

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

CONDOMINIUM PROJECT NAME	RYCROFT TERRACE
Project Address	1550 Rycroft Street, Honolulu, Hawaii 96814
Registration Number	7491 (Conversion)
Effective Date of Report	April 22, 2014
Developer(s)	HIH Terrace Operating Company 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.]

1. Property is subject to HCDA owner-occupancy and buy-back restrictions, as described in Exhibit E.
2. See Exhibit L regarding other disclosures.

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Trustees under the Will and of The Estate of Bernice Pauahi Bishop
Address of Project	1550 Rycroft Street, Honolulu, HI 96814
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 2-3-018-022
Tax Map Key is expected to change because	Individual CPR numbers will be assigned to each unit
Land Area	61,614 sq. ft.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Purchase and Sale Agreement for Rycroft Terrace, by and between Trustees of the Estate of Bernice Pauahi Bishop and HIH Terrace Operating Company LLC dated January 21, 2014. Developer, as Fee Owner, will convey fee interest to purchasers as purchase of units closes.

1.2 Buildings and Other Improvements

Number of Buildings	5 (Residential Building = 3, Parking Structure = 1, Pavilion = 1)
Floors Per Building	Residential Building = 5, Parking Structure = 2, Pavilion = 1
Number of New Building(s)	None
Number of Converted Building(s)	5
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete masonry

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
A and A-R	64	0/1	304	---	---	19,456
B and B-R	2	0/1	321	---	---	642
C and C-R	6	1/1	616	---	---	3,696
D and D-R	14	1/1	495	---	82	8,078
E and E-R	56	1/1	520	---	---	29,120
F and F-R	4	2/1	649	---	123	3,088
G and G-R	16	2/1	737	---	---	11,792
Commercial	5	---	198,441,965 733,579	---	---	2,916
Total	167		77,148	---	1,640	78,788
See Exhibit	Exhibit A					

167	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:	120 onsite, with rights to use 42 offsite parking stalls
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	See Exhibit B
Attach Exhibit <u>B</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. The Association has the right to rent at market parking rates forty-two (42) offsite parking stalls located in the Hale Kaheka condominium project, pursuant to the terms and conditions of the Parking Agreement described in Exhibit B.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit A
--

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
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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 <u>A</u> .
As follows: See Exhibit A

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

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

1.9 Common Elements

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

Described in Exhibit D .

Described as follows: See Exhibit D

Common Element	Number
Elevators	2
Stairways	4
Trash Chutes- Enclosure	1

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: See Exhibit D

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. See Exhibit E

<input checked="" type="checkbox"/>	Pets: Occupants of units may keep a dog, a cat, or a caged animal of limited size subject to the requirements of the House Rules, Sections IV.B and C. Rodents are prohibited.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Reserved Housing Restrictions. See Exhibit E
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

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

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

Date of the title report: February 4, 2014

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
<input checked="" type="checkbox"/>	Residential	162	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	A-3
<input checked="" type="checkbox"/>	Commercial	5	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	A-3, use is non-conforming
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other (Specify):		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code					

1.14 Other Zoning Compliance Matters

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

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

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:

Residential use is conforming, however, by letter dated November 16, 2012 to Developer's counsel, the Department of Planning and Permitting determined that the existing commercial uses on the site, a salon and office space, are "nonconforming uses," since they were lawfully established on the site, but are not permitted under the current A-3 High-density Apartment District zoning. Nonconforming uses are subject to the provisions enumerated in LUO Section 21-4.110(c). See Exhibit B for additional parking information.

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable</p> <p><input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>See Exhibit L</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>See Exhibit L</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>None</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official</p>	
<p>Regarding any converted structures in the project, attached as Exhibit <u>G</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (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; <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p> <p>See Exhibit L</p>	

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	<p>Name: HIIH Terrace Operating Company LLC</p> <p>Business Address: 1451 S. King Street, Suite 504 Honolulu, HI 96814</p> <p>Business Phone Number : 951-8976</p> <p>E-mail Address: peters@savio.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p style="text-align: center;">Peter Savio, President of HIIH Owners, Inc., Its Sole Member</p>
2.2 Real Estate Broker	<p>Name: Savio Realty Ltd.</p> <p>Business Address: 1451 S. King Street, Suite 504 Honolulu, HI 96814</p> <p style="text-align: center;">Attn: Barry Kaplan</p> <p>Business Phone Number: 955-6672</p> <p>E-mail Address: barryk@savio.com</p>
2.3 Escrow Depository	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 235 Queen Street, 1st Floor Honolulu, HI 96813</p> <p>Business Phone Number: 532-5155</p>
2.4 General Contractor	<p>Name: None</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.5 Condominium Managing Agent	<p>Name: Hawaiiana Management Company, Ltd.</p> <p>Business Address: 711 Kapiolani Blvd., Suite 700 Honolulu, HI 96813</p> <p>Business Phone Number: 593-9100</p>
2.6 Attorney for Developer	<p>Name: Chun Kerr LLP (Andrew R. Bunn)</p> <p>Business Address: 745 Fort St., 9th Floor Fort Street Tower Honolulu, HI 96813</p> <p>Business Phone Number: 528-8200</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	February 7, 2014	A-52201132A thru A-52201132B

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
Bureau of Conveyances	February 7, 2014	A-52201133

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	5272
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

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

3.5 Changes to the Condominium Documents

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

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

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	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 H

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input checked="" type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

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

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>J</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: October 17, 2013 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>K</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.	
<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____ .
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.	
<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.
Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage to First Hawaiian Bank	To be released as to each unit upon conveyance. Foreclosure prior to conveyance may result in termination of sales contract and return of purchaser's deposit.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:	
Building and Other Improvements: None. The units are being conveyed as "AS IS" condition.	
Appliances:	The appliances, if any, are being conveyed as "AS IS" condition, provided any manufacturer's warranties that are still in effect at the time of sale will be assigned to purchaser.

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

Status of Construction: The buildings in the Project were constructed in 1961 and 1962 and units presently exist.

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

<input type="checkbox"/>	<p>Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.</p> <p>Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to met certain requirements, described below in 5.6.1 or 5.6.2..</p>
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The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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

<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

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

<p>Box A</p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/></p>	<p>The Developer has not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

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

5.7 Rights Under the Sales Contract

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

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: Parking License Agreements.

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

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.

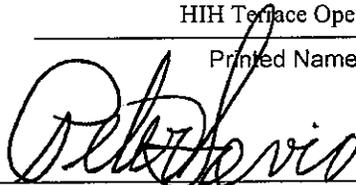
For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified 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.

HIH Terrace Operating Company LLC

Printed Name of Developer

By:


Duly Authorized Signatory*

February 14, 2014

Date

Peter Savio, President of HIH Owners, Inc., Its Sole 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

BUILDINGS AND OTHER IMPROVEMENTS; BOUNDARIES OF UNITS; UNIT TYPE AND SIZE; AND COMMON INTEREST

1. Description of Buildings and Other Improvements:

1.1 **Generally.** The Project is a residential condominium project intended primarily for residential purposes consisting of three (3) existing 5-story buildings containing one hundred sixty-two (162) residential units (collectively, the "*Residential Units*") and five (5) commercial units (collectively, the "*Commercial Units*") (the Residential Units and the Commercial Units are referred to singularly as the "*Unit*" and collectively as the "*Units*").

