DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	MIKALEMI GARDENS
Project Address	99-147, A, B, C, D, E, E-1, F, G, H & I Mikalemi Street Aiea, Hawaii 96701
Registration Number	6932 (Conversion)
Effective Date of Report	**February 22, 2010**
Developer(s)	HCC, 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.]

SPECIAL NOTICE:

1. This Public Report does NOT constitute an approval of the project by the Real Estate Commission.

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

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. THIS REPORT AND OTHER PROJECT INSTRUMENTS AND DOCUMENTS WERE PREPARED BY THE DEVELOPER AND/OR THEIR AGENT AND NOT AN ATTORNEY.

5. EXISTING USE PERMIT ("EU Permit"). This project consists of eleven (11) existing single-family dwellings as to which an EU Permit under file number 2008/EU-19 was issued by the Department of Planning and Permitting of the City and County of Honolulu ("DPP"), and such EU Permit was modified on May 28, 2009. This permit allows for the continued use, repair, alteration, expansion, relocation and reconstruction of the existing dwellings, subject to numerous conditions and restrictions contained in the EU Permit, all of which have been incorporated into the Declaration of Condominium Property Regime for the project.

These conditions and restrictions will apply, for example, if any existing structure is destroyed or modified. There are different restrictions depending on whether a modification is minor or major. In addition, if a dwelling is expanded or reconstructed, there are restrictions on the size of the structure, the required number of parking stalls, setback requirements and so forth.

6. Declarant has entered into an Agreement of Issuance of Conditional Use Permit Under Section 21-5.380 Of The Land Use Ordinance ("Agreement") in the belief that by doing so, the Project would result in a more efficient use the Land. This Agreement has the effect of combining two adjacent lots as a single lot for zoning and other purposes.

A purchaser is advised to become familiar with the entirety of the EU Permit and the Agreement which are attached hereto as Exhibits "M" and "N".

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

TABLE OF CONTENTS

Page

Preparation of this Report 1

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

Page

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 17
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 Units, Types and Sizes of Units; Construction Materials
EXHIBIT B: Boundaries of the Units
EXHIBIT C: Common Elements
EXHIBIT D: Limited Common Elements
EXHIBIT E: Encumbrances Against Title
EXHIBIT F: Verified Statements from County Official dated May 23, 2008 and July 2, 2008
EXHIBIT G: Statement on Project, Operating Budget and Maintenance Fees
EXHIBIT H: Summary of Sales Contract
EXHIBIT I: Summary of the Material Provisions of the Escrow Agreement
EXHIBIT J: Sales to Owner-Occupants
EXHIBIT K: Permitted Alterations to Units
EXHIBIT L: Developer's Right to Amend Declaration, Bylaws and Condominium Map
EXHIBIT M: Existing Use Permit, as modified
EXHIBIT N: Agreement of Issuance of Conditional Use Permit

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	☒ Fee Simple ☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒ Yes ☐ No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	99-147, A, B, C, D, E, E-1, F, G, H & I Mikalemi St., Aiea, HI 96701
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 9-9-041: Parcels 35, 36 & 37
Tax Map Key is expected to change because	each unit will have a separate tax key number
Land Area	76,642 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	11
Floors Per Building	1 (except Unit 99-147: 2)
Number of New Building(s)	0
Number of Converted Building(s)	11
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	See Exhibit "A"

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" .

11	**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 Stall in the Project:	33
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	3
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit:

See Exhibit "B"

1.6 Permitted Alterations to the Units

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

See Exhibit "K"

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit _____.

As follows:

Fractional 1/11th for each Unit

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

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☐	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☐	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 "C" .
Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit "D" .
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.	
☐	Pets:
☐	Number of Occupants:
☐	Other:
☒	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 "E" describes the encumbrances against title contained in the title report decribed below.
Date of the title report: December 17, 2009
Company that issued the title report: Old Republic Title & Escrow of Hawaii, Ltd.

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
☒	Residential	11	☒ Yes ☐ No	R-5
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☐	Industrial		☐ Yes ☐ No	
☐	Agricultural		☐ Yes ☐ No	
☐	Recreational		☐ Yes ☐ No	
☐	Other (Specify):		☐ Yes ☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			☒ Yes ☐ No	
Variances to zoning code have been granted.			☐ Yes ☒ No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

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.

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.

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.

	Conforming	Non-Conforming	Illegal
Uses	☒	☐	☐
Structures	☒	☐	☐
Lot	☒	☐	☐

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:

The letters from the Department of Planning and Permitting of the City and County of Honolulu (Exhibit "F") state that the Units are considered nonconforming. However, an Existing Use Permit (Exhibit "M") was granted and the Units are now considered legal conforming, and in the event any one of the Units were destroyed, such Unit can be rebuilt.

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☒ **Applicable** ☐ **Not Applicable**

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:

Subject to normal wear and tear commensurate with its age, each of the buildings appears to be in fair structural condition consistent with their age.

Developer's statement of the expected useful life of each item reported above:

The Developer makes no statement of the expected useful life of each item above.

List of any outstanding notices of uncured violations of any building code or other county regulations:

Estimated cost of curing any violations described above:

Verified Statement from a County Official

Regarding any converted structures in the project, attached as Exhibit "F" is a verified statement signed by an appropriate county official which states that either:

(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:
- (i) Any variances or other permits that have been granted to achieve compliance;
- (ii) Whether the project contains any legal non-conforming 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;

or

(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.

Other disclosures and information:

1.16 Project In Agricultural District

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.**	☐ **Yes** ☒ **No**
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? ☐ Yes ☐ No If the answer is "No", provide explanation.	
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? ☐ Yes ☐ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: HCC, LLC, a Hawaii limited liability company Business Address: 94-665 Kauluikua Place, Mililani, HI 96789 Business Phone Number : (808) 623-5336 E-mail Address:
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).	Richard Han Wei Cheng, Nowlin P. Correa, Clement W. Hung and May M. Hung, Members
2.2 Real Estate Broker	Name: Asato Realty, Inc. Business Address: 98-817 Ainanui Loop Aiea, HI 96701 Business Phone Number: (808) 488-7600 E-mail Address:
2.3 Escrow Depository	Name: Old Republic Title & Escrow of Hawaii, Ltd. Business Address: 733 Bishop St., Ste. 2700, Honolulu, HI 96813 Business Phone Number: (808) 466-0100
2.4 General Contractor	Name: None Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: None, self managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: The report was prepared by the Developer pro se and Business Address: May Hung, their agent 94-665 Kauluikua Place, Mililani, HI 96789 Business Phone Number: (808) 623-5336

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 11, 2009	2009-191469

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	February 2, 2010	2010-015006

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 11, 2009	2009-191470

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

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

Land Court Map Number	
Bureau of Conveyances Map Number	4864

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	☐	
Have Been Adopted and Date of Adoption	☐	
Developer does not plan to adopt House Rules	☒	

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

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

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☒	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: See Exhibit "L" Sales Activities. Developer reserves and shall have the right and easement to conduct extensive activities on or from the Project, including the common elements, in connection with the sale of the Units in the Project, including the use of model apartments, sales, leasing and management offices, parking stalls and extensive sales and leasing displays and activities.

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):

☐	Not affiliated with the Developer
☒	None (self-managed by the Association)
☐	The Developer or an affiliate of the Developer
☐	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 "G" 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:	
☐	Electricity for the common elements
☐	Gas for the common elements
☐	Water
☐	Sewer
☐	TV Cable
☒	Other (specify) maintenance of common areas

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:	
☒	Electricity for the Unit only
☐	Gas for the Unit only
☒	Water
☒	Sewer
☒	TV Cable
☐	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	Specimen Sales Contract Exhibit "H" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☒	Escrow Agreement dated: December 11, 2009 Name of Escrow Company: Old Republic Title & Escrow of Hawaii, Ltd. Exhibit "I" contains a summary of the pertinent provisions of the escrow agreement.
☐	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.

☒	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☒	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit "J" .
☐	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.

☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If Developer defaults under its mortgage then the Buyer's contract may
	be canceled. Upon cancellation all of the Buyer's deposits will be
	refunded less any escrow cancellation fees.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

No warranties are given on the buildings and improvements of the Units.

Appliances:

No warranty is given on any of the appliances.

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

Status of Construction: The Units were constructed and relocated prior to 1958.
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:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

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

☐	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 this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.*

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

Box A ☐	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. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **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.**
Box B ☐	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. 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 **Important Notice Regarding Your Deposits** 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, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.** (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. You should understand that, although the **Important Notice Regarding Your Deposits** 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.

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

5.7 Rights Under the Sales Contract

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

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the units or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the units, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. 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.

