DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	1478 & 1480 MAHIOLE STREET
Project Address	1478 and 1480 Mahiole Street Honolulu, Hawaii 96819
Registration Number	7245 (Conversion)
Effective Date of Report	**June 15, 2012**
Developer(s)	Ryan Park Yun Lee and Jill Zhao Ya Lee

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.]

This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency.

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devises, 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.

3. THE PROJECT IS NOT SUBJECT TO CONTINUING DEVELOPMENT RIGHTS AND CONTAINS ONLY TWO (2) UNITS. ACCORDINGLY, PURSUANT TO SECTION 514B-101(B) OF THE ACT, EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OR THE BY-LAWS, THE PROVISIONS SET FORTH IN PART VI OF THE ACT (PERTAINING TO MANAGEMENT OF CONDOMINIUM PROJECTS) ARE EXPRESSLY DECLARED NOT APPLICABLE TO THIS PROJECT.

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

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EXHIBIT I: Summary of Pertinent Provisions of Sales Contract
EXHIBIT J: Summary of Pertinent Provisions of Escrow Agreement

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	Developer is the Fee Owner
Address of Project	1478 and 1480 Mahiole Street Honolulu, Hawaii 96819
Address of Project is expected to change because	Not expected to change
Tax Map Key (TMK)	(1) 1-1-033-017
Tax Map Key is expected to change because	The City and County of Honolulu will assign CPR numbers for each unit
Land Area	11,722 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood and allied building material

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
1478	1	4/3	1,798 sq. ft.	369 sq. ft.	carport	2,167
						sq. ft.
1480	1	3/3	1,730 sq. ft.	378 sq. ft.	carport	2,108
						sq. ft.
See Exhibit "A".						

2	**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:	4
Number of Guest Stalls in the Project:	None
Number of Parking Stalls Assigned to Each Unit:	2

Attach Exhibit "A" specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).

If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.
N/A

1.5 Boundaries of the Units

Boundaries of the unit:
See Exhibit "B"

1.6 Permitted Alterations to the Units

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

1.7 Common Interest

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

Described in Exhibit _____ .

As follows:
The percentage of common interest appurtenant to each Unit in the Project is 50%.

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 "D" .
Described as follows:

Common Element	Number
Elevators	None
Stairways	None
Trash Chutes	None

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 "E" .
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 "F" describes the encumbrances against title contained in the title report decribed below.
Date of the title report: May 9, 2012
Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
☒	Residential	2	☒ 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			N/A	

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:

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: The structural components and mechanical and electrical installations are in good condition. See Exhibit "G"	
Developer's statement of the expected useful life of each item reported above: See Exhibit "G". In accordance with Section 514B-84(a)(1)(B), HRS, Developer is not making any representations regarding the expected useful life of the structural components and the mechanical and electrical installations of the Project.	
List of any outstanding notices of uncured violations of any building code or other county regulations: N/A	
Estimated cost of curing any violations described above: N/A	

Verified Statement from a County Official
Regarding any converted structures in the project, attached as Exhibit "H" 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: Ryan Park Yun Lee and Jill Zhao Ya Lee Business Address: 3819 Noeau Street Honolulu, Hawaii 96816 Business Phone Number : (808) 255-6168 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).	
2.2 Real Estate Broker	Name: Loyal Realty, LLC Business Address: 2928 Kaimuki Avenue Honolulu, Hawaii 96816 Business Phone Number: (808) 739-2291 E-mail Address:
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: N/A Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self-managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: Anders G. O. Nervell, Esq. (Clay Chapman et al.) Business Address: 700 Bishop Street, Suite 2100 Honolulu, Hawaii 96813 Business Phone Number: (808) 535-8400

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	May 24, 2012	T-8190711

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	May 24, 2012	T-8190712

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	2154
Bureau of Conveyances Map Number	

Dates of Recordation of Amendments to the Condominium Map:

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.		
The House Rules for this project:		
Are Proposed	☐	
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%	100%
Bylaws	67%	100%

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: 1. To grant easements for utility services (see paragraph 7.5 of the Declaration). 2. To amend the Declaration by filing an "as built" certificate (see paragraph 20.1 of the Declaration). 3. To amend the Declaration to comply with the requirements imposed by law, title insurers, lenders, etc. (see paragraph 20.2 of the Declaration). 4. To amend the By-Laws to comply with the requirements of any federal or State governmental agency (see Section 10.2(a) of the By-Laws).