1.2 **Building and Units.** The Project consists of: (a) a three (3) 5-story buildings, identified as "Building A", "Building B", and "Building C" containing one hundred sixty-two (162) Residential Units and one (1) Commercial Unit (the "*Residential Buildings*"); (b) a one (1) story building containing four (4) Commercial Units (the "*Pavilion*"), and (c) a two (2) level parking garage (the "*Parking Structure*"), all as shown on the Condominium Map. The buildings were constructed in 1961 and 1962 and are constructed primarily of concrete masonry.

1.3 **Laundry Facilities.** As shown on the Condominium Map, the rooms designated "laundry room" located on the 1nd through 5th Floors of Building B are intended to be for resident laundry equipment for the use of owners and occupants of the Units. These rooms will be equipped with washers and dryers or will have plumbing and equipment ready for installation of washers and dryers by the Association. The Association, through its the Board without further vote of the Association, shall have the right to install, maintain and replace laundry equipment and facilities in all of the laundry rooms, and to lease or license the use of the laundry rooms to a laundry operating or equipment company, for the purpose of providing laundry equipment and services to the Unit owners and occupants.

1.4 **Storage Closets.** Without limitation to the rights of the Association generally, the Association shall have the right to use areas designated for storage on the Condominium Map for storage, installations of equipment, or any reasonable use.

2. Units:

Section 4 of the Declaration describes the boundaries of the Units as follows:

2.1 **Units.** The Project has one hundred sixty-seven (167) condominium Units as follows: one hundred sixty-two (162) Residential Units and five (5) Commercial Units. Each Unit is designated as a separate freehold estate. Each Unit consists of the spaces within the perimeter walls, floors and ceilings of the respective Units as shown on the Condominium Map. The Units are more particularly described below, and are shown on the Condominium Map. The Units are configured into the following Unit types:

EXHIBIT A

(a) Type A; Type A-R. The Project contains thirty-two (32) Type A thirty-two (32) Type A-R Residential Units. The Type A and Type A-R Units are the same, except that the Type A-R Unit has the reverse floor plan of the Type A Unit. These Units are located on the 2nd, 3rd, 4th, and 5th Floors of Building B. Each Type A and Type A-R Unit is a studio and has one (1) door adjacent to the common hallway, a combination living room/bedroom, one (1) bathroom, a kitchen, and no lanai. The net living area of this Unit type is approximately 304 square feet.

(b) Type B; Type B-R. The Project contains one (1) Type B Residential Unit and one (1) Type B-R Residential Unit, which are located on the 1st Floor of Building B. The Type B and Type B-R Units are the same, except that the Type B-R is the reverse floor plan of the Type B Unit. Each such Unit is a studio and has one (1) door adjacent to the common hallway, a combination living room/bedroom, one (1) bathroom, a kitchen, and no lanai. The net living area of this Unit type is approximately 321 square feet.

(c) Type C; Type C-R. The Project contains three (3) Type C Residential Units and three (3) Type C-R Residential Units. The Type C and Type C-R Units are the same, except that the Type C-R is the reverse floor plan of the Type C Unit. These Units are located on the 1st Floor of Building B. Each such Unit has one (1) door adjacent to the common hallway, one (1) bedroom, one (1) bathroom, a living room, a kitchen and no lanai. The net living area of this Unit type is approximately 616 square feet.

(d) Type D; Type D-R. The Project contains seven (7) Type D Residential Units and seven (7) Type D-R Residential Units, which are located on the 1st Floor of Buildings A and C. The Type D and Type D-R Units are the same, except that the Type D-R is the reverse floor plan of the Type D Unit. Each such Unit has one (1) door adjacent to the common hallway, one (1) bedroom, one (1) bathroom, a living room, a kitchen and one (1) lanai. The net living area of this Unit type is approximately 495 square feet, with a net lanai area of 82 square feet.

(e) Type E; Type E-R. The Project contains twenty-eight (28) Type E Residential Units and twenty-eight (28) Type E-R Residential Units. The Type E and Type E-R Units are the same, except that the Type E-R is the reverse floor plan of the Type E Unit. These Units are located on the 2nd through 5th Floors of Buildings A and C. Each such Unit has one (1) door adjacent to the common hallway, one (1) bedroom, one (1) bathroom, a living room, a kitchen and no lanai. The net living area of this Unit type is approximately 520 square feet.

(f) Type F; Type F-R. The Project contains two (2) Type F Residential Units and two (2) Type F-R Residential Units. The Type F and Type F-R Units are the same, except that the Type F-R is the reverse floor plan of the Type F Unit. These Units are located on the 1st Floor of Buildings A and C. Each such Unit has one (1) door adjacent to the common hallway, two (2) bedrooms, one (1) bathroom, a living room, a kitchen and one (1) lanai. The net living area of this Unit type is approximately 649 square feet, with a net lanai area of 123 square feet.

EXHIBIT A

(g) Type G; Type G-R. The Project contains eight (8) Type G Residential Units and eight (8) Type G-R Residential Units, which are located on the 2nd through 5th Floors of Buildings A and C. The Type G and Type G-R Units are the same, except that the Type G-R is the reverse floor plan of the Type G Unit. Each such Unit has one (1) door adjacent to the common hallway, two (2) bedrooms, one (1) bathroom, a living room, a kitchen and no lanai. The net living area of this Unit type is approximately 737 square feet.

(h) Commercial Type. The Project contains five (5) Commercial Units, each an individual type. Commercial Unit/Type Nos. 1 through 4 are located in the Pavilion and Commercial Unit No. 5 is located on the 1st Floor of Building B. The net area of each Commercial Unit is shown below.

Each Unit will have the number of rooms (exclusive of lanais), approximate net living floor area in square feet (exclusive of lanais), and approximate net lanai floor area in square feet, as set forth below.

All approximate net living floor areas set forth below are based on measurements taken from the undecorated or unfinished interior surface of all perimeter walls as shown on the Condominium Map, except that no reduction has been made to account for interior walls, ducts, vents, shafts and the like located within the perimeter walls. All approximate net lanai floor areas are based on measurements taken from the inner surfaces of all perimeter walls and boundaries of the lanai areas. All floor areas are not exact but approximations based on the floor plans of each type of Unit derived from existing architectural and construction plans for such Unit. All floor areas have also been rounded to the lowest full square foot where the approximation of such floor areas exceed a square foot by any fraction of a square foot. For these reasons, the measurements of the floor areas may not follow the designations of the limits of the Units (the legally designated areas of the Units), and the floor areas may be different from the floor areas of the Units as so designated and described below. Each Unit has immediate access to walkways and/or stairways which lead to the common areas of the Project.

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

EXHIBIT A

railings or other boundaries of such lanais, and all of the fixtures and appliances (if any) originally installed therein.

2.3 **Access.** Each Unit will have immediate access to the walkways, corridors, stairways and/or elevators of the building which lead to the lobby areas, the grounds of the Project and other common areas of the Project. The ground level walkways and driveways and ground floor courtyard area lead to Rycroft Street, Ahana Street, and Kaheka Street.