LEAD WARNING STATEMENT

Pursuant to federal law, 42, U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead based paid hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

EXISTING USE PERMIT ("EU Permit")

The EU Permit contains some conditions that require the Developer to complete certain work in the Project that has not been completed as of this date. Developer shall satisfy those conditions prior to the closing of the sale of the applicable unit.

MAIL BOXES

The mailboxes for the Units are located on each Unit's Dwelling Area.

Common Areas. Each of the Unit Owners shall have the non-exclusive right to use those portions of the Land as shown on the Condominium Map as "Common Area 4,696 Sq. Ft.", "Common Area 398 Sq. Ft.", and "Common Area 3,279 Sq. Ft." (hereinafter collectively called "Driveway Common Areas"), for access and utility purposes. The Driveway Common Areas may be utilized by all the Unit Owners, as well as others entitled thereto, subject to the following terms and conditions:

(a) Each Unit Owner shall have the right from to time to make use of the Driveway Common Areas for the installation, repair and maintenance of utilities and related facilities and for access between his Unit and Mikalemi Street or Kauhale Street.

(b) Each Unit Owner shall have the right from time to time to make, repair and maintain any and all improvements within, on or under the Driveway Common Areas for the purpose of installing, repairing and maintaining utility service to his Unit, provided, however, (i) that such improvements shall be made in such a manner as not to unreasonably restrict on a permanent basis the access in favor of the Owner of other Units or others entitled to use the Driveway Common Areas; and (ii) all costs to make such improvements (including without limitation the cost of restoration of the surface of the ground within the Driveway Common Areas to its original condition to the extent that such restoration is reasonably possible) shall be paid for by the Owner making improvement(s).

(c) All costs of the repair and the maintenance and replacement of any improvement which resulted from damage caused by one of the Unit Owners, his tenants or the guests or invitees of either of them, shall be paid for by the Owner of such Unit.

(d) The Driveway Common Areas shall not be used for parking or storage of vehicles, rubbish, construction materials or other items, except on an emergency or on a temporary basis, and such areas shall be kept in good repair and maintenance as a common expense to be shared equally by all the Unit Owners.

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.

HCC, LLC, a Hawaii limited liability company

Printed Name of Developer

By: _____
Duly Authorized Signatory*

December 11, 2009
Date

Nowlin P. Correa, 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.**

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.

HCC, LLC, a Hawaii limited liability company

Printed Name of Developer

By: May M. Hung
Duly Authorized Signatory*

December 11, 2009
Date

May M. Hung, 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.**

EXHIBIT "A"

Description of Units, Types and Sizes of Units

The buildings within the Project were constructed and relocated prior to 1958.

(a) Unit 99-147. On the lower floor of Unit 99-147 are located a family room, kitchen, one (1) bedroom and two (2) baths. On the upper floor of Unit 99-147 are located four (4) bedrooms. The total net living area of Unit 99-147 is approximately 1,152 square feet.

(b) Unit 99-147A. Unit 99-147A contains a living room, kitchen, four (4) bedrooms and one (1) bath. The total net living area of Unit 99-147A is approximately 1,010 square feet. Unit 99-147A also contains two (2) porches of approximately 65 square feet, and storage area of 96 square feet.

(c) Unit 99-147B. Unit 99-147B contains a living room, kitchen, two (2) bedrooms and one (1) bath. The total net living area of Unit 99-147B is approximately 620 square feet. Unit 99-147B also contains two (2) porches of approximately 60 square feet, and a laundry area of approximately 40 square feet.

(d) Unit 99-147C. Unit 99-147C contains a living room, kitchen, two (2) bedrooms and one (1) bath. The total net living area of Unit 99-147C is approximately 868 square feet. Unit 99-147C also contains a two porches, the total area of which is approximately 34 square feet, and a one-car carport of approximately 240 square feet.

(e) Unit 99-147D. Unit 99-147D contains a living room, kitchen, two (2) bedrooms and one (1) bath. The total net living area of Unit 99-147D is approximately 728 square feet. Unit 99-147D also contains two porches, the total area of which is approximately 108 square feet, and a one-car carport of approximately 162 square feet.

(f) Unit 99-147E. Unit 99-147E contains a living room, kitchen, two (2) bedrooms and one (1) bath. The total net living area of Unit 99-147E is approximately 896 square feet. Unit 99-147E also contains two (2) porches, the total area of which is approximately 40 square feet, and a two-car carport of approximately 650 square feet.

(g) Unit 99-147E-1. Unit 99-147E-1 contains a living room, kitchen, two (2) bedrooms and one (1) bath. The total net living area of Unit 99-147E-1 is approximately 570 square feet. Unit 99-147E-1 also contains two (2) porches, total area of which is approximately 472 square feet, and a one-car carport of approximately 247 square feet.

(h) Unit 99-147F. Unit 99-147F contains a living room, kitchen, three (3) bedrooms and one (1) bath. The total net living area of Unit 99-147F is approximately 841 square feet. Unit 99-147F also contains a porch area of 81 square feet, a lanai of approximately 81 square feet, and a one-car carport of approximately 249 square feet.

(i) Unit 99-147G. Unit 99-147G contains a living room, kitchen, four (4) bedrooms and two (2) baths. The total net living area of Unit 99-147G is approximately 1,332 square feet. Unit 99-147G also contains two (2) porches, the total area of which is approximately 121 square feet, and a two-car carport of approximately 378 square feet.

(j) Unit 99-147H. Unit 99-147H contains a living room, kitchen, dining room, two (2) bedrooms and one (1) bath. The total net living area of Unit 99-147H is approximately 1,160 square feet. Unit 99-147H also contains a porch area and storage area of approximately 112 square feet and 63 square feet, respectively.

(k) Unit 99-147I. Unit 99-147I contains a living room, kitchen, three (3) bedrooms and one (1) bath. The total net living area of Unit 99-147I is approximately 936 square feet. Unit 99-147I also contains two (2) porches, the total area of which is approximately 28 square feet.

Construction Materials

The buildings are constructed principally of wood and are built on posts and piers. The roofs of the Units are covered with either asphalt shingle, or brye roofing or similar material.

EXHIBIT "B"

Boundaries of the Units

Paragraph 3.10 of the Declaration states:

3.10 Designation and Boundaries of Units.

(a) One (1) freehold estate is hereby designated in each of the eleven (11) Units within the Project.

(b) Each Unit consists of (i) all footings, floors, foundations, perimeter walls and roofs of the building and all other improvements from time to time located upon the Dwelling Area appurtenant to the Unit; (ii) all of the space, fixtures, walls and other improvements located within such footings, floors, foundations, perimeter walls and roofs; (iii) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls and roofs; (iv) all decks, lanais, porches, steps, stairs or other improvements physically attached to any such building which is for the exclusive use of such Unit; and (v) all portions of any carport or garage attached to any building or located on the Dwelling Area appurtenant to the Unit and which is for the exclusive use of the Owner of such Unit. Notwithstanding the foregoing, a Unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a Unit which are utilized by or which serve any other Unit.

(c) The foregoing, as initially established or as hereafter changed pursuant to Paragraph 19.1 of this Declaration, is referred to herein as a "Unit".

(d) Should the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control. The Condominium Map, however, is intended to show only the layout, location, Unit numbers and dimensions of the Units and elevations of the buildings and is not intended and shall not be deemed to contain or make any other representation or warranty.

The approximate net living floor areas set forth in this Declaration or on the Condominium Map are based on measurements taken from the interior surface of all perimeter walls.

EXHIBIT "C"

Common Elements

Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

COMMON ELEMENTS. One freehold estate is hereby designated in (i) all of portions of the Project other than the Units, and (ii) any other interests in real estate for the benefit of Unit owners that are subject to the Declaration.

The foregoing is referred to as the "common elements", and is intended to include specifically, but not limited to:

(a) the Land, together with the reversions, remainders, rents, issues and profits thereof, and all rights, easements, privileges and appurtenances thereunto belonging or appertaining; and

(b) Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

(c) The common area identified as "Common Area 4,696 Sq. Ft." on the Condominium Map.

(d) The common area identified as "Common Area 398 Sq. Ft." on the Condominium Map.

(e) The common area identified as "Common Area 3,279 Sq. Ft." on the Condominium Map.

EXHIBIT "D"

Limited Common Elements

Paragraph 5 of the Declaration designates:

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 of a specific Unit, which Unit shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

All costs relating to such limited common elements (including all improvements located thereon, such as planting areas, fences and other perimeter boundary markers and electric lighting fixtures) shall be borne exclusively by the Owner of the Unit to which such limited common elements are appurtenant.

1. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147 are as follows:

(a) The site on which Unit 99-147 is located, consisting of the land area beneath and immediately adjacent to Unit 99-147, as shown and delineated on the Condominium Map as "Dwelling Area "99-147" - 12,666 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147 (which may be referred to as "Dwelling Area 99-147"); and

(b) A mailbox designated by Developer for the use of Unit 99-147.

2. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147A are as follows:

(a) The site on which Unit 99-147A is located, consisting of the land area beneath and immediately adjacent to Unit 99-147A, as shown and delineated on the Condominium Map as "Dwelling Area "99-147A" - 5,292 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147A (which may be referred to as "Dwelling Area 99-147A"); and

(b) A mailbox designated by Developer for the use of Unit 99-147A.

3. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147B are as follows:

(a) The site on which Unit 99-147B is located, consisting of the land area beneath and immediately adjacent to Unit 99-147B, as shown and delineated on the Condominium Map as "Dwelling Area "99-147B" - 3,318 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147B (which may be referred to as "Dwelling Area 99-147B"); and

(b) A mailbox designated by Developer for the use of Unit 99-147B.

4. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147C are as follows:

(a) The site on which Unit 99-147C is located, consisting of the land area beneath and immediately adjacent to Unit 99-147C, as shown and delineated on the Condominium Map as "Dwelling Area "99-147C" - 4,084 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147C (which may be referred to as "Dwelling Area 99-147C"); and

(b) A mailbox designated by Developer for the use of Unit 99-147C.

5. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147D are as follows:

(a) The site on which Unit 99-147D is located, consisting of the land area beneath and immediately adjacent to Unit 99-147D, as shown and delineated on the Condominium Map as "Dwelling Area "99-147D" - 4,546 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147D (which may be referred to as "Dwelling Area 99-147D"); and

(b) A mailbox designated by Developer for the use of Unit 99-147D.

6. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147E are as follows:

(a) The site on which Unit 99-147E is located, consisting of the land area beneath and immediately adjacent to Unit 99-147E, as shown and delineated on the Condominium Map as "Dwelling Area "99-147E" - 4,315 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147E (which may be referred to as "Dwelling Area 99-147E"); and

(b) A mailbox designated by Developer for the use of Unit 99-147E.

7. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147E-1 are as follows:

(a) The site on which Unit 99-147E-1 is located, consisting of the land area beneath and immediately adjacent to Unit 99-147E-1, as shown and delineated on the Condominium Map as "Dwelling Area "99-147E-1" - 5,457 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147E-1 (which may be referred to as "Dwelling Area 99-147E-1"); and

(b) A mailbox designated by Developer for the use of Unit 99-147E-1.

8. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147F are as follows:

(a) The site on which Unit 99-147F is located, consisting of the land area beneath and immediately adjacent to Unit 99-147F, as shown and delineated on the Condominium Map as "Dwelling Area "99-147F" - 5,849 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147F (which may be referred to as "Dwelling Area 99-147F"); and

(b) A mailbox designated by Developer for the use of Unit 99-147F.

9. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147G are as follows:

(a) The site on which Unit 99-147G is located, consisting of the land area beneath and immediately adjacent to Unit 99-147G, as shown and delineated on the Condominium Map as "Dwelling Area "99-147G" - 7,966 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147G (which may be referred to as "Dwelling Area 99-147G"); and

(b) A mailbox designated by Developer for the use of Unit 99-147G.

10. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147H are as follows:

(a) The site on which Unit 99-147H is located, consisting of the land area beneath and immediately adjacent to Unit 99-147H, as shown and delineated on the Condominium Map as "Dwelling Area "99-147H" - 7,179 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147H (which may be referred to as "Dwelling Area 99-147H"); and

(b) A mailbox designated by Developer for the use of Unit 99-147H.

11. The limited common elements so set aside and reserved for the exclusive use of Unit 99-147I are as follows:

(a) The site on which Unit 99-147I is located, consisting of the land area beneath and immediately adjacent to Unit 99-147I, as shown and delineated on the Condominium Map as "Dwelling Area "99-147I" - 6,181 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit 99-147I (which may be referred to as "Dwelling Area 99-147I"); and

(b) A mailbox designated by Developer for the use of Unit 99-147I.

12. Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

Encumbrances Against Title

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. SETBACK (10 feet wide), as shown on File Plan No. 546, for building purposes.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated July 18, 1956, recorded in Liber 3141, Page 72.

The foregoing includes, but is not limited to the following:

"Reserving unto Oahu Sugar Company, Limited, its successors and assigns, all rights to underground waters and the right to construct, repair and maintain such tunnels as it may deem necessary for the development of such underground waters."

5. GRANT dated October 7, 1958, to HAWAIIAN ELECTRIC COMPANY, LIMITED, a Hawaii corporation, and HAWAIIAN TELEPHONE COMPANY, also a Hawaii corporation, now known as HAWAIIAN TELCOM, INC., recorded in Liber 3469, Page 207; granting a non-exclusive perpetual right and easement for utility purposes.

6. Encroachment and License Agreement (Concrete Wall) dated June 7, 2006, recorded in said Bureau as Document No. 2006-106407.

7. The terms and provisions contained in ENCROACHMENT AGREEMENT AND LICENSE (HT WALL), dated June 7, 2006, recorded as Document No. 2006-106408.

8. Agreement of Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance dated April 22, 2009, recorded in said Bureau as Document No. 2009-068210.

9. Declaration of Condominium Property Regime dated December 11, 2009, recorded in said Bureau as Document No. 2009-191469. (Project covered by Condominium Map No. 4864). By-Laws dated December 11, 2009, recorded as Document No. 2009-191470.

10. Mortgage in favor of Pacific Rim Bank, a Hawaii corporation, dated December 11, 2007, recorded in said Bureau as Document No. 2007-215897.

11. Assignment of Rents dated December 11, 2007, recorded as Document No. 2007-215898.

12. Financing Statement recorded in said Bureau on December 14, 2007, as Document No. 2007-215899.

EXHIBIT "F"

Attached as Exhibit "F" are letters from Department of Planning & Permitting of City and County of Honolulu dated May 23, 2008 and July 2, 2008.

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 • DEPT. WEB SITE: www.honoluludpp.org

MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2007/ELOG-2689 (EE)

May 23, 2008

Ms. May Hung
94-665 Kauluikua Place
Mililani, Hawaii 96789

Dear Ms. Hung:

Subject: Condominium Conversion Project
99-147, 99-147A, 99-147B, 99-147F and 99-147I
Mikalemi Street, Aiea
Tax Map Key: 9-9-041: 036

This is in response to your letter dated September 18, 2007, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the five (5) one-story single-family detached dwellings with at least 10 (ten) off-street all-weather surface parking spaces met all applicable code requirements when they were constructed and relocated prior to 1959 on this 37,643 square-foot, R-5 Residential-District-zoned lot.

Investigation also revealed the following:

1. The one-story single-family detached dwelling at 99-147A Mikalemi Street was relocated with Building Permit No. 139078 issued on September 24, 1957.

2. The one-story single-family detached dwelling at 99-147I Mikalemi Street was relocated with Building Permit No. 139423 issued on October 7, 1957.

3. The one-story single-family detached dwelling at 99-147B Mikalemi Street was relocated with Building Permit No. 139662 issued on October 15, 1957.

4. The one-story single-family detached dwelling at 99-147 Mikalemi Street was relocated with Building Permit No. 139768 issued on October 18, 1957.

5. The one-story single-family detached dwelling at 99-147F Mikalemi Street was relocated with Building Permit No. 143867 issued on March 21, 1958.

For your information, the five (5) one-family detached dwellings are considered nonconforming dwelling units. Since there is no Existing Use Permit (EUP) approved for these dwellings, if any structure is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with Article 4 and other provisions of the Land Use Ordinance. Only two (2) dwellings are permitted on this zoning lot without an EUP, site development, cluster or PDH approval.

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 lot of record for subdivision and zoning purposes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto, of our Commercial and Multi-Family Code Enforcement Branch, at 768-8151.

Very truly yours,

Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:dkk

doc618870

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 • DEPT. WEB SITE: www.honoluludpp.org

MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2007/ELOG-2688 (EE)

July 2, 2008

Ms. May Hung
94-665 Kauluikua Place
Mililani, Hawaii 96789

Dear Ms. Hung:

Subject: Condominium Conversion Project
99-147C, D, E, E1, G and H Mikalemi Street
Tax Map Key: 9-9-041: 037

This is in response to your letter dated September 18, 2007, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the six (6) one-story single-family detached dwellings with at least twelve (12) off-street all-weather surface parking spaces met all applicable code requirements when they were constructed and relocated prior to 1958, on this 37,642 square-foot, R-5 Residential-District-zoned lot.

Investigation also revealed that the vehicle access to Mikalemi Street is over Parcel 36 (TMK: 9-9-041: 036), and the vehicle access to Kauhale Street is partly over Parcel 36 (TMK: 9-9-041: 036), and through Parcel 35 (TMK: 9-9-041: 035), a roadway to Kauhale Street. We have no record that Parcel 37 has any access easements through Parcel 36 or Conditional Use Permit (CUP) for joint development of the three (3) parcels. Therefore, it is the responsibility of the owner to clarify the access to Kauhale Street over Parcel 36, and Roadway Parcel 35, and to Mikalemi Street over Parcel 36.