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 ____ 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)

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) telephone and internet

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	Specimen Sales Contract Exhibit "I" 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: May 24, 2012 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit "J" 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 ____ .
☐	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

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: None. Units to be conveyed "as is". Developer is not making any warranties on the materials and workmanship of the Units. See page 18.
Appliances: None. Appliances sold "as is". See page 18.

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

Status of Construction: Unit 1478 was completely renovated in 2011, and Unit 1480 was constructed in 1963.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

☐	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

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

2. MAINTENANCE FEES. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each unit and its respective limited common elements, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective unit owner. All utilities will be separately metered. Furthermore, in the event that any repair work is needed to a common element (such as a shared utility line or pipe, if any), the Developer believes that the owners would rather treat any cost associated with such repair work as a special assessment rather than collecting and maintaining a reserve fund. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

3. RESERVES. Developer discloses that no "reserve study" was done in accordance with Section 514B-148, Hawaii Revised Statutes.

4. INSURANCE. In accordance with Section 514B-143(c), Hawaii Revised Statutes, each owner shall at its own expense obtain and maintain property insurance and name the Association as an additional insured. See Paragraph 16.1 of the Declaration. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual property insurance.

5. 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. Purchaser 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, Purchaser should have the unit inspected to determine the extend (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 Purchaser expressly releases the Developer from any liability to Purchaser if any hazardous materials are discovered.

6. 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 paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

7. DISCLOSURE REGARDING "AS-IS" SALE. Both Unit 1478 and Unit 1480 (the "Unit", or collectively, the "Units") will be conveyed in their present "as is" condition. As used in this paragraph, the terms "Unit", "Units", and/or "subject property" mean all of the property to be conveyed to the Purchaser by the Condominium Unit Deed, including, as applicable, the land and improvements (including, but not limited to, the roof, walls, foundations, soils, plumbing, electrical and mechanical systems, etc.), real property, and personal property (if any). The Purchaser acknowledges, accepts, and agrees that: (1) there may be material facts about the subject property of which the Developer is not aware which qualified experts may be able to discover, and that there may be latent defects, hidden defects, or defects which time may reveal; (2) the Developer shall not be responsible for such material facts (of which the Developer is not aware), or such latent defects, hidden defects, or defects which time may reveal; and (3) that the improvements on the subject property may not conform to current building codes and/or may not have all required building permits. With knowledge of all of the above, and of the conditions disclosed by the Developer, and/or discovered during inspection(s) of the subject property, the Purchaser acknowledges and agrees that the subject property shall be conveyed in its EXISTING "AS IS" CONDITION, WITHOUT WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED (except as to title). WITHOUT LIMITATION, THE DEVELOPER MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO CONDITION, QUALITY, LATENT DEFECTS, HIDDEN DEFECTS, OR DEFECTS WHICH TIME MAY REVEAL, CONFORMANCE TO BUILDING CODES, EXISTENCE OF REQUIRED BUILDING PERMITS, OR FITNESS FOR ANY USE OR PURPOSE WHATSOEVER. The Purchaser will have the opportunity to inspect the subject property, and shall accept the subject property "AS IS". The Purchaser understands and agrees to give up, waive and relinquish all rights to assert any claim, demand, proceeding or lawsuit of any kind against the Developer and/or real estate agents involved with respect to the condition of the subject property, except for claims which are based upon the Developer's and/or real estate agents concealment of material facts and defects, which those parties are required to disclose by law.

