right to modify the Declaration, By-Laws, House Rules, Escrow Agreement and Unit Deed, provided that these modifications do not increase the Buyer's share of common expenses, reduce the obligations of Seller for common expenses on unsold units, reduce the size of the units, increase the cost of the units, or impair or modify any obligations given or undertaken by Seller. Seller also reserves the right to make minor changes that may improve the unit.
5. Seller may appoint the initial management agent for the Project.
6. Seller reserves the right to exercise all of the power of the Association until the election of the Board of Directors and officers of the Association of Unit Owners and may vote and exercise all the powers of the Board and officers of the Association including voting of owners of units remaining unsold.
7. Buyer may have the right to rescind the Sales Contract and obtain a refund of all money paid by Buyer without interest if there is any material change in the Condominium (other than any additions, deletions, modifications and reservations including, without limitation, the merger of increments accomplished pursuant to the terms of the Condominium Declaration) which directly, substantially, and adversely affects the use or value of the unit or the limited common elements appurtenant thereto.
8. If the Buyer defaults when a payment is required, the Seller will notify the Buyer by registered mail of such default. If the default is not cured within seven (7) days after mailing the notice, the Sales Contract may be terminated by Seller with written notice to Buyer. If this occurs, the money paid by the Buyer will belong to the Seller as liquidated damages.

## **EXHIBIT E**

### **SUMMARY OF ESCROW AGREEMENT**

Seller has entered into an Escrow Agreement dated July 10, 2008, with Island Title Corporation. The Escrow Agreement sets up an arrangement under which the deposits which a Buyer makes under a Purchase Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement the following will or may happen:

- (a) Seller will require all payments due to be made to Escrow.
- (b) All money received by Escrow will be deposited in an interest-bearing account in a federally-insured bank or savings and loan institution. All interest earned in the account will be credited to the account of the Seller.
- (c) If the Buyer under a reservation as an owner-occupant is not offered an unit or if the Buyer refuses to enter into a Purchase Contract, Escrow will promptly refund the deposit made by Buyer without interest. If Buyer enters into Purchase Contract but rescinds the Purchase Contract because of hardship or because the Buyer no longer intends to be an owner-occupant, Seller will cancel Purchase Contract and Escrow will promptly return all money to Buyer without interest and less the cancellation fee.
- (d) Escrow will not disburse Buyer's funds until Seller has notified Escrow that Buyer's Purchase Contract has become effective and a Developer's Public Report has been issued by the Real Estate Commission and Escrow has received a copy of Buyer's receipt for the Developer's Public Report.
- (e) Escrow will from time to time make disbursements from the Escrow fund to pay for construction costs, to other persons for architectural, engineering, financing, advertising, legal fees and other expenses, but not for selling expenses or brokerage fees relating to the sales of any unit.
- (f) If Buyer is in default under the Purchase Contract, Escrow will promptly give to Buyer notice of the default.
- (g) Escrow is relieved from all liability for acting in accordance with the terms of the Escrow Agreement.

(h) The compensation of Escrow shall be based on the scheduled rate, plus Hawaii general excise tax for each unit sold under a binding Purchase Contract and of which a deed has been fully recorded in the Bureau of Conveyances of the State of Hawaii; provided, however, that if Escrow shall for any reason without fault on its part to be required to change, subsequent to the commencement of pre-closings for the Project, any closing statement or document previously approved as to form and figures by the Seller, Seller agrees to pay an additional charge for each such statement or document which is changed.

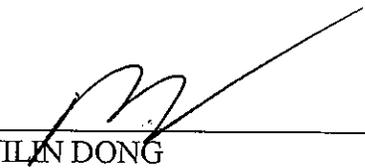
**EXHIBIT F**

**STATEMENT BY DEVELOPER REGARDING THE  
PRESENT CONDITION OF STRUCTURAL COMPONENTS  
AND MECHANICAL AND ELECTRICAL INSTALLATIONS AT  
1675 AND 1677 MAHANI LOOP**

The undersigned, being the developer of the 1675 and 1677 Mahani Loop condominium project, and pursuant to HRS §514B-84(1)(A), hereby represents that the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the project are as described in the architect's report attached hereto as Exhibit 1 and incorporated herein by reference, and that the undersigned makes no representations as to the expected useful life of such structural components or mechanical or electrical installations.