For your information, the six (6) one-family detached dwellings with twelve (12) all-weather surface off-street parking are considered nonconforming dwelling units. Since there is no Existing Use Permit (EUP) approved for these dwellings, if any structure is destroyed by any means to an extent of more than fifty percent (50%) of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with Article 4 and other provisions of the Land Use Ordinance. Only two (2) dwellings are permitted on this lot without an EUP, site development, cluster or Planned Development Housing (PDH) approval.

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 lot of record for subdivision and zoning purposes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto, of our Commercial and Multi-Family Code Enforcement Branch, at 768-8151.

Very truly yours,

Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:dkk

doc629374

EXHIBIT "G"

STATEMENT ON PROJECT, OPERATING BUDGET AND MAINTENANCE FEES

1. (a) PROJECT: MIKALEMI GARDENS
99-147, A, B, C, D, E, E-1, F, G, H and I Mikalemi Street
Aiea, Hawaii 96701

(b) DEVELOPER: HCC, LLC, a Hawaii limited liability company
94-665 Kauluikua Place
Mililani, Hawaii 96789

Telephone: (808) 623-5336

(c) MANAGING AGENT: Self-Managed by the Association of Unit Owners

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developers disclose that no reserve study was done in accordance with Chapter 514B-148, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:

The Developer is not giving any warranty on the materials and workmanship of the Units.

4. USE OF UNITS. The **MIKALEMI GARDENS** Condominium Project will consist of eleven (11) units which shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests and for any other purpose permitted by the Land Use Ordinance for the City and County of Honolulu ("LUO") then in effect.

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES
For Period January 1, 2010 to December 31, 2010
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance	
Water/Sewer	$-0-
* Electricity:	$-0-
**Fire/Liability Insurance:	$-0-
Management Fee:	$-0-
Common Areas (common elements):	$2,640.00
Miscellaneous:	$-0-
TOTAL ANNUAL EXPENSES	$2,640.00
Estimated Monthly Expenses	$ 220.00
Estimated Monthly Maintenance Fee for Each Apartment:	$ 20.00

Note: * All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

** Under the terms of the Declaration of Condominium Property Regime, individual apartment owners are required 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 apartment owners and not common expenses.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

HCC, LLC, a Hawaii limited liability company

By May M. Hung
Its Member

By Nowlin P. Correa
Its Member

"Developer"

EXHIBIT "H"

Summary of Sales Contract

The Sales Contract consists of two documents: a Hawaii Association of Realtors Standard form "Purchase Contract" ("Purchase Contract") and a document attached to the Purchase Contract which is entitled "Special CPR Provisions to the Purchase Contract" ('Special Provisions").

The Special Provisions are intended to amend the Purchase Contract, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the Purchase Contract, the provision contained in the Special Provisions will prevail.

1. Description of the Property to be Conveyed: Fee simple title to the Unit, together with the furnishings and appliances, if any, and the undivided interest in the common elements set forth in the Purchase Contract. Title will be conveyed subject to the encumbrances of record.

2. Purchase Price and Terms. The purchase price for the Unit is set forth on page 2 of the Purchase Contract is to be paid in the method and at the times set forth in the Purchase Contract. This may include payment of (a) an initial deposit; (b) an additional cash deposit, if set forth in the Purchase Contract; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.

3. Financing of Purchase. Paragraph C-24 of the Purchase Contract Form (if elected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.

4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the Purchase Contract, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Unit Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.

5. Closing. Seller has agreed to cause the Unit to be sold to the Buyer within the time period set forth on page 3 of the Purchase Contract .

6. Sales Contract May be Subject to Seller's Mortgage(s).

(a) The Sales Contract is an agreement by Seller to transfer the Unit in the future on the closing date. Until closing, Seller has the right to have a mortgage or mortgages placed against the Unit. If the Seller places a future mortgage against the Unit prior to the closing date, Buyer's rights will be subject to such mortgage or mortgages. If Seller were to default under such mortgage or mortgages prior to the closing, then Buyer could lose his rights under the Sales Contract. If such event were to occur, then Buyer's deposits would be returned to him.

(b) Notwithstanding that the Sales Contract may be subject to a mortgage or mortgages prior to closing, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Unit to Buyer at closing free and clear of any mortgage.

7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the Purchase Contract is selected; (b) Buyer defaults under the Sales Contract (paragraph 6(b) of the Special Provisions); (c) Buyer dies prior to Closing Date (paragraph 6(a) of the Special Provisions) or (d) the Developer's Public Report shall not have been issued and Buyer shall not have waived his right to cancel (called the "Effective Date"). Pursuant to Paragraph 6(b) of the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's default or otherwise without notice as to monetary defaults, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Contract.

8. Rights of Buyer to Cancel the Sales Contract.

(A) Paragraph 6 of the Sales Addendum gives the Buyer the right to cancel the Sales Contract for any reason subject to the conditions set forth therein. Pertinent provisions within Paragraph 6 are as follows:

"(a) The Buyer may cancel the Sales Contract at any time up to midnight of the thirtieth day after:

(i) The date that the Buyer signs the Sales Contract; and

(ii) All of the items specified in subsection (a)(1) of §514B-86 HRS (which are listed in Paragraph 11 [of the Sales Contract]) have been delivered to the Buyer.

(b) If the Buyer cancels, then the Buyer will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs associated with the purchase, which cost and fees shall not exceed $250.

(c) The Buyer may waive the right to cancel, or shall be deemed to have waived the right to cancel, by:

(i) Checking the waiver box on the cancellation notice and delivering it to the Seller.

(ii) Letting the thirty-day cancellation period expire without taking any action to cancel; or

(iii) Closing the purchase of the unit before the cancellation period expires.

(B) Paragraph 7 of the Sales Addendum gives the Buyer the right to cancel the Sales Contract if there are material changes in the Property or the Project, subject to the conditions set forth therein. Pertinent provisions within Paragraph 7 are as follows:

"(a) Rescission Right. Except for any additions, deletions, modifications and exercise by Seller of reservations made pursuant to the terms of the Declaration of Condominium Property Regime for the Project, the Buyer may rescind his purchase of the Property even though this sales contract is binding upon him if there is a material change in the Project which directly, substantially, and adversely affects the use or value of (1) the Buyer's Property or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use.

(b) Waiver of Rescission Right. Upon delivery to the Buyer of a description of the material change on a form prescribed by the Real Estate Commission, the Buyer may waive the buyer's rescission right provided in subsection (a) by:

(i) Checking the waiver box on the option to rescind sales contract instrument, signing it, and delivering it to the Seller;

(ii) Letting the thirty-day rescission period expire without taking any action to rescind;
or

(iii) Closing the purchase of the unit before the thirty-day rescission period expires.

(c) In the event of rescission pursuant to the provisions of this section, the Buyer shall be entitled to a prompt and full refund of any moneys paid."

(C) Buyer may also cancel the Sales Contract if Buyer fails to qualify for permanent financing if Paragraph C-24 of the Purchase Contract has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges Buyer having received (a) a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, together with the Project's recorded declaration and bylaws, house rules if any, a letter-sized condominium project map, and all amendments. (Provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map), and (b) a notice of the buyer's thirty-day cancellation right on a form prescribed by the Real Estate Commission.

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

10. Paragraph 12 provides that Because of the age of the Property, Seller shall convey the Property (including the common elements) in "as is" condition. This means that: (i) Buyer is assuming all risks as to the condition of the Property and the Project, including the land; (ii) Seller will not be obligated to correct any defects in the Property or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and (iii) Buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

EXHIBIT "I"

Summary of the Material Provisions of the Escrow Agreement

Summary of the Condominium Escrow Agreement between the Developer and Old Republic Title & Escrow of Hawaii, Ltd.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow Agent. Any interest earned on funds deposited in escrow shall accrue to the credit of the Developer; except that, if Escrow is requested to establish a separate account for a purchaser, the purchaser shall pay Escrow a fee of $50.00 for each such separate account and shall furnish Escrow the purchaser's social security or federal identification number, and any interest earned on funds deposited in such account shall accrue to the credit of the purchaser.

2. Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow with respect to a sales contract shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued an effective date of the Developer's Public Report on the Project;

(b) The purchaser shall have been given and shall have acknowledged receipt of (i) a copy of said Public Report and (ii) notice of purchaser's thirty-day cancellation right upon a form prescribed by the Real Estate Commission;

(c) The purchaser shall have waived the right to cancel or be deemed to have the right to cancel, in accordance with Section 514B-86 of the Act; and

(d) The Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

At the request of Escrow, Developer's attorney shall delivered a written opinion to Escrow that the foregoing conditions shall have been complied with and the purchaser's sales contract has become effective.