Should the descriptions and divisions set forth in the Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control; provided, however, that the Condominium Map is intended only to show the layout, location, Unit designations and dimensions of the Units and elevations of the building and is not intended to contain any other representation or warranty.

3. **Unit Types, Areas and Common Interest in Residential Units**

I. **Residential Unit Area and Common Interests**

	Unit No.	Unit Type	BD/BA	Net Living/Other Area (s.f.)	Net Lanai Area (s.f.)	Parking Stall(s)	Common Interest (%)
1.	101	F	2/1	649	123	74	0.8412%
2.	102	D-R	1/1	495	82	84	0.6416%
3.	103	D	1/1	495	82	85	0.6416%
4.	104	D-R	1/1	495	82	86	0.6416%
5.	105	D	1/1	495	82	113	0.6416%
6.	106	D-R	1/1	495	82	114	0.6416%
7.	107	D	1/1	495	82	115	0.6416%
8.	108	D-R	1/1	495	82	116	0.6416%
9.	109	F-R	2/1	649	123	75	0.8412%
10.	110	C	1/1	616	-	87	0.7984%
11.	111	C-R	1/1	616	-	88	0.7984%
12.	112	C	1/1	616	-	55	0.7984%
13.	113	C-R	1/1	616	-	56	0.7984%
14.	114	C	1/1	616	-	57	0.7984%
15.	115	C-R	1/1	616	-	58	0.7984%
16.	116	B	0/1	321	-	none	0.4160%
17.	117	B-R	0/1	321	-	none	0.4160%
18.	118	F	2/1	649	123	97	0.8412%
19.	119	D	1/1	495	82	102	0.6416%
20.	120	D-R	1/1	495	82	103	0.6416%
21.	121	D	1/1	495	82	104	0.6416%
22.	122	D-R	1/1	495	82	105	0.6416%
23.	123	D	1/1	495	82	109	0.6416%
24.	124	D-R	1/1	495	82	110	0.6416%
25.	125	D	1/1	495	82	111	0.6416%
26.	126	F-R	2/1	649	123	112	0.8412%
27.	201	G	2/1	737	-	76	0.9553%
28.	202	E-R	1/1	520	-	37	0.6740%
29.	203	E	1/1	520	-	36	0.6740%
30.	204	E-R	1/1	520	-	1	0.6740%

EXHIBIT A

	Unit No.	Unit Type	BD/BA	Net Living/Other Area (s.f.)	Net Lanai Area (s.f.)	Parking Stall(s)	Common Interest (%)
31.	205	E	1/1	520	-	2	0.6740%
32.	206	E-R	1/1	520	-	3	0.6740%
33.	207	E	1/1	520	-	4	0.6740%
34.	208	E-R	1/1	520	-	5	0.6740%
35.	209	G-R	2/1	737	-	77	0.9553%
36.	210	A	0/1	304	-	none	0.3940%
37.	211	A	0/1	304	-	none	0.3940%
38.	212	A-R	0/1	304	-	none	0.3940%
39.	213	A-R	0/1	304	-	none	0.3940%
40.	214	A	0/1	304	-	none	0.3940%
41.	215	A	0/1	304	-	none	0.3940%
42.	216	A-R	0/1	304	-	none	0.3940%
43.	217	A-R	0/1	304	-	none	0.3940%
44.	218	A	0/1	304	-	none	0.3940%
45.	219	A	0/1	304	-	none	0.3940%
46.	220	A-R	0/1	304	-	none	0.3940%
47.	221	A-R	0/1	304	-	none	0.3940%
48.	222	A	0/1	304	-	none	0.3940%
49.	223	A	0/1	304	-	none	0.3940%
50.	224	A-R	0/1	304	-	none	0.3940%
51.	225	A-R	0/1	304	-	none	0.3940%
52.	226	G	2/1	737	-	95	0.9553%
53.	227	E	1/1	520	-	22	0.6740%
54.	228	E-R	1/1	520	-	106	0.6740%
55.	229	E	1/1	520	-	107	0.6740%
56.	230	E-R	1/1	520	-	108	0.6740%
57.	231	E	1/1	520	-	99	0.6740%
58.	232	E-R	1/1	520	-	100	0.6740%
59.	233	E	1/1	520	-	101	0.6740%
60.	234	G-R	2/1	737	-	96	0.9553%
61.	301	G	2/1	737	-	78	0.9553%
62.	302	E-R	1/1	520	-	48	0.6740%
63.	303	E	1/1	520	-	43	0.6740%
64.	304	E-R	1/1	520	-	42	0.6740%
65.	305	E	1/1	520	-	41	0.6740%
66.	306	E-R	1/1	520	-	40	0.6740%
67.	307	E	1/1	520	-	39	0.6740%
68.	308	E-R	1/1	520	-	38	0.6740%
69.	309	G-R	2/1	737	-	79	0.9553%
70.	310	A	0/1	304	-	none	0.3940%
71.	311	A	0/1	304	-	none	0.3940%
72.	312	A-R	0/1	304	-	none	0.3940%
73.	313	A-R	0/1	304	-	none	0.3940%
74.	314	A	0/1	304	-	none	0.3940%
75.	315	A	0/1	304	-	none	0.3940%
76.	316	A-R	0/1	304	-	none	0.3940%
77.	317	A-R	0/1	304	-	none	0.3940%
78.	318	A	0/1	304	-	none	0.3940%
79.	319	A	0/1	304	-	none	0.3940%
80.	320	A-R	0/1	304	-	none	0.3940%