8. SEWER EASEMENT IN FAVOR OF UNIT 1478. Unit 1478 shall have appurtenant thereto a perpetual, nonexclusive easement for sewer purposes (the "Sewer Easement") over, across, along, and through that portion of the Exclusive Area for Unit 1480 as shown on the Condominium Map; provided, however, that the Owner of Unit 1480, at its sole cost and expense, shall have the right to relocate said Sewer Easement and the sewer line(s) running through said Sewer Easement in order to modify or alter Unit 1480, or to make or build improvements upon the Exclusive Area appurtenant to Unit 1480, in accordance with Paragraph 19.1 of the Declaration; provided, further, however, that the activities pursuant to this paragraph shall cause a minimum of inconvenience and disturbance to the occupants of Unit 1478.

9. SEWAGE HOLDING TANK FACILITY. Unit 1478 utilizes a sewage holding tank facility ("HTF") which is located underground within the Exclusive Area appurtenant to Unit 1478. Waste from the HTF is discharged to the City sewer system during the hours of 1:00 a.m. to 4:00 a.m. each day. A recorder (mounted next to the electrical panels on the exterior portion of Unit 1478) charts the release of wastes into the City sewer system on a daily basis. Developer has retained a licensed consulting engineer to submit the daily charts to the Department of Planning and Permitting ("DPP") within 10 days after the end of each calendar quarter during the initial year (from February, 2012 through February, 2013). After the initial year, Developer or the purchaser of Unit 1478 shall submit the daily charts to the DPP within 10 days after the end of each calendar quarter. A copy of the Declaration for Holding Tank Facility dated August 29, 2011, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2011-138664, is on file with the Real Estate Commission and is also available from the Developer upon request. The Purchaser of Unit 1478 should familiarize himself with the requirements of the foregoing Declaration.

10. ENCROACHMENTS. The boundary survey completed on May 14, 2011 and referenced in Exhibit "F" attached hereto revealed the existence of a number of encroachments affecting the property. With the exception of that certain that certain Encroachment Agreement dated June 21, 2011, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 4084864, no other agreements have been entered into with the neighboring property owners regarding the ownership of these encroachments or the responsibility for maintenance or repair. Copies of the survey and the Encroachment Agreement are on file with the Real Estate Commission and are also available for inspection with the Developer.

11. MANAGEMENT OF PROJECT. The Project's Association of Unit Owners and Board of Directors are responsible for the management of the Project. Under the Project's Declaration and By-Laws, each Owner must attend Association and Board meetings in order to establish a quorum, and any decision of the Association or the Board requires the concurrence of both Owners or their designated representatives, respectively.

12. MANAIKI STREAM. The west side of the Project borders the Manaiki Stream, which is owned by the City and County of Honolulu.

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.

RYAN PARK YUN LEE and JILL ZHAO YA LEE

Printed Name of Developer

By: _____ May 24, 2012

Duly Authorized Signatory* Date

RYAN PARK YUN LEE and JILL ZHAO YA LEE

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

There are two (2) condominium units in the Project. Each of the two (2) buildings is comprised of one (1) condominium unit. The units are more particularly described below:

1. Unit 1478. Unit 1478 is a one-story residential structure without a basement. Unit 1478 is comprised of four (4) bedrooms, three (3) bathrooms, kitchen, dining area, living area, family room, and other improvements as shown on the Condominium Map. Unit 1478 also has a carport. The net living area of Unit 1478 is approximately 1,798 square feet. The area of the carport is approximately 369.

Unit 1478 has two (2) appurtenant regular covered parking stalls located in the carport of Unit 1478 as shown on the Condominium Map.

2. Unit 1480. Unit 1480 is a one-story residential structure without a basement. Unit 1480 is comprised of three (3) bedrooms, three (3) bathrooms, kitchen, dining area, living area, family room, laundry room, and other improvements as shown on the Condominium Map. Unit 1480 also has a carport. The net living area of Unit 1480 is approximately 1,730 square feet. The area of the carport is approximately 378.

Unit 1480 has two (2) appurtenant regular covered parking stalls located in the carport of Unit 1480 as shown on the Condominium Map.