3. Return of Funds and Documents. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of any option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) A purchaser shall have exercised his thirty-day cancellation right to rescind the sales contract pursuant to Section 514B-86 of the Act; or

(d) In the event of a material change in the Project, a purchaser shall have exercised his thirty-day cancellation right to rescind the contract pursuant to Section 514B-87 of the Act.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund and the purchaser shall not be required to pay a cancellation fee to Escrow for any rescission pursuant to HRS §514B-87.

(e) If the purchaser indicated the purchaser's intention to be an owner-occupant of a Unit under Section 514B-95 et. seq. of the Act by signing a document entitled "Affidavit of Intent to Purchase and Reside in an

Owner-Occupant Designated Condominium Residential Unit," and if the purchaser and the Developer so request in writing, Escrow will refund the purchaser's deposits upon the occurrence of any of the following events:

(i) No sales contract has been offered to the purchaser (A) within six (6) months of the issuance of an effective date for the Project's first condominium public report (if the "chronological system" defined in section 514B-95 of the Act has been used to establish a final reservation list), or (B) within six (6) months of the public lottery (if the "lottery system" described in section 514B-95 of the Act has been used to establish a final reservation list). In this case only, no cancellation fees will be subtracted from the refund; or

(ii) Before signing a sales contract, the purchaser requests that his name be removed from the Developer's final reservation list; or

(iii) The purchaser chooses not to sign a sales contract; or

(iv) The purchaser is unable to obtain a loan (or a commitment for a loan) for sufficient funds to purchase the Unit by the time the sales contract allows the purchaser to obtain a loan or a commitment for a loan, and either the purchaser or the Developer chooses to cancel the sales contract. The Act requires that the purchaser shall have at least fifty (50) calendar days from the day the Developer signs and accepts the sales contract to obtain a loan or a commitment for a loan; or

(v) The purchaser is required by the Act to rescind the sales contract because the purchaser will not or cannot reaffirm at closing the purchaser's intention to be an owner-occupant of the Unit. In this case, Escrow will refund only what remains (if anything) of purchaser's deposits after Escrow pays the Developer the greater of five percent (5%) of the purchaser's deposits or a sum equal to the Developer's actual damages caused by the purchaser's rescission of the sales contract.

Except for cancellations under subparagraph (e) (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

4. Purchaser's Default. Developer shall give notice in writing to Escrow of the occurrence of each event which initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the purchaser notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before the due date thereof or if the purchaser fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer the sales contract of such purchase and any other documents theretofore delivered by Developer to Escrow, and shall return other documents theretofore delivered to Escrow in connection with the purchase of the unit to the person from whom, or entity from which, such documents were received; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

EXHIBIT "J"

Sales to Owner-Occupants

Units 99-147A, 99-147B, 99-147C, 99-147D, 99-147E and 99-147F are being offered to owner-occupants. The prices are as follows: Unit 99-147A is $425,000, Unit 99-147B is $450,000, Unit 99-147C is $425,000, Unit 99-147D is $445,000, Unit 49-147E is $425,000, and that of Unit 99-147F is $475,000. See Page 9 for the name of the real estate broker for further information.

EXHIBIT "K"

PERMITTED ALTERATIONS TO UNITS

Paragraph 19.1 of the Declaration states:

"19.1 Changes to Units. Notwithstanding anything to the contrary contained in the Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other Unit Owner or other person or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Area appurtenant to his Unit (each of the foregoing is referred to as a "change" and collectively, they are referred to as "changes") subject to the following conditions:

(i) All changes shall conform with the then applicable City and County building codes, zoning laws and ordinances applicable to such changes and to any other permit granted in connection with the Project by a governmental authority, the Existing Use Permit and the Agreement;

(ii) All changes to a Unit shall be made within the Dwelling Area to which the Unit is appurtenant;

(iii) No change to a Unit will be made if the effect of such change would be to violate the Existing Use Permit and the Agreement.

(iv) All such changes shall be at the expense of the Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere (except on a temporary basis) while such change is being made with the other Owner's use of his Unit or its appurtenant Dwelling Area.

(v) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by the other Owner.

(vi) If the consent to the change or joinder of the other Owner in obtaining a permit or utilities, for example, is required by the Act, a governmental entity or a utility, then each Owner shall give such consent or joinder promptly following the request of the Owner making such change, provided that all costs and expenses associated with the change shall be borne by the Unit Owner making such change.

(vii) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall be subject to the rights set forth in this paragraph."

EXHIBIT "L"

Developer's Right to Amend Declaration, Bylaws and Condominium Map

Paragraph 7.10 of the Declaration states:

"7.10 Amendment by Developer. Without limiting and in addition to any other rights reserved by Developer to amend this Declaration as explicitly provided elsewhere herein, Developer shall have the right to amend this Declaration as follows:

(1) Notwithstanding any other provision of this Declaration to the contrary, at any time prior to the recording in the Recording Office of the first Unit deed in favor of a purchaser, Developer hereby reserves and shall have the right to amend this Declaration, the Bylaws and the Condominium Map in any manner, without notice to, or the approval, consent or joinder of, the Association or any purchaser of any Unit.

(2) Notwithstanding any other provision of this Declaration to the contrary, at any time prior to the recording in said Recording Office of the Unit deeds covering 100% of the Units in the Project, Developer hereby reserves and shall have the right to amend this Declaration, the Bylaws and the Condominium Map without the approval, consent or joinder of any purchaser of any Unit or any of the persons then owning any Apartment or any lien holder to make such amendments (i) as may be necessary to correct any technical defects or to make non-substantial changes, or (ii) as may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the Project or any of the Units, any institutional lender lending funds on the security of the Project or any of the Units, or any governmental agency administering governmental loan programs (including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Department of Housing and Urban Development, the Veterans Association, the State Housing Finance and Development Corporation, and any successor entities or agencies), or (iii) as may be necessary or desirable as determined by Developer as a result of conditions or requirements imposed upon Developer by any government agency of the state, county or local government related to the development of the lands comprising the Project or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the sale of the Units in any such jurisdiction; provided, however, that no amendment which would change the Common Interest appurtenant to a Unit or substantially change the design, location or size of a Unit or the building in which it is located shall be made without the consent to such amendment by all persons having an ownership interest in such Unit.

(3) Notwithstanding any other provision of this Declaration to the contrary, and notwithstanding the recording of Unit deeds conveying any or all of the Units in favor of any person, Developer hereby reserves and shall have the right to successively amend this Declaration, the Bylaws and the Condominium Map without notice to, or the approval, consent or joinder of the Association or any purchaser of any Unit or any of the persons then owning or leasing any Unit or any lien holder: (i) to file or record the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Condominium Property Act, so long as (A) such statement is merely a statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts the layout, location, Unit numbers, and the dimensions of an improvement or change in a Unit as built; or (B) the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the Units as built or any change in any Unit number, (ii) to exercise or effectuate any other rights reserved to Developer pursuant to this Declaration.

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 • DEPT. WEB SITE: www.honoluludpp.org

EXHIBIT "M"

MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

COPY

2008/EU-19(sn)

MINOR PERMIT: EXISTING USE (EU)	
File Number:	2008/EU-19
Project:	Mikalemi Estates – 11 Units
Applicant:	HCC, LLC
Location:	99-147, 99-147A, B, C, D, E, E-1, F, G, H and I Mikalemi Street - Aiea
Tax Map Key:	9-9-41: 35, 36 and 37
Zoning:	R-5 Residential District
Date Accepted:	October 10, 2008

APPROVAL is granted to the existing use, 11 single-family dwellings, in accordance with the application documents (plans DPP date-stamped September 19, 2008), subject to the following conditions:

1. All work shall be in accordance with approved application documents, the conditions enumerated below and other applicable statutes, ordinances, codes, and regulations, including the Land Use Ordinance (LUO), unless otherwise stated by this permit.

2. The Existing Use (EU) permit is only for the continued use, repair, alteration, expansion, relocation, or reconstruction of the existing dwellings. This EU approval does not certify that the existing structures and improvements comply with the current zoning code or other regulations.

3. In accordance with Section 2.100(a) of the LUO, in the event of destruction, uses may be continued and structures may be rebuilt under the approved existing use plan, provided that such restoration is permitted by the Building Code and Flood Hazard Regulations and is started within two (2) years.

4. Only **minor modifications** to the EU plans shall be allowed. Any major modification which may have an adverse impact on surrounding land uses, increases the number of dwelling units, and/or involves the reconstruction and/or expansion of a dwelling(s) which is part of a larger development, shall require the processing of a Cluster Housing Permit.