EXHIBIT A

	Unit No.	Unit Type	BD/BA	Net Living/Other Area (s.f.)	Net Lanai Area (s.f.)	Parking Stall(s)	Common Interest (%)
81.	321	A-R	0/1	304	-	none	0.3940%
82.	322	A	0/1	304	-	none	0.3940%
83.	323	A	0/1	304	-	none	0.3940%
84.	324	A-R	0/1	304	-	none	0.3940%
85.	325	A-R	0/1	304	-	none	0.3940%
86.	326	G	2/1	737	-	93	0.9553%
87.	327	E	1/1	520	-	35	0.6740%
88.	328	E-R	1/1	520	-	34	0.6740%
89.	329	E	1/1	520	-	33	0.6740%
90.	330	E-R	1/1	520	-	32	0.6740%
91.	331	E	1/1	520	-	31	0.6740%
92.	332	E-R	1/1	520	-	30	0.6740%
93.	333	E	1/1	520	-	29	0.6740%
94.	334	G-R	2/1	737	-	94	0.9553%
95.	401	G	2/1	737	-	80	0.9553%
96.	402	E-R	1/1	520	-	44	0.6740%
97.	403	E	1/1	520	-	45	0.6740%
98.	404	E-R	1/1	520	-	60	0.6740%
99.	405	E	1/1	520	-	61	0.6740%
100.	406	E-R	1/1	520	-	62	0.6740%
101.	407	E	1/1	520	-	46	0.6740%
102.	408	E-R	1/1	520	-	47	0.6740%
103.	409	G-R	2/1	737	-	81	0.9553%
104.	410	A	0/1	304	-	18	0.3940%
105.	411	A	0/1	304	-	7	0.3940%
106.	412	A-R	0/1	304	-	120	0.3940%
107.	413	A-R	0/1	304	-	none	0.3940%
108.	414	A	0/1	304	-	119	0.3940%
109.	415	A	0/1	304	-	none	0.3940%
110.	416	A-R	0/1	304	-	none	0.3940%
111.	417	A-R	0/1	304	-	none	0.3940%
112.	418	A	0/1	304	-	none	0.3940%
113.	419	A	0/1	304	-	none	0.3940%
114.	420	A-R	0/1	304	-	118	0.3940%
115.	421	A-R	0/1	304	-	none	0.3940%
116.	422	A	0/1	304	-	117	0.3940%
117.	423	A	0/1	304	-	none	0.3940%
118.	424	A-R	0/1	304	-	26	0.3940%
119.	425	A-R	0/1	304	-	20	0.3940%
120.	426	G	2/1	737	-	91	0.9553%
121.	427	E	1/1	520	-	98	0.6740%
122.	428	E-R	1/1	520	-	66	0.6740%
123.	429	E	1/1	520	-	65	0.6740%
124.	430	E-R	1/1	520	-	64	0.6740%
125.	431	E	1/1	520	-	63	0.6740%
126.	432	E-R	1/1	520	-	27	0.6740%
127.	433	E	1/1	520	-	28	0.6740%
128.	434	G-R	2/1	737	-	92	0.9553%
129.	501	G	2/1	737	-	82	0.9553%
130.	502	E-R	1/1	520	-	49	0.6740%

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	Unit No.	Unit Type	BD/BA	Net Living/Other Area (s.f.)	Net Lanai Area (s.f.)	Parking Stall(s)	Common Interest (%)
131.	503	E	1/1	520	-	50	0.6740%
132.	504	E-R	1/1	520	-	51	0.6740%
133.	505	E	1/1	520	-	52	0.6740%
134.	506	E-R	1/1	520	-	53	0.6740%
135.	507	E	1/1	520	-	54	0.6740%
136.	508	E-R	1/1	520	-	59	0.6740%
137.	509	G-R	2/1	737	-	83	0.9553%
138.	510	A	0/1	304	-	14	0.3940%
139.	511	A	0/1	304	-	6	0.3940%
140.	512	A-R	0/1	304	-	15	0.3940%
141.	513	A-R	0/1	304	-	8	0.3940%
142.	514	A	0/1	304	-	16	0.3940%
143.	515	A	0/1	304	-	9	0.3940%
144.	516	A-R	0/1	304	-	17	0.3940%
145.	517	A-R	0/1	304	-	10	0.3940%
146.	518	A	0/1	304	-	24	0.3940%
147.	519	A	0/1	304	-	11	0.3940%
148.	520	A-R	0/1	304	-	25	0.3940%
149.	521	A-R	0/1	304	-	12	0.3940%
150.	522	A	0/1	304	-	23	0.3940%
151.	523	A	0/1	304	-	13	0.3940%
152.	524	A-R	0/1	304	-	19	0.3940%
153.	525	A-R	0/1	304	-	21	0.3940%
154.	526	G	2/1	737	-	89	0.9553%
155.	527	E	1/1	520	-	67	0.6740%
156.	528	E-R	1/1	520	-	68	0.6740%
157.	529	E	1/1	520	-	69	0.6740%
158.	530	E-R	1/1	520	-	70	0.6740%
159.	531	E	1/1	520	-	71	0.6740%
160.	532	E-R	1/1	520	-	72	0.6740%
161.	533	E	1/1	520	-	73	0.6740%
162.	534	G-R	2/1	737	-	90	0.9553%
TOTAL:	162 UNITS			74,232	1,640		96.2144%

II. Commercial Unit Area and Common Interests

Commercial Unit No.	Square Footage	% Common Interest in Commercial Limited Common Elements
1	198	0.2576%
2	441	0.5726%
3	965	1.2528%
4	733	0.9511%
5	579	0.7515%
5 UNITS TOTAL	2916	3.7856%

EXHIBIT A

EXHIBIT B

PARKING

1. Description:

1.1 **General.** The Project has a total of one hundred twenty (120) all weather surface parking stalls in the Parking Structure and elsewhere at ground level as shown on the Condominium Map (the "***Parking Area***"). Certain Units shall have a parking stall appurtenant thereto as a limited common element as set forth in **Exhibit B**. All parking stalls in the Parking Area shall be reserved for use by the Unit owners pursuant to such parking stall assignments and rules governing use as provided herein, as shall be determined from time to time by the Board of Directors of the Association of Unit Owners of Rycroft Terrace (the "***Board***"). Each parking stall is identified on the Condominium Map by either a one-digit or two-digit number.

1.2 **Parking Agreements.** The Association shall have the right to rent at market parking rates forty-two (42) offsite parking stalls located in the Hale Kaheka condominium project, pursuant to the terms and conditions of (i) that certain Declaration of Covenants; Parking License Agreement; Joinder and Consent, dated February 7, 2014, by and between Developer and HIDC Kaheka Investment Partners, LLC, a Hawaii limited liability company ("***HIDC***"), recorded in the Bureau as Document No. A-51510718A thru A-51510718B (the "***Parking Covenant***"), which provides for the right to use a total of 18 offsite parking stalls for so long as the Project shall remain in effect and the Association shall comply with the terms and conditions of the Parking Covenant, and (ii) that certain Parking License Agreement; Joinder and Consent, dated February 7, 2014, by and between Developer and HIDC, recorded in the Bureau as Document No. A-51510719A thru A-51510719B (the "***Parking License***"), which provides for the right to use 24 additional parking stalls for a term of ten (10) years upon condition that the Association shall comply with the terms and conditions of the Parking License (the Parking Covenant and the Parking License are hereinafter collectively referred to as the "***Parking Agreements***"). The Developer shall sublicense the right to use individual parking stalls under the Parking Agreements to individual Unit owners (the "***Parking Sublicenses***"). Prior to the last conveyance of a Unit in the Project from Developer to a third party, Developer shall assign its interest in the Parking Agreements and the Parking Sublicenses to the Association and the Association shall assume the rights and obligations of Developer under the same.

1.3 **Commercial Parking.** The Commercial Units shall not have appurtenant parking stalls or rights in the Parking Area. Certain commercial uses may not be permitted by law without the availability of onsite parking or an approved offsite parking agreement. Neither the Developer nor the Association shall be obligated to provide a commercial unit owner with onsite parking. The owner or owners of the Commercial Units shall be solely responsible for ensuring the use of the Commercial Units complies with all parking requirements of the City and County of Honolulu, which may mean such owners may have to find offsite parking or rent or license the use of stalls from other owners in the Project. Residential Unit owners may, but shall not be obligated to, rent, license or permit use of their appurtenant parking stalls to other owners in the Project.

EXHIBIT B

2. **Parking Lot Operator:**

The Developer may hire a parking lot operator to operate the parking areas on Developer's behalf.