END OF EXHIBIT "A"

EXHIBIT "B"

Boundaries of Each Unit

Each Unit consists of (a) all footings, floors, foundations, perimeter walls and roofs of the Building and all other improvements from time to time located upon the Exclusive Area appurtenant to the Units; (b) all of the space, fixtures, walls and other improvements located within such footings, floors, foundations, perimeter walls and roofs; (c) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls and roofs; (d) all decks, lanais, porches, steps, stairs or other improvements physically attached to any Building and for the exclusive use of the Owners and occupants of any Building; and (e) all portions of any carport or garage physically attached to, or contained in, any Building or located on the Exclusive Area appurtenant to the Unit and for the exclusive use of the owner and occupants of the Unit. The foregoing, as initially established or as hereafter changed pursuant to Paragraph 19.1 of the Declaration, is referred to herein as a Unit. A Unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a Unit (or the Exclusive Area appurtenant to such Unit) which are utilized by or serve any other Unit. Except as otherwise provided in this Declaration or the By-Laws, the Owner of each Unit shall be solely responsible for the maintenance, repair, replacement and restoration of his Unit and any appurtenant limited common elements, and the Association shall be responsible for the maintenance, repair, replacement and restoration of all other common elements of the Project.

END OF EXHIBIT "B"

EXHIBIT "C"

Permitted Alterations to Units

The following are provisions from the Declaration pertaining to alterations of the units in the Project.

1. Paragraph 19.1 of the Declaration provides that:

19.1 Changes to Units. Notwithstanding anything to the contrary contained in this 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 person, 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 Exclusive Area appurtenant to the Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(a) All changes shall conform with applicable City and County building, zoning laws and ordinances (including, but not limited to setback requirements) and applicable State law. The dashed line on the Condominium Map delineating the respective Exclusive Areas shall be treated as property boundary lines for the purpose of determining applicable setback requirements.

(b) All changes to a Unit must be made within the Exclusive Area which is appurtenant to the Unit.

(c) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportionate share of the allowable floor area or building area coverage for the Land, or number of dwelling units, as defined by the LUO in effect when the change is to be made; provided, however, that each Unit shall be permitted to have only one dwelling unit as defined under the LUO. The "proportionate share" for each Unit shall be the same as its common interest in the Land.

(d) 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 with the other owner's use of his Unit or its appurtenant Exclusive Area.

(e) During the entire course of such construction, the Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any.

(f) 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.

(g) If the consent to the change or joinder of another Owner is required by the Act, then each owner hereby consents in advance to such change.

(h) 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 Exclusive Area shall reserve to each owner the rights set forth in this paragraph.

2. Paragraph 20.4 of the Declaration provides that:

20.4 Amendments for Changes to Units. Notwithstanding the foregoing, an Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to his Unit in accordance with Paragraph 19.1 or Paragraph 19.2 of this Declaration. Promptly upon completion of such changes, the Unit Owner shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a licensed architect, engineer, or surveyor. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such Amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including its appurtenant common interest) and shall be irrevocable.

END OF EXHIBIT "C"

EXHIBIT "D"

Description of Common Elements

The common elements include the following located within the Project:

1. The Land in fee simple;

2. All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit;

3. All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines running through a Unit which are utilized by or serve more than one Unit;

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

5. All portions of the Project other than the Units, and any other interests in real estate for the benefit of the Unit Owners that are subject to this Declaration.

END OF EXHIBIT "D"

EXHIBIT "E"

Description of Limited Common Elements

The limited common elements include the following located within the Project:

1. The limited common elements set aside and reserved for the exclusive use of Unit 1478 are as follows:

(a) The site on which Unit 1478 is located, consisting of the land beneath and immediately adjacent to Unit 1478 (including any yard areas, landscaping, driveways, parking stalls, walkways, access areas, the sewage holding tank facility, and fences and/or walls surrounding said portion of land), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Unit 1478. Said site is referred to in the Declaration as the Exclusive Area, and the Exclusive Area for Unit 1478 contains an area of 4,800 square feet.