   Any application for a Cluster Housing Permit shall include the written consent of all owners or lessees, including Condominium Property Regime (CPR) owners/lessees.

5. The applicant or owner(s) shall incorporate this EU Permit into the restrictive covenants which run with the land, to serve as notice to all owners and tenants. The draft covenant shall be submitted for review and approval by the Department of Planning and Permitting (DPP). Upon approval of the covenant, a certified recorded copy shall be filed with the DPP, prior to the change in any ownership or the issuance of any permits.

6. If the project will be condominiumized, the applicant or owner(s) shall submit a draft copy of the CPR map and documents to the DPP for our review. Future work subsequent to the creation of a CPR may require approval from the homeowners association prior to the start of work. If the EU Permit is incorporated into the CPR documents, a separate declaration of restrictive covenants is not required.

7. All work shall comply with the applicable LUO standard for the underlying zoning district, unless otherwise stated herein:

   a. A minimum 10-foot setback for structures shall be required from the common access drive;

   b. Within the project, the minimum distances between buildings shall be as follows:

      (i) 10 feet between two one-story dwellings;
      (ii) 15 feet between a one-story and a two-story dwelling or portion thereof;
      (iii) 20 feet between two-story dwellings.

      If the property is condominiumized, then buildings and accessory structures shall comply with required yards and height setbacks of the underlying zoning district as measured from limited common element (CPR) lines;

   c. Maximum building area (building footprint) shall not exceed 35 percent (35%) of the original lot area of 76,642 square-feet. If the property is condominiumized, then, within each limited common element, the maximum building area shall not exceed 50 percent (50%) of the area for each limited common element.

7. All new work shall be compatible in design with the existing and surrounding structures. If a dwelling is reconstructed, it shall not exceed twice its existing size (floor area), and shall be in the same general location. **The Director may require the redesign of exterior entrances, stairways, bar areas, including plumbing and electrical systems, to ensure that the number of dwellings is not increased.**

8. Prior to the issuance of any building permit or transfer of ownership subsequent to this approval, whichever comes first, the applicant shall:

   a. Remove the one-story addition and carport for Unit 99-147. Submit photographic documentation as evidence of compliance with this condition

   b. Submit a revised site plan, for review and approval by the DPP, which includes the following:

(1) A minimum of 22 parking spaces, two (2) spaces for each dwelling unit. At least one of the two spaces for each dwelling unit shall be of standard size (8.25 feet by 18 feet).

(2) Reconfigured CPR lots so that all of the lots can provide a minimum 16-foot deep driveway to accommodate a private guest parking space in the event the dwellings are reconstructed or a minimum of three (3) guest parking spaces in the common element area to serve the entire development. These guest spaces shall be of standard stall size.

(3) A common access way with a minimum 20-foot clear pavement width. Redesign the turnaround at the northern end of the access way to have the driveways for the CPR lots meet the common access way and eliminate the narrow access way "branches" leading to the CPR lots. Eliminate reference to the access easements since none were recognized by the City and County of Honolulu.

(4) All-weather surface for the common access way, all driveways and parking areas.

(5) Power line right-of-way.

(6) Elimination of the carport and one-story addition for Unit 99-147.

(7) Ensure that the lot dimensions, proposed CPR lots lines, parking information, common access way and all other applicable information are accurately and clearly shown on the site plan.

c. Submit a revised landscape plan, for review and approval by the DPP, which identifies all existing trees over six inches in diameter.

9. The common access way shall have a minimum 20-foot clear pavement width and the boundaries shall be designated, preserved and maintained as common access to facilitate vehicular maneuvering and pedestrian access into and out of the project. No structures, fences, walls or parking shall be allowed in this area, the boundaries of which shall be designated in subsequent sales documents.

10. Dwelling additions shall comply with the LUO parking regulations. Existing parking spaces within carports or garages shall not be converted into usable floor area (including garage or carport storage areas).

11. Reconstructed dwellings shall have a minimum 16-foot driveway depth fronting the carport or garage unless three (3) guest parking spaces are provided in the common area.

12. A Fence Master Plan shall be submitted to the DPP for review and approval prior to the issuance of any new building permit for fences or walls. Fences adjacent to the common access way and perimeter chain-link fencing shall require a two-foot landscape strip with a screening hedge, maintained in a healthy condition.

13. All existing trees six (6) inches or greater in diameter shall be retained on-site, or replacement landscaping shall be required. All landscaping shall be maintained in a healthy visual condition at all times.

14. The addition, alteration or reconstruction of any dwelling unit shall comply with Honolulu Fire Department (HFD) requirements for access, water and/or HFD connections, and shall be submitted to the HFD for review and approval prior to issuance of building permits. The HFD requires the following:

    a. Provide a fire apparatus access road for every facility, building, or portion of a building hereafter constructed or moved into or within the jurisdiction when any portion of the facility or any portion of an exterior wall of the first story of the building is located more than 150 feet (45.72 m) from fire apparatus access as measured by an approved route around the exterior of the building or facility.

    b. Provide a water supply, approved by the county, capable of supplying the required fire flow for fire protection to all premises upon which facilities or buildings, or portions thereof, are hereafter constructed or moved into or within the county.

       On-site fire hydrants and mains capable of supplying the required fire flow shall be provided when any portion of the facility or building is in excess of 150 feet (45.72 m) from a water supply on a fire apparatus access road, as measured by an approved route around the exterior of the facility or building.

    c. Submit civil and construction drawings to the HFD for review and approval.

15. Any modification to the application documents and conditions stated herein shall be subject to approval by the DPP. For good cause, the Director may impose additional requirements and/or amend the above conditions.

Purpose. In accordance with the LUO, any zoning lot within a residential district which has at least twice the required minimum lot size for the underlying zoning district may have a maximum of two (2) detached dwellings. If an owner wishes to erect additional dwelling units, the zoning lot shall be subdivided.

The purpose of this EU permit is to recognize the hardship imposed upon uses that were legally established, met applicable zoning requirements at the time the uses and structures were approved, but may not comply with current zoning standards. Residential EU permits apply to uses that are now subject to Cluster Housing. Without this EU approval, the dwellings are considered nonconforming and subject to Section 4.110(d) of the LUO related to nonconforming dwelling units.

Dwellings and Accessory Structures. Based on the submitted application materials, including the lot descriptions contained in the recorded deed and land survey, the existing development comprises of three lots totaling 76,642 square feet. A Conditional Use Permit (No. 2008/CUP-80) to jointly develop the three (3) lots is being concurrently processed with this EU Permit. The applicant intends to continue to CPR the development.

The 11 single-family dwellings were legally established and comply with the standards of cluster housing within the R-5 Residential District. The land area (76,642 square feet) exceeds the minimum land area of 15,000 square feet and the 11 dwellings do not exceed the maximum allowed density of 20 dwellings [one(1) dwelling per 3,750 square feet of land area] permitted on the zoning lot.

It has been determined that a one-story addition and carport for Unit 99-147 was not legally established and must be removed as a condition of this approval. The applicant has indicated that these structures will be removed. Also, storage sheds must be removed or relocated, if necessary, to comply with the yard requirements of the R-5 Residential District as measured from the property and/or CPR lines.

If the applicant proposes to increase the number of dwellings on the zoning lot, and/or reconstruct and/or expand a dwelling(s) which is part of a larger development, a Cluster Housing Permit application must be submitted to the DPP. The application must include the signatures of all the landowners and/or lessees. If approved, the Cluster Housing permit may require modification to the existing dwellings, including but not limited to improvements to the exterior building design and landscaping.

Off-street Parking and Access. Generally, all reconstructed dwellings within an EU project must provide a minimum 16-foot deep driveway to accommodate a private guest parking space. However, it appears that several of the proposed CPR lots may not be able to meet this standard. As such, the applicant must either reconfigure the CPR lots so that all the lots will be able to provide the 16-foot driveway depth or provide at least three (3) guest parking spaces in the common element area to serve the entire development.

Since the lots will be jointly developed, the access easements in favor of each lot will not be required. Also, these access easements were not approved by the City and County of Honolulu. As such, the plans should be revised. Also, as a condition of this approval, the common access way must have a minimum 20-foot clear pavement width throughout, to facilitate traffic flow. No parking, structures, fences, or walls shall be allowed in this area.

EU Approval. Approval of this EU does not substantially limit, impair or preclude the use of surrounding properties for the principal uses permitted in the underlying zoning district. This assessment includes impacts on traffic flow and control, off-street parking, sewerage, drainage and flooding, utilities, screening and buffering, yards and other open spaces, lot dimensions, height, bulk and location of structures.

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

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

Zoning Board of Appeals
c/o Department of Planning and Permitting
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Should you have any questions, please contact Sharon Nishiura of our Urban Design Branch at 768-8031.