3. **Use & Parking Stalls Subject to Developer's Ownership and Reserved Rights:**

Pursuant to the following Sections of the Declaration, Developer reserves certain rights regarding parking as follows:

10.10 **Assignment and Transfer of Parking Stalls.**

(a) **Limitation on Transfer of Parking Stalls.** Any provision of this Declaration to the contrary notwithstanding, Unit owners may lease the right to use parking stalls that are appurtenant to their respective Units to other occupants of the Project, subject to the House Rules, the Bylaws, and this Declaration, and on the further condition that such Unit owners must notify the Managing Agent of the identity of the lessee together with such lessee's vehicle description, and length of anticipated use and such other information as the Managing Agent shall reasonably request. As used herein "occupants" shall mean persons who reside or work in the Project on a regular basis.

(b) **Transfer of Parking Stalls.** Unit owners (including Developer) shall have, in accordance with Section 514B-40 of the Act, the right to change the parking stalls appurtenant to their respective Units by a written document providing: (1) that the document is an amendment to this Declaration; and (2) the identification of the parking stall(s) being transferred or exchanged, the Unit to which each parking stall was appurtenant prior to the transfer and the Unit to which each parking stall is being transferred and to which it will be appurtenant as a Limited Common Element. Any such document must be executed by the owner or owners (and their respective mortgagees, if any) of the Units whose stalls are being changed, and shall be effective upon recording such document in the Bureau. A copy of the recorded document shall be promptly delivered to the Association.

* * *

26.2 **Right to Change Parking and Acquire Additional Parking.** Developer reserves the right, without being required to obtain the consent or joinder of, or provide notice to, any person or entity, including the Association, any owner or any mortgagee, lien holder, Unit purchaser or any other person or entity who may have an interest in the Project or in any Unit, to (a) change the designation and configuration of any parking stalls appurtenant to any unsold Unit, (b) on behalf of the Association, to acquire and contract for additional offsite parking for the benefit of Project (at a cost not to exceed market rates for such parking), (c) to construct parking lots and facilities serving the Project, (d) to amend this Declaration and the Condominium Map as necessary or convenient to describe such changes, and (e) to correct any deed, lease or conveyance document to ensure the proper assignment and designation of parking stalls. Except right to change designated parking stall as set forth in sales agreement.

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EXHIBIT C

PERMITTED ALTERATIONS TO THE UNITS

Section 19 of the Declaration regarding permitted alterations provides as follows:

19 **ALTERATION OF THE PROJECT.**

19.1 **Board Approval for Alterations.** Except as otherwise provided in this Declaration or the Act or as otherwise required by law, neither the Association nor any Unit owner shall perform any of the following acts, except pursuant to plans and specifications therefor which have been approved in writing in advance by the Board: (a) repairing, replacing or rebuilding any Unit, or any Common Element or Limited Common Elements in a manner different in any material respect from the Condominium Map; (b) replacing any exterior door or window to a Unit; (c) engaging in any alterations which will affect the structural integrity of any Unit or the common and Limited Common Elements; or (d) constructing on the Common Elements or Limited Common Elements any new building or structure.

19.2 **As-Built Plans and Declaration Amendment.** Upon the completion of any work described in Section 19.1 above, there shall be filed with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or Unit owner, as the case may be, shall record an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a licensed architect and structural engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the Unit owner, as the case may be, and approved by the Board or Developer, and no consent or joinder of any other Unit owner or person shall be required. Except as otherwise provided in this Declaration, the Bylaws, and the House Rules, each Unit owner shall be free, with the consent of all mortgagees of record of any interest in such Unit owner's Unit, to make such alterations and improvements within such Unit owner's Unit or within or on the Limited Common Elements appurtenant thereto, without the consent or joinder of the Board, the Association, any Unit owner, Developer or any other person.

19.3 **Certain Work Prohibited.** Notwithstanding anything to the contrary in this Declaration, no Unit owner (a) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament; (b) shall make or allow any material addition or alteration to the Common Elements (except as otherwise permitted herein), or (c) shall rebuild, repair or restore the Project in the event of substantial or total destruction of the Project, without in every such case obtaining the prior consent of the owners of Units to which sixty-seven percent (67%) of the Common Interests are appurtenant, together with the prior written consent of all Unit owners whose Units or Limited Common Elements appurtenant thereto are directly affected, and the approval of the Board, which shall not be unreasonably withheld; provided that nonmaterial additions to or alterations of the Common Elements or Units made within such Units or within a Limited Common Element appurtenant to and for the exclusive use of the Unit, shall require approval only by the Board, which shall not

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unreasonably withhold its approval, and such percentage, number or group of Unit owners or other parties as may be required by this Declaration or the Bylaws. As used in this Section 19.3, “*nonmaterial additions and alterations*” means an addition to or alteration of the Common Elements or a Unit that does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement, detract from the appearance of the Project, interfere with or deprive any nonconsenting Unit owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting Unit owner.

19.4 **Structural Alterations.** No alterations or changes of any nature under any circumstances shall be made to the structural elements of the Units, including, without limitation, roofs, floors, supporting walls, foundations, columns, girders, floor slabs, supports, perimeter, party or load bearing walls and partitions, without first obtaining the consents required in Section 19.1 above and certification from a licensed structural engineer reasonably acceptable to the Association that the plans for such alterations or changes will not in any way diminish the present structural integrity of the building and the elements therein. The aforementioned structural engineer shall be licensed in the State of Hawaii, in good standing, and shall have a policy of professional liability insurance with appropriate coverage from a responsible insurance company authorized to operate in the State of Hawaii, having a financial rating by Best’s Insurance Reports of Class A, VI, or better.

19.5 **Improvements Within a Unit.** The owner of each Unit shall have the right, at such owner’s sole cost and expense and if solely within the such owner’s Unit, to install, maintain, remove and rearrange partitions and other non-structural improvements from time to time within such Unit, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Unit by such owner or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Unit, subject to applicable law and the conditions contained herein and the Bylaws and the House Rules. The owner of each Unit shall have the right, at such owner’s sole cost and expense, to demolish all or any portion of the existing improvements within such Unit and to construct new improvements therein, for such use and purpose as may be permitted by applicable law, to the intent, purpose and effect that such Unit will include such new improvements, subject to the conditions contained herein and the Bylaws and the House Rules. Such new improvements shall conform with all applicable statutes, ordinances and rules and regulations of governmental authorities and with plans and specifications prepared by a licensed architect and approved by a licensed structural engineer. No such construction shall exceed the limits described in this Section 19.5 without the consent of the Association, nor shall such construction adversely and materially affect the value, light, air, use or enjoyment of any other Unit including, but not limited to, the structural or mechanical integrity thereof, or the structural or mechanical integrity of the Common Elements.