Dated: Honolulu, Hawaii, July 10, 2008.

By

  
HUILIN DONG

By

  
ERIC GRANT RICHARDS

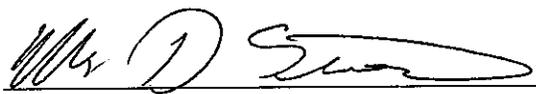
EXHIBIT 1

ARCHITECT'S CONDITION REPORT

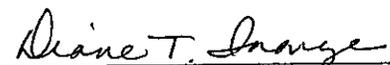
The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number AR-7026, has inspected the dwellings at the "1675 AND 1677 MAHANI LOOP" condominium project situate at 1675 Mahani Loop, Honolulu, Hawaii 96819, and identified by Tax Map Key No. (1) 1-4-023-001. Unit 1675 is a dwelling which was built in 1962 and may be occupied for residential use. Unit 1677 is a dwelling which was built in 1980 and may be occupied for residential use.

The inspection of Unit 1675 and Unit 1677 include the visible exterior roof, visible foundation, visible electrical and plumbing systems, and I find that the systems and components of the structures, including visible structural, visible electrical and visible plumbing, appear to be in satisfactory condition for the stated age thereof and appear to be in sound condition. The structural and related systems and components of Unit A have an expected useful life in excess of approximately 30 years.

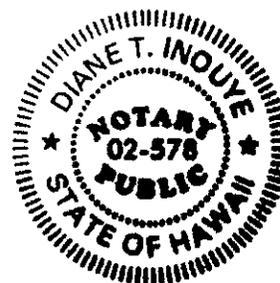
This is not a warranty of compliance with all rules and regulations, only a warranty that inspection was made and no violations appear to exist. No right shall accrue to any third party for subsequent discovery of any problems with code compliance or for future changes in such code(s).

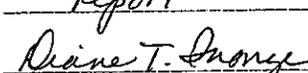
  
MARIO D. TADEO

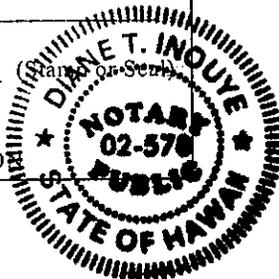
Subscribed and sworn to before me this  
8th day of July, 2008.

  
Notary Public, State of Hawaii

Print or type name **DIANE T. INOUE**  
Notary Public, State of Hawaii  
My commission expires: My commission expires: November 17, 2010



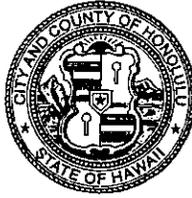
Date: 7/8/08 # Pages: 1  
Name: Diane T. Inouye 1st Circuit  
Doc. Description: Architect's Condition Report  
 7/8/08  
Notary Signature Date  
NOTARY CERTIFICATION



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

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743  
INTERNET: [www.honolulu.gov](http://www.honolulu.gov) • DEPT. WEB SITE: [www.honolulu.dpp.org](http://www.honolulu.dpp.org)

MUFU HANNEMANN  
MAYOR



HENRY ENG. FAICP  
DIRECTOR

DAVID K. TANOUÉ  
DEPUTY DIRECTOR

2005/ELOG-1305(RLK)

October 12, 2007

Mr. Eric Richards, President  
Richards Construction, Inc.  
1675 Mahani Loop  
Honolulu, Hawaii 96819-2831

Dear Mr. Richards:

Subject: Condominium Conversion Project  
1675 and 1677 Mahani Loop  
Tax Map Key: 1-4-023: 001

This is in response to your letter dated June 3, 2005, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two (2) one-story single-family detached dwellings with four (4) all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1962 and in 1980 on this 14,463-square-foot R-5 Residential District zoned lot.

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

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

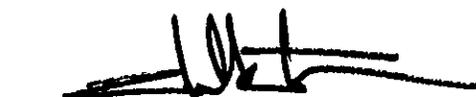
Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

**EXHIBIT G**

Mr. Eric Richards, President  
Richards Construction, Inc.  
October 12, 2007  
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 768-8151.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Henry Eng', with a horizontal line drawn through it.

Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE:ft

doc573237