Doc. 664456

THIS COPY, WHEN SIGNED BELOW, IS NOTIFICATION OF THE ACTION TAKEN.

Anthony X. Ching — FOR Director — December 8, 2008

SIGNATURE — TITLE — DATE

The above approval does not constitute approval of any other required permits, such as building or sign permits.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honoluludpp.org • CITY WEB SITE: www.honolulu.gov

EXHIBIT "M"

MUFI HANNEMANN
MAYOR

DAVID K. TANOUE
DIRECTOR

ROBERT M. SUMITOMO
DEPUTY DIRECTOR

2009/ELOG-575(sn)
2009/ELOG-976
2008/EU-19

May 28, 2009

Ms. May Hung
HCC, LLC
94-665 Kauluikua Place
Mililani, Hawaii 96789

Dear Ms. Hung:

Subject: Existing Use Permit No. 2008/EU-19
Mikalemi Estates
99-147, 99-147A, B, C, D, E, E-1, F, G, H, I Mikalemi Street - Aiea
Tax Map Key 9-9-41: 35, 36 and 37

This is in response to your request, received on March 10, 2009, to modify several conditions of the above Existing Use (EU) Permit, and your submittal of recorded copies of the Condominium Property Regime (CPR) documents [Department of Planning and Permitting (DPP) date-stamped April 22, 2009].

In processing your request, we note that there are two Condition 7s. This error will be corrected, as explained below.

Condition 7. Condition 7 partially states that all new work must be compatible in design with the existing and surrounding structures. And, if a dwelling is reconstructed, it shall not exceed twice its existing size (floor area). The sizes of the proposed CPR lots range from 3,318 to 12,666 square-feet. Under the current condition, reconstructed dwellings would be limited to floor areas ranging from 1,292 square-feet for the smallest CPR lot to 3,300 square-feet for the 7,966-square-foot CPR lot. The 12,666-square-foot CPR lot would be limited to a 2,300-square-foot dwelling.

You contend that since this size limitation is not stated in the Land Use Ordinance (LUO), the applicant believed that an EU Permit would allow an existing dwelling to be improved or reconstructed as long as the area of the dwelling did not exceed one-half of the limited common area appurtenant to the dwelling unit. You also explain that, since the project contains larger CPR lots, an increase in floor area for these dwellings to about 2,500 to 3,500 square-feet would still leave a considerable amount of open area and that these larger dwellings would be compatible with the surrounding area which does contain larger dwellings.

The intent of an EU Permit is to recognize the hardship imposed upon uses that were legally established, but which now fall under the procedures and standards for cluster housing, country cluster, agricultural cluster, and conditional use permits. In return for allowing more than two dwellings on the lot without the site development plan or cluster permit, discretionary conditions are often included to regulate the size and scale of development, including expansion of existing dwellings and/or construction of new dwellings, in the EU project so that they are compatible with the neighborhood character and surrounding dwellings.

The neighborhood is zoned R-5 Residential District and the lots adjoining the project site range in size from 5,030 square-feet to 12,855 square-feet. The lots are subject to a 50% maximum building area. Kaulana Condominiums, which adjoins the western portion of the site, is also an EU development (EU Permit No. 88/EU-3) with six dwellings on 44,558 square-feet. This EU is subject to a condition which partially states that reconstruction shall be compatible in design with the existing and surrounding structures and in the same general location and size.

It is reasonable to allow slightly larger reconstructed dwellings. However, rather than imposing specific floor area limitations, the size of the dwellings will be restricted by building area. The building area restrictions will allow an increase in floor area from the original condition but ensure the provision of ample open space and compatibility with the surrounding area. Therefore, Condition 7c, which relates to the maximum building area, will be modified.

Also, as previously mentioned, there are two Condition 7s: Condition 7 (identified in the above paragraphs) and Condition 7 which relates to the EU's development standards. To avoid confusion, the Condition 7 (identified in the above paragraphs) will be modified and identified in the EU Permit as Condition 7d. The modified conditions are as follows:

"7c. Maximum building area (building footprint) shall not exceed 35 percent (35%) of the original lot area of 76,642 square-feet. If the property is condominiumized, then, within each limited common element, the maximum building area [shall not exceed 50 percent (50%) of the area] for each limited common element [.] as follows:

Tax Map Key	Unit Number	Lot Size (sf)	Maximum Building Area (%)	Maximum Building Area (sf)
9-9-41: 36	99-147	12,666	20%	2,533
9-9-41: 36	99-147A	5,292	30%	1,588
9-9-41: 36	99-147B	3,318	40%	1,327
9-9-41: 36	99-147F	5,849	30%	1,755
9-9-41: 36	99-147I	6,181	30%	1,854
9-9-41: 37	99-147C	4,312	40%	1,725
9-9-41: 37	99-147D	4,546	40%	1,818
9-9-41: 37	99-147E	4,315	40%	1,726
9-9-41: 37	99-147E-1	5,577	30%	1,673
9-9-41: 37	99-147G	7,966	30%	2,390
9-9-41: 37	99-147H	7,179	30%	2,154

[7] 7d. All new work shall be compatible in design with the existing and surrounding structures. [If a dwelling is reconstructed, it shall not exceed twice its existing size (floor area), and shall be in the same general location.] **The Director may require the redesign of exterior entrances, stairways, bar areas, including plumbing and electrical systems, to ensure that the number of dwellings is not increased."**

Condition 8a. Prior to issuance of any building permit or transfer of ownership, whichever comes first, remove the one-story addition and carport for Unit 99-147. The applicant requests that the condition be modified to allow the removal of these improvements prior to transfer of the unit to a third party.

This condition will not be modified. Since these improvements were not legally established, it is the applicant's responsibility to remove the improvements.

Condition 8b (2), (3), (4), and (6). Prior to issuance of any building permit or transfer of ownership, whichever comes first, provide a revised site plan, for review and approval by the DPP, to address several issues, including: (2) guest parking; (3) a common access way with a minimum 20-foot clear pavement width; (4) all-weather surfaces for the access way, driveways and parking areas; and (6) elimination of the illegal improvements for Unit 99-147. The applicant requests modifications of these conditions for the reasons specified in your submittal.

We have determined the following:

(2) This condition allows the guest parking to be provided in each CPR lot or in the common element area. Therefore, the condition does not have to be modified if the guest parking will be provided in each CPR lot.

(3) The applicant is required to redesign the turnaround at the northern end of the access way to have the driveways for the CPR lots meet a 20-foot wide common access way instead of narrow access ways "branches" leading to each CPR lot. The applicant requests that the 14-foot wide branches are adequate.

This condition will not be modified because adequate access, including vehicular maneuvering areas, is necessary to facilitate two-way traffic within the project site. Also, based on the current layout, it appears that vehicles will cross neighboring CPR lot lines to access the parking spaces for Units 99-147, 99-147E-1, and 99-147E.

(4) The applicant is required to provide an all-weather surface for the common access way, driveways, and parking areas. The applicant requests that the paving be deferred until renovations to the dwellings are completed.

The applicant must identify the common access way, driveways, and parking areas on the site plan and the CPR map. Since no building permit applications for improvements to the existing dwellings have been submitted and previous zoning reports prepared by field inspectors indicate that all-weather surface parking spaces were provided, the applicant

will not be required to re-pave the parking and driveways at this time. In accordance with Condition 10 of the EU Permit, the LUO parking regulations must be met for additions to the dwellings.

However, once ownership of the CPR lots is transferred, it would be difficult to require the AOAO to pave the common access way. Therefore, unless other provisions can be provided which ensures that the access way will be paved, this condition will not be modified.

(6) As discussed above, this condition, which requires the applicant to remove the illegal improvements to Unit 99-147, will not be modified.

Condition 11. This condition requires reconstructed dwellings to provide a minimum 16-foot driveway depth fronting the carport or garage unless three guest parking spaces are provided in the common area. The applicant requests that this condition be deleted, since a third parking space was provided for each dwelling.

Although the applicant provided additional parking, future owners may be unaware of this requirement if the condition is eliminated. As such, this condition will not be modified.

Condition 14. This condition requires the addition, alteration, or reconstruction of any dwelling unit to comply with the Honolulu Fire Department (HFD) requirements for access, water and/or HFD connections, including an access road and fire hydrant. The applicant requests a modification to allow the installation of water sprinkler systems in all the dwellings, in accordance with a March 24, 2009 letter from the HFD.

Based on the March 24, 2009 letter, it appears that an automatic fire sprinkler system may be installed in each dwelling. However, the letter does not indicate whether the sprinkler system must be installed immediately or whether it may be installed during the addition, alteration, or reconstruction of a dwelling unit. Please provide a written statement from the HFD which clarifies this issue.