2. The limited common elements so set aside and reserved for the exclusive use of Unit 1480 are as follows:

(a) The site on which Unit 1480 is located, consisting of the land beneath and immediately adjacent to Unit 1480 (including any yard areas, landscaping, driveways, parking stalls, walkways, access areas, and fences and/or walls surrounding said portion of land), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Unit 1480. Said site is referred to in this Declaration as the Exclusive Area, and the Exclusive Area for Unit 1480 contains an area of 6,922 square feet.

3. 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.

END OF EXHIBIT "E"

EXHIBIT "F"

List of Encumbrances Against Title

Encumbrances against the title as contained in the Status Report dated May 9, 2012, and issued by Title Guaranty of Hawaii, Inc. are as follows:

1. Real property taxes due and payable. For more information contact the Real Property Assessment Office, City and County of Honolulu.

2. Mineral and water rights of any nature in favor of the State of Hawaii.

3. Excepting and reserving therefrom all artesian and other underground water and rights thereto appurtenant to said premises; as reserved in that certain Deed dated September 4, 1959, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 243918.

4. Designation of Easement "160" as shown on Map 182, as set forth by Land Court Order No. 17565, filed October 14, 1959.

5. AS TO EASEMENT 160: The terms and provisions contained in that certain Deed dated November 21, 1960, filed in said Office of the Assistant Registrar of the Land Court as Document No. 266322.

6. The terms and provisions contained in that certain Encroachment Agreement dated June 21, 2011, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 4084864.

7. Structure position discrepancies as shown on the survey map prepared by Dennis K. Hashimoto, Land Surveyor, with DJNS Surveying & Mapping, Inc., dated May 14, 2011, as contained in that certain Warranty Deed dated June 21, 2011, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 4084865.

8. Encroachment(s) as shown on the survey map prepared by Dennis K. Hashimoto, Land Surveyor, with DJNS Surveying & Mapping, Inc., dated May 14, 2011, as contained in that certain Warranty Deed dated June 21, 2011, recorded in said Office of the Assistant Registrar of the Land Court as Document No. 4084865.

9. The terms and provisions contained in that certain Declaration for Holding Tank Facility dated August 29, 2011, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2011-138664.

IN ADDITION, THE DEVELOPER ADVISES THAT THE FOLLOWING DOCUMENTS WERE SUBSEQUENTLY RECORDED:

10. Condominium Map No. 2154 filed in said Office of the Assistant Registrar of the Land Court.

11. Declaration of Condominium Property Regime dated May 24, 2012, recorded in said Office of the Assistant Registrar of the Land Court as Document No. T-8190711.

12. By-Laws of the Association of Unit Owners dated May 24, 2012, recorded in said Office of the Assistant Registrar of the Land Court as Document No. T-8190712.

END OF EXHIBIT "F"

May 24, 2012

Ryan and Jill Lee
3819 Noeau Street
Honolulu, Hawaii 96816

Re: Condominium Conversion Project
Owner: RYAN PARK YUN LEE and JILL ZHAO YA LEE
Address: 1478 and 1480 Mahiole Street
Honolulu, Hawaii 96819
TMK No.: (1) 1-1-033-017

Dear Mr. and Mrs. Lee:

Pursuant to your instructions, a visual assessment was made of the two one-story dwellings located at 1478 and 1480 Mahiole Street, Honolulu, Hawaii 96819, which structures will be designated as Unit 1478 and Unit 1480, respectively, of the proposed 1478 & 1480 MAHIOLE STREET condominium project. The purpose of the assessment was to observe and comment on the present condition of the structural components and mechanical and electrical installations of the buildings. Hidden or concealed conditions such as those covered by floor, ceiling, wall panels, coverings or other obstructions were not reviewed during the visit. The assessment did not include any physical testing of structural elements, quantitative structural analysis to determine the adequacy of the structural systems, or invasive testing of the existing mechanical and electrical systems.