19.6 **Connection Between Units/Reconfiguration of Floors.** Following the Regulated Term, the Owners of any two or more adjacent Units that are separated by a Common Element which is a wall, corridor, ceiling or floor shall have the right and option at any time and from time to time, at such owners’ sole cost and expense to alter or relocate any portion of the Common Element intervening wall, corridor, ceiling or floor in order to effect a connection between Units or the reconfiguration of a floor or floors for purposes of integrated use among all

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the Units on such floor or floors. Notwithstanding the foregoing, any alteration or additions permitted under this Section 19.6 shall be subject to the following limitations and requirements:

(a) Where adjacent Units are owned by different owners, the owners shall submit to the Board a document evidencing the owners' agreement to undertake such connection and/or reconfiguration in a form satisfactory to the Board;

(b) Such owner(s) shall obtain the prior written consent of (1) all mortgagees of record of any interest in such owner's Unit or Units, and (2) the Board, provided that the Board shall not unreasonably withhold its consent and any conditions imposed by the Board shall be limited to ensuring that such improvements and alterations are in compliance with this Declaration, and, where adjacent Units are owned by different owners, ensuring the restoration of such Units to their prior condition upon the termination of the owners' agreement to connect/reconfigure their Units;

(c) No alteration or addition shall adversely affect the structural integrity of the Common Elements or any other Unit or Limited Common Element in the Project;

(d) No permitted alterations or additions shall affect the Common Interest allocable to any Unit;

(e) If any intervening wall(s), corridor, ceiling or floor between adjacent Units shall have been altered or removed, then prior to the termination of the common ownership of such adjacent Units, the owner of such Units shall restore such intervening wall(s), corridor, ceiling or floor to substantially the same condition in which the same existed prior to such alteration or removal unless the purchaser of such Units shall agree in writing to forego such restoration and accept the Units in "as is" condition;

(f) The plans and specifications for any new improvements shall be prepared by a licensed architect and certified by a licensed structural engineer acceptable to the Association and shall not require the alteration or demolition of unaffected Units or Limited Common Elements appurtenant to such unaffected Units or the improvements which are contained within such unaffected Units and shall not materially interfere with easements in favor of such unaffected Units or the use and enjoyment of the Project by the owners of such unaffected Units; and

(g) The owner(s) of the Units being joined or reconfigured shall, at such owner's sole expense, without the consent or joinder of any other Unit owner or lien holder thereof, execute and record in the Bureau an amendment, the form and content of which shall be approved by the Board, to this Declaration and the Condominium Map: (1) to show the connection between Units and any reconfiguration of the floor, the corridors, storage rooms and bathrooms; and (2) when applicable, to add, delete, relocate, realign, serve and grant all easements and rights-of-way over, under, on and above the Unit and the Limited Common Elements appurtenant to the Unit being joined or reconfigured as necessary or desirable, including, without limitation, easements and rights-way for utilities; provided that such easements and rights-of-way do not materially impair the use of the Common Elements by the

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unaffected Units. No such amendment shall change the Common Interest appurtenant to such Units.

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

19.8 **General Limitations.** Any owner undertaking any of improvements shall be subject to the following requirements: (a) all improvements shall be compliance with all applicable law; (b) all improvements shall be in compliance with design guidelines for any installations as may be adopted from time to time by the Board; (c) all costs of every kind pertaining to such improvements, including without limitation, costs of maintenance, repair, replacements, additions and improvements, shall be the responsibility of the Unit owner making such improvements; (d) all loss and damage affecting any Common Element or any other Unit which may be caused by the installation of such improvements shall be the responsibility of the Unit owner making such improvements; (e) all improvements shall be made in compliance with plans and specifications prepared by a licensed architect and approved by a licensed structural engineer; (f) no construction or improvement shall adversely and materially affect the value, light, air, use or enjoyment of any other Unit including, but not limited to, the structural or mechanical integrity thereof, nor the structural or mechanical integrity of the Common Elements; and (g) such owner shall comply with all other applicable provisions of this Declaration.

19.9 **Consent and Joinder.** Every Unit owner and all mortgagees and holders of liens affecting any of the Units in the Project shall, if necessary or desirable to effectuate the exercise of the reserved rights described in this Section, join in, consent to, or execute any and all instruments and documents necessary or desirable therefor, and, by execution of this Declaration, a reservation or contract for the sale of a Unit, or by acceptance of any deed, lien, security interest or any other interest herein, such Unit owner, mortgagee and holder of a lien shall be deemed to have consented to such reserved rights and to have irrevocably appointed the owner exercising such rights its lawful and duly authorized attorney-in-fact with full right and power to join in, consent or execute all such instruments and documents for and on behalf of such Unit owner, mortgagee and lien holder.

19.10 **Access.** Every Unit owner, its employees, agents, contractors and subcontractors shall have the right to enter upon the Common Elements and the Limited Common Elements appurtenant to the Unit and to do all things reasonably necessary, desirable or useful for completing such construction, improvements or connecting any Units.

19.11 **Procedure for Commencing Permitted Improvements.** Prior to commencing any improvements or alterations permitted by this Declaration, and as a condition to the Unit owner's right to undertake such improvements and alterations, the Unit owner shall provide to the Board: (a) a certification in form and content reasonably satisfactory to the Board

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signed by an architect or structural engineer licensed in the State of Hawaii, that such improvement or alteration will not adversely affect the structural integrity of the Common Elements or any other Unit in the Project as set forth in Section 19.4 above, (b) satisfactory evidence that all governmental approvals required for such alteration or removal have been duly obtained, and (c) if the cost of such improvement or alteration, as reasonably determined by the Board, shall exceed the sum of Twenty Thousand and No/100 Dollars (\$20,000.00), the Board may require that the owner provide evidence satisfactory to the Board of sufficient financing to complete such alteration or removal or, in lieu thereof, require that the owner obtain a performance and lien payment bond as set forth in Section 13.3. The minimum dollar amount set forth herein shall increase every five (5) years by the Cost of Living Factor (as defined in Section 33 below).

EXHIBIT C

EXHIBIT D

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

The following Sections of the Declaration describe the Common Elements and Limited Common Elements as follows:

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

5.1 The Land in fee simple.

5.2 All setback areas, yards, grounds, landscaping, planters, sidewalks, walkways, walkway railings, refuse enclosures and containers.

5.3 All driveways, driveway ramps, access lanes, paved areas, and the entryways and exitways to the Parking Area and the Project.

5.4 All security gates and security interphone(s).

5.5 Restroom facilities not located within a Unit, the swimming pool, koi pond, locker rooms, storage rooms, laundry facilities, and public telephone facilities (if any).

5.6 The elevator lobbies located on the 1st Floor, the elevator foyers on each floor, the elevator shafts, and the two (2) elevators.

5.7 All foundations, floor slabs, columns, girders, beams, supports, perimeter, party and load bearing walls and partitions (excluding the finishes thereon within a Unit), roofs, courtyard area, stairways, vestibules, elevators, corridors, passages, ramps, and loading areas.

5.8 All utility rooms, maintenance rooms, mechanical rooms, fire hose cabinets, fire alarm system, switch rooms, trash area, and emergency exits and stairways.

5.9 All vents, shafts, sewer lines, water lines, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations on, above, over, under and across the Project to the point of their respective connections to the Units or the limited common element appurtenant thereto, which serve more than one Unit, including, without limitation, those providing electricity, light, gas (if any), water, air conditioning, sewer, refuse, drainage, irrigation, telephone and radio and television signal distribution (if any).

5.10 Any and all apparatus and installations existing for common use of all Units, or necessary or convenient to its existence, maintenance and safety of the Project, or normally in common use by all Units.