Declaration of Condominium Property Regime. You also submitted recorded copies of the Declaration of Condominium Property Regime and amendments to the declaration, including CPR maps. It appears that two separate declarations were recorded, one for Parcels 37 and 35 ("Kauhale Estates") and a second one for Parcels 36 and 35 ("Mikalemi Estates"). The CPR documents must be further amended to address the following:

- In accordance with Condition 6, incorporate the EU Permit into the CPR documents.
- Revise the CPR plans and maps to address the conditions of the EU Permit, including removal of the illegal improvements for Unit 99-147, a common access way with a minimum 20-foot clear pavement width, and elimination of the reference to "access easements".
- Reference and/or incorporate the joint development approved by Conditional Use Permit No. 2008/CUP-80.

Please submit drafts of the amendments to the department for review prior to execution and recordation of the documents.

Should you have any questions, please contact Sharon Nishiura of our staff at 768-8031.

Very truly yours,

FOR David K. Tanoue, Director
Department of Planning and Permitting

DKT:nt

Doc. 698489

EXHIBIT "N"

THE OFFICE OF THE ASSISTANT REGISTRAR OF THE STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE Doc 2009-068210

DOCUMENT NO MAY 05, 2009 12:00 PM

LAND COURT SYSTEM : REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL [X] PICKUP [ ]

C:\HUNG PERSONAL CPR\MIKALEMI CPR\JOINT DEVELOPMENT AGRMT.wpd

HCC, LLC
c/o 94-665 Kauluikua Place
Mililani, Hawaii 96789

This Document contains 7 pages.

Tax Map Key No. (1) 9-9-041: Parcels 35, 36 and 37

AGREEMENT OF ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 21-5.380 OF THE LAND USE ORDINANCE (LUO)

THIS INDENTURE, made this 22nd day of April, 2009, by HCC, LLC, a Hawai limited liability company, whose business and post office address is 94-665 Kauluikua Place, Mililani, Hawaii 96789, owner of those certain parcels of land described in Exhibit "A" attached hereto and made a part hereof, being hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, Section 21-5.380 of the Land Use Ordinance (LUO) provides that if an owner or owners of adjacent lots believe that joint development of their property would result in more efficient use of their land, they may apply for a Conditional Use Permit to allow such development and to treat said lots as one (1) for zoning purposes; and

WHEREAS, LUO Section 21-5.380 requires an applicant for a Conditional Use Permit to submit to the City and County of Honolulu ("City") an agreement binding himself and his successors in title to maintain a proposed development so that conformity with applicable zoning regulations will be assured; and

WHEREAS, Declarant proposes to develop all those parcels of land described in Exhibit "A" attached hereto, in accordance with the zoning regulations, in the belief that said proposed development would result in a more efficient use of said parcels; and

WHEREAS, Declarant desires to avail itself of the benefits of LUO Section 21-5.380, and hereby makes application for the issuance of a Conditional Use Permit pursuant thereto.

NOW, THEREFORE, Declarant hereby covenants and makes the following Declarations:

1. This Agreement is made pursuant to and in compliance with the provisions of LUO Section 21-5.380, relating to joint development of two (2) or more adjacent lots, the terms of which Section shall be effective when the Director of Planning and Permitting of the City and County of Honolulu, State of Hawaii, approves development of those parcels of land described in Exhibit "A", and issues a Conditional Use Permit therefor.

2. Declarant agrees to develop in accord with all other provisions of the zoning regulations.

3. Declarant agrees to file copies of this Agreement and the attachments referred to herein each time the Declarant or its successors, or permitted assigns or agents, files an application for a building permit for any structure within the real property which is the subject of this agreement.

4. Declarant agrees that all of said parcels of land described in Exhibit "A" shall at all times remain an integral part of said development.

5. Failure to develop substantially in accordance with said Agreement and the zoning regulations shall constitute grounds for the City to revoke or suspend any building permits issued hereunder.

6. Failure to maintain the development in accordance with this Agreement shall constitute grounds for the City to revoke or suspend the Conditional Use Permit issued pursuant to this agreement.

7. This Agreement shall not be terminated, extinguished, amended, or canceled without the express written approval of the Director of Planning and Permitting of the City and County of Honolulu, State of Hawaii.

8. The City and County of Honolulu, State of Hawaii, shall have the right to enforce this Agreement and the conditions contained herein by appropriate action at law or suit in equity against Declarant and any persons claiming an interest is such property.

9. This Agreement shall run with the land and shall bind, inure to the benefit of, and constitute notice to the respective successors, grantees, assignees, mortgagees, lienors, and any other person who claims an interest in such property, of the parties hereto.

[The remainder of this page is intentionally left blank - signature page follows]

Declarant

HCC, LLC, a Hawaii limited liability company

By Clement W. Hung
Its Member

By May M. Hung
Its Member

By Richard Han Wei Cheng
Its Member

By Nowlin P. Correa
Its Member

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 22nd day of April, 2008, before me personally appeared CLEMENT W. HUNG; MAY M. HUNG; RICHARD HAN WEI CHENG; and NOWLIN P. CORREA, to me personally known, who, being by me duly sworn or affirmed, did say that such persons executed the foregoing instrument as the free act and deed of such persons, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

MICHELE L. OSTROWSKI NOTARY 00-566 PUBLIC STATE OF HAWAII

MICHELE L. OSTROWSKI, Notary Public, above mentioned State

My Commission expires: Nov. 12, 2012

Doc. Date: April 22, 2009 # Pages: -7-
Name: MICHELE L. OSTROWSKI First Circuit
Doc. Description: AGREEMENT OF ISSUANCE OF CONFIDENTIAL USE PERMIT
Notary Signature Date 4/22/09
NOTARY CERTIFICATION
(Seal)
MICHELE L. OSTROWSKI NOTARY 00-566 PUBLIC STATE OF HAWAII

EXHIBIT "A"

PARCEL FIRST:

All of that certain parcel of land situate at Aiea, District of Ewa, City and County of Honolulu, State of Hawaii, being LOT 34 of the "AIEA TOWN TRACT NO. 9", as shown on File Plan Number 546, filed in the Bureau of Conveyances of the State of Hawaii, and containing an area of 1,416 square feet, more or less.

PARCEL SECOND:

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 2876, Land Commission Award Number 9336-C to Namokoi) situate, lying and being at Aiea, in the District of Ewa, City and County of Honolulu, State of Hawaii, being LOT A, and thus bounded and described:

Beginning at an iron pin at the southeasterly corner of this parcel of land, at the west corner of Lot 32 of the Aiea Town Tract No. 9, being also the north side of Land Commission Award 7344, Apana 2 to Kalohi, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 5,546.20 feet North and 8,543.75 feet West, and running by azimuths measured clockwise from true South:

1.	60°	00'	103.99	feet along Lots 32-34 of the Aiea Town Tract No. 9;
2.	151°	00'	344.36	feet along Lot B of Royal Patent Grant 2876, Land Commission Award 9336-C to Namokoi;
3.	213°	04'	114.42	feet along Lot A-4 of Aiea Town Tract No. 9;
4.	330°	35'	396.15	feet along Lots 2 thru 5 of Land Court Application No. 1017, a portion of Mikalemi Street and Lots 29, 30 and 32 of the Aiea Town Tract No. 9 to the point of beginning and containing an area of 38,002 square feet, more or less.

PARCEL THIRD:

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 2876, Land Commission Award Number 9336-C to Namokoi) situate, lying and being at Aiea, in the District of Ewa, City and County of Honolulu, State of Hawaii, being LOT B, and thus bounded and described:

Beginning at a 3/4" pipe at the most southerly point of this parcel of land, at the west corner of Lot 13 and the east side of Lot 27, a 16 foot roadway of Land Commission Award 7344, Apana 2 to Kalohi, the coordinates of said point of beginning referred to Government Survey Triangulation Station 'SALT LAKE" being 5,442.25 feet NOrth and 8,723.80 feet West, and running by azimuths measured clockwise from true South:

1.	145°	00'	277.25	feet along Lots 12 and 27 of Grant 10198 to Bruce Cartwright, Trustee under the Will and of the Estate of Emma Kaleleonalani, deceased, also along Parcel 46 of Royal Patent 792, Land Commission Award 2022 to Punia;
2.	213°	04'	150.38	feet along Lots 20, A-2 and A-4 of Aiea Town Tract No. 6-B;
3.	331°	00'	344.36	feet along Lot A of Royal Patent 2876, Land Commission Award 9336-C to Namokoi;
4.	60°	00'	103.90	feet along Lot 34 of Aiea Town Tract No. 9 and Lot 13 of Land Commission Award 7334, Apana 2 to Kalohi, to the point of beginning and containing an area 37,224 square feet, more or less.

Being all of the land conveyed to Declarant herein by Deed dated December 11, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-215896.

END OF EXHIBIT "A"