The following describes my assessment of the present condition of the buildings and the units therein:

I. Unit 1478.

a. Without invasive examination of covered components:

(i) The structural components of the Unit appear to be in excellent condition;

(ii) The mechanical installations of the Unit appear to be in excellent condition; and

(iii) The electrical installations of the Unit appear to be in

EXHIBIT "G"

excellent condition.

b. The expected useful life is estimated to be:

(i) Between 30 and 35 years for the structural components;

(ii) Between 30 and 35 years for the mechanical installations; and

(iii) Between 30 and 35 years for the electrical installations.

The foregoing is based on the assumption that the components are properly maintained and repaired.

II. Unit 1480.

a. Without invasive examination of covered components:

(i) The structural components of the Unit appear to be in above average condition;

(ii) The mechanical installations of the Unit appear to be in above average condition; and

(iii) The electrical installations of the Unit appear to be in above average condition.

b. The expected useful life is estimated to be:

(i) Between 25 and 30 years for the structural components;

(ii) Between 25 and 30 years for the mechanical installations; and

(iii) Between 25 and 30 years for the electrical installations.

The foregoing is based on the assumption that the components are properly maintained and repaired.

This is not a warranty or representation, and no purchaser may rely on the statements contained herein. In addition, compliance with legal or governing code requirements is specifically excluded from this assessment.

Very truly yours,

Xiang Yee
Licensed Professional Engineer
No. 9373-S

476980

XIANG YEE
LICENSED
PROFESSIONAL
ENGINEER
No. 9373-S
HAWAII, U.S.A.

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

PETER B. CARLISLE
MAYOR

DAVID K. TANOUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

2012/ELOG-92(VV)

April 30, 2012

Anders G. O. Nervell, Esq.
Clay Chapman Iwamura Pulice & Nervell
Attorneys at Law
Topa Financial Center, Bishop Street Tower
700 Bishop Street, Suite 2100
Honolulu, Hawaii 96813

Dear Mr. Nervell:

Subject: Condominium Conversion Project
1478 and 1480 Mahiole Street
Tax Map Key: 1-1-033: 017

This is in response to your letter dated January 12, 2012, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two one-story single-family detached dwellings located at 1480 and 1478 Mahiole Street, with four all-weather-surface off-street parking spaces, met all applicable code requirements when they were constructed in 1963 and 2011, respectively, on this 11,722-square-foot R-5 Residential-District-zoned lot.

Investigation also revealed the following:

1. On August 3, 1979, Building Permit No. 125524 was issued for a bedroom, playroom, and bathroom addition to the existing one-story single-family dwelling located at 1480 Mahiole Street. An affidavit was required that the entire structure shall be maintained as a single-family dwelling containing only one kitchen. An interior connection shall be provided as shown on the approved plans.

2. On November 21, 2011, Building Permit No. 681832 was issued for an addition/alteration of the existing single-family dwelling at 1480 Mahiole Street to create two one-story single-family dwellings on this zoned lot. An affidavit was required upon completion that the entire structure at 1478 Mahiole Street shall be maintained as a single-family dwelling containing only one kitchen. An interior connection shall be provided as shown on the approved plans.

EXHIBIT "H"

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

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

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

If you have any questions regarding this matter, please contact Alex Sugai of our Commercial and Multi-Family Code Enforcement Branch at 768-8152.

Very truly yours,

David K. Tanoue, Director
Department of Planning and Permitting

DKT:ft
[931871]

EXHIBIT "I"

Summary of Pertinent Provisions of Sales Contract

The specimen Sales Contract on file with the Real Estate Commission consists of the Hawaii Association of Realtors Standard Form Purchase Contract, together with attached Addenda. The Sales Contract contains the price, description and location of the Unit and other terms and conditions under which a buyer will agree to buy a Unit in the Project. Among other things, the Sales Contract provides:

1. A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.

2. That a buyer's deposits will be held in escrow until the sales contract is closed or cancelled.

3. That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. That in the event of default:

(a) If buyer defaults:

(i) Seller may bring an action for breach of contract;
(ii) Seller may retain the deposits as liquidated damages;
(iii) Buyer is responsible for any costs incurred under the sales contract.