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5.11 Certain portions of the Common Elements have been set aside as Limited Common Elements which are more particularly described in Section 6 below.

6. **LIMITED COMMON ELEMENTS.** Certain parts of the Common Elements, herein called and designated "*Limited Common Elements*," are hereby set aside and reserved for the exclusive use and benefit of certain Units, and such Units shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements. The Limited Common Elements so set aside and reserved are as follows:

6.1 **Limited Common Elements Appurtenant to the Commercial Units.** The following Limited Common Elements shall be appurtenant to and for the exclusive use of all the Commercial Units (the "*Commercial Limited Common Elements*"), unless such Commercial Limited Common Element is specifically designated herein as being appurtenant to certain Commercial Units:

(a) If any Commercial Unit shall install through, within and/or on the wall and/or roof immediately above or adjacent to such Commercial Unit, any vent, air conditioner, grease trap or other equipment accessory or related to the use of such Commercial Unit, then such equipment and portion of such wall and/or roof shall become appurtenant to and reserved for the exclusive use of such Commercial Unit.

(b) Any duct, wire, conduit or any other fixture which lies partially within and partially outside the designated boundaries of the Commercial Units serving only that Unit is a Limited Common Element appurtenant to that Commercial Unit.

(c) Any and all other appurtenant installations of common use within the Commercial Units or located on the Project necessary and convenient to the existence, maintenance and safety of the Commercial Units or otherwise in common use by occupants of the Commercial Units.

6.2 **Limited Common Elements Appurtenant to the Residential Units.** The following Limited Common Elements shall be appurtenant to and for the exclusive use of all the Residential Units (the "*Residential Limited Common Elements*"), unless such Residential Limited Common Element is specifically designated herein as being appurtenant to certain Residential Units:

(a) Certain Residential Units shall have appurtenant to them for their exclusive use, the parking stall designated in **Exhibit B**; subject, however, to the right of Unit owners to redesignate such stalls pursuant to Section 514B-40 of the Act, as amended.

(b) The lanai immediately adjacent to each Residential Unit as shown on the Condominium Map having an area designated in **Exhibit B**, as measured from the exterior surface of all perimeter walls which separate the interior of the Unit from the lanai to the interior edge of the exterior railings or other boundaries of the lanai, shall be a Limited Common Element appurtenant to such Units.

EXHIBIT D

(c) Any and all other appurtenant installations of common use within the Residential Units or located on the Project necessary and convenient to the existence, maintenance and safety of the Residential Units or otherwise in common use by occupants of the Residential Units.

6.3 Other Limited Common Elements.

(a) Any chute, flue, duct, wire, conduit or any other fixture which lies partially within and partially outside the designated boundaries of a Unit serving only that Unit is a Limited Common Element appurtenant solely to that Unit.

(b) Any and all other apparatus and installations existing for common use, such as tanks, pumps, motors, air-conditioners, fans, compressors, water heaters and, in general, all other parts of the Project necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any Unit and serve less than all of the Units, shall be appurtenant to the Unit or Units they serve.

(c) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios and all exterior doors and windows or other fixtures designed to serve a single Unit, but that are located outside the Unit's boundaries, are Limited Common Elements appurtenant exclusively to that Unit.

(d) Any other Common Elements of the Property which are rationally related to the Limited Common Elements to only one Unit shall be deemed a Limited Common Element appurtenant to and for the exclusive use of such Unit.

(e) The designation of Limited Common Elements shall be subject to the rights of Unit owners to exchange or transfer appurtenant Limited Common elements to another Unit or Units pursuant to the Act.

EXHIBIT D

EXHIBIT E

SPECIAL USE RESTRICTIONS

The Units and the Project are subject to various restrictions on use, as set forth in the Declaration, including, but not limited to, the following provisions of Section 10 thereof:

10.1 **Residential Units.** Subject to the provisions of this Declaration, the Residential Units (except for the resident manager's Unit, if any) shall at all times be occupied and used only for residential purposes by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose, and no Unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The Residential Units shall not be rented during the Regulated Term (as defined in Section 10.3 below) or used for transient or hotel purposes, which are defined as: (a) rental for any period less than thirty (30) days, or (b) any rental in which the occupants of a Residential Unit are provided customary hotel services such as room service for food and beverages, daily maid service, daily laundry and linen services, or bellboy service. The Residential Units in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-share purpose or under any time-sharing plan, arrangement or program, including, without limitation, any so-called "vacation license," "travel club membership" or "time interval ownership" arrangement. The term "timesharing" as used herein shall be deemed to include, without limitation, any plan, program or arrangement under which the right to use, occupy, own or possess Units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, Association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Notwithstanding the foregoing, rental shall only be permitted pursuant to the terms of Section 10.5 below.

10.2 **Owner-Occupant Reserved Housing Residential Unit.** The sale of the Residential Units in the Project is subject to the jurisdiction of the HCDA and the terms of the Mauka Area Rules governing the sale of reserved housing units.

10.3 **Regulated Term.** Each Residential Unit is subject to a "*Regulated Term*" of ten (10) years commencing on the date of recordation in the Bureau of the Unit deed transferring title to the Residential Unit to the Unit owner. During the Regulated Term:

(a) A Residential Unit owner is required to be an owner-occupant, as set forth in Section 10.5 below;

(b) If a Residential Unit owner wishes to sell his or her Residential Unit, the Residential Unit owner must notify the HCDA in writing of the owner's intent to sell the Residential Unit, and the HCDA or a governmental agency approved by the HCDA shall have the first option to purchase the Residential Unit at a purchase price calculated in accordance with the Mauka Area Rules ("*HCDA Buyback Restrictions*");

EXHIBIT E

(c) If a Residential Unit owner wishes to purchase a larger Residential Unit, the Unit owner shall sell his or her Residential Unit to the HCDA, prior to or upon the closing of the sale of the larger Residential Unit, at a purchase price calculated in accordance with the Mauka Area Rules.

After the end of the Regulated Term, a Residential Unit owner may sell his or her Residential Unit without transfer or sales price restrictions, but shall make a payment to the HCDA for Equity Sharing as set forth in the Mauka Area Rules and described in Section 10.4 below. A Residential Unit owner may only rent his or her Residential Unit in accordance with the Mauka Area Rules pertaining to the rental of reserved housing units as described further in Section 10.5(a) below.

10.4 Equity Sharing Requirements. Each Residential Unit owner and each Residential Unit is subject to the “*Equity Sharing Requirements*” of the Mauka Area Rules that require the Residential Unit owner to make a payment to HCDA upon a transfer of the Residential Unit to a third party. The calculation of the payment is determined by the Residential Unit’s original market value and the original sales contract price, and other factors set forth in the Mauka Area Rules and the Residential Unit owner’s deed. A Residential Unit owner’s payment to HCDA pursuant to the Equity Sharing Requirements shall become due:

(a) During the Regulated Term, if HCDA waives its right of first option to purchase the Residential Unit (as described in Section 10.3(b) above) and the Residential Unit owner sells his or her Residential Unit; or

(b) After the end of the Regulated Term, if the Residential Unit owner sells or rents his or her Residential Unit (as described in Section 10.3 above).

10.5 Occupancy by Unit Owner; Future Rental to Qualified Households. Each Residential Unit is subject to “*Occupancy Requirements*” requiring the Residential Unit owner to personally occupy the Residential Unit as the Residential Unit owner’s primary residence during the Regulated Term. Each Residential Unit owner shall be required to certify to HCDA on a semi-annual basis such owner’s compliance with the Occupancy Requirements by executing a certificate of compliance, the form of which shall be provided by the Association or Managing Agent; provided, however, that each Residential Unit owner shall be solely responsible for the statements made in the certificate of compliance and the execution and delivery to HCDA of the certificate of compliance.

(a) After the end of the Regulated Term, but before a Residential Unit owner has met the Equity Sharing Requirements, the Residential Unit owner may rent his or her Residential Unit only to qualified persons (“*Qualified Households*”) for no more than the monthly payments (“*Monthly Rents*”) applicable to the rental of reserved housing in accordance with the Mauka Area Rules. The Residential Unit owner shall certify to HCDA that the Qualified Household and Monthly Rent are in compliance with the Mauka Area Rules and submit on a semi-annual basis such certification to the HCDA for each Qualified Household that occupies the Residential Unit.

EXHIBIT E

(b) After the end of the Regulated Term and a Residential Unit owner's payment to the HCDA pursuant to the Equity Sharing Requirements as determined by the Mauka Area Rules, the Residential Unit owner may rent his or her Residential Unit to any household at any rent.

10.6 Liability for HCDA Buyback Restrictions and Shared Equity Requirements. Each Residential Unit owner acknowledges and agrees that such owner is obligated to comply with the terms and conditions of the HCDA Buyback Restrictions, the Shared Equity Requirements, and the Occupancy Requirements including without limitation the semi-annual requirement to submit to HCDA a certificate of compliance. The Developer, Association, and the Managing Agent shall not be responsible or liable for the administration of the HCDA Buyback Restrictions and the Shared Equity Requirements, or for any representations or promises made by HCDA in connection with the HCDA Buyback Restrictions or the Shared Equity Requirements, or for the observance or performance by HCDA of its obligations or for the enforcement by HCDA of its rights under the HCDA Buyback Restrictions and the Shared Equity Requirements, or for any actions taken or failure to take action by HCDA in connection with the HCDA Buyback Restrictions and the Shared Equity Requirements, or for obligations or to otherwise comply with the provisions of the HCDA Buyback Restrictions or the Shared Equity Requirements, or for the Residential Unit owner's failure to comply with the Mauka Area Rules, including without limitation the Occupancy Requirements and the semi-annual requirement to submit to HCDA a certificate of compliance. Each Residential Unit owner shall indemnify, defend and hold harmless the Developer, Fee Owner, the Association, and the Managing Agent, their directors, officers, shareholders, employees, agents, successors and assigns, from and against any and all actions, liability, claims, losses, damages, costs or expenses, including, without limitation, attorneys' fees, relating to or arising out of any acts or omissions of HCDA or the Residential Unit owner with respect to the Buyback Restrictions and Shared Equity Requirements, and the Residential Unit owner's failure to comply with the Mauka Area Rules, including without limitation, the Occupancy Requirements and the semi-annual requirement to submit to HCDA a certificate of compliance.

10.7 Commercial Units; Special Use Restrictions Applicable to Commercial Units. Subject to the provisions of Sections 3.3(c) and 10.10 hereof, and this Declaration, the owner of a Commercial Unit shall have the right to lease the Commercial Unit to be used only for the carrying on of any business, trade, profession, or other commercial purpose permitted by law and which activities do not interfere or impair the quiet enjoyment of the owners of the Residential Units. The Commercial Units do not presently have onsite parking, and use of the Commercial Units is subject to existing zoning, therefore the actual uses of the Commercial Units may be severely limited by law. The Developer, on behalf of itself and any affiliated entity, shall convey the Commercial Units to the Association pursuant to Section 26.3 below, which conveyance shall occur prior to the date ninety percent (90%) of the Units in the Project have been conveyed by Developer to third parties. If the Commercial Units are subject to leases at the time of such conveyance, the rights, benefits and obligations of such leases shall be assigned to the Association concurrently with the conveyance of the leased Commercial Unit, and the Association shall be bound by such leases, subject to any right of the Association to terminate such leases under Section 514B-135. Upon conveyance of the

EXHIBIT E

Commercial Units to the Association, the Association, through the Board in its discretion, shall have the right to (a) lease, sell, convey, and mortgage the Commercial Units for commercial purposes provided the profits from such activities shall inure to the benefit of the Association, or (b) use the Commercial Units in support of operations and activities at the Project (for example, office space, storage room, recreation room) as though such Units are a part of the Common Elements. Without limiting the application of any other provision of this Declaration, the following restrictions shall be applicable to the Commercial Units:

(a) Advertising. No owner nor lessee of a Commercial Unit shall employ an advertising medium which can be heard or experienced outside of the Commercial Unit, including, without limiting the generality of the foregoing, flashing lights, searchlights, loudspeakers, phonographs, compact disc players, radios, or television. Identification and other signage shall be governed by Section 10.7(c) below. No owner nor lessee of a Commercial Unit shall distribute, or cause to be distributed, any handbills or other advertising device in the Common Elements or Property or on the public sidewalks or streets adjacent to the Project without the consent of the Association, which may be granted or withheld in the sole discretion of the Board.

(b) Commercial Invitees and Lessees; Insurance. Each owner or lessee of a Commercial Unit shall be responsible for compliance by such owner's or lessee's commercial invitees and with the provisions of this Declaration, the Bylaws and any rules made by the Board. The owner or lessee of a Commercial Unit shall maintain a policy or policies of public liability insurance in an amount which is reasonable for the use of such Commercial Unit, naming the Association, Developer, and Fee Owner as an additional insureds, and shall demonstrate proof of such insurance to the Board upon request.

(c) Sign Control. Identification and other signs may be placed or displayed by owners or lessees of Commercial Units only if approved by the Association, in the sole discretion of the Board, and in conformance with all applicable federal, state and local laws and regulations. So long as Developer owns any interest in the Project, all identification and other signs for the Commercial Units (and any changes thereto) are subject to the prior written approval of Developer.

(d) Nuisance Uses. Without limiting the application of any other provision of this Declaration, no use or operation shall be made, conducted or permitted within a Commercial Unit or any Limited Common Elements appurtenant thereto, or any part of the Project, which is an unreasonable public or private nuisance (as reasonably determined by the Board), or which violates applicable laws. Without limitation to the generality of the foregoing, the Commercial Units shall not be used for any of the following activities or purposes: (i) any distillation or refinery facility; (ii) any dumping of garbage or refuse, except in places designated for disposal by the Board; (iii) any meeting place or place of public assembly (other than for residents of the Project), any pool hall, game arcade, betting facility (including off-track betting) or video or games arcade; (iv) any indecent or pornographic uses, massage parlor, for the sale of nude, erotic or pornographic adult entertainment, books, magazines, videos and other similar products, peepshow store, or any other similar store or club; and any business devoted to sale of