(b) If seller defaults:

(i) Buyer may bring an action for breach of contract;
(ii) Buyer may bring an action for specific performance;
(iii) Seller is responsible for any costs incurred under the sales contract.

The prevailing party is entitled to recover all costs incurred including reasonable attorney's fees. Escrow fees incurred shall be deducted before disbursement to the prevailing party.

5. The buyer has the right to cancel the Sales Contract under the following conditions:

(a) At any time within thirty (30) days following the date the Public Report is delivered to buyer. If buyer so cancels, buyer will be entitled to receive a refund of any deposits. If buyer does not act within the thirty (30) day period, or if the Unit is conveyed to the buyer, buyer will be deemed to have accepted the Public Report and to have waived his right to cancel.

(b) If there is a material change in the Project which directly, substantially and adversely affects the use or value of buyer's Unit or appurtenant limited common element, or the amenities available for buyer's use. If so, buyer will be entitled to receive a refund of any deposits.

6. The Units will be conveyed in their present "as is" condition.

THE SALES CONTRACT CONTAINS VARIOUS OTHER PROVISIONS WHICH THE BUYER SHOULD BECOME ACQUAINTED WITH. THE INFORMATION CONTAINED HEREIN IS A ONLY A SUMMARY OF THE TERMS OF THE SALES CONTRACT. FOR MORE DETAILED INFORMATION, YOU MUST SECURE A COPY OF THE SALES CONTRACT AND READ IT THOROUGHLY.

END OF EXHIBIT "I"

EXHIBIT "J"

Summary of Pertinent Provisions of Escrow Agreement

The following is a summary of the Escrow Agreement dated May 24, 2012, entered into by and between RYAN PARK YUN LEE and JILL ZHAO YA LEE ("Seller"), and TITLE GUARANTY ESCROW SERVICES, INC., a Hawaii corporation ("Escrow").

The escrow agreement establishes an arrangement under which the deposits a buyer makes under a sales contract will be held by a neutral party (i.e., Escrow). Under the escrow agreement these things will or may happen:

(a) Signed copies of the sales contract will be provided to Escrow.

(b) Escrow will collect payments due pursuant to the sales contract.

(c) Seller will notify Escrow who in turn will notify buyer when payments are due.

(d) Escrow will accept buyer's payments pursuant to the sales contract and will hold the funds or make payments according to the escrow agreement.

(e) The escrow agreement states under what conditions escrow will disburse buyer's funds. Escrow will disburse upon receipt of the following:

1. the conveyance document;
2. all necessary releases of encumbrances (under Section 514B-45, HRS);
3. the full amount of the purchase price;
4. any mortgage or other instrument securing payment; and
5. purchaser's share of the closing costs.

(f) Under the escrow agreement buyer shall be entitled to a refund, if buyer makes a written request for a refund and Escrow has received a written request from Seller to return buyer's funds (Section 514B-90, HRS). In addition, by law, (under Sections 514B-86 and 87, HRS) buyer has a right to rescind a sales contract.

(g) The escrow agreement states what will happen to a buyer's funds upon default under the sales contract. Seller is required to certify to Escrow in writing that buyer defaults and that Seller is terminating the contract. Escrow will notify buyer by certified mail that Seller has cancelled contract. Escrow will treat the buyer's funds as belonging to the Seller subject to the provisions relating to dispute and conflicting demands.

(h) Escrow will coordinate and supervise the signing of all necessary documents.

(i) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

THE ESCROW AGREEMENT CONTAINS VARIOUS OTHER PROVISIONS AND ESTABLISHES CERTAIN CHARGES WITH WHICH THE PURCHASER SHOULD BECOME ACQUAINTED. THE INFORMATION CONTAINED HEREIN IS ONLY A SUMMARY OF THE TERMS OF THE AGREEMENT. FOR MORE DETAILED INFORMATION, YOU MUST SECURE A COPY OF THE AGREEMENT AND READ IT THOROUGHLY.

END OF EXHIBIT "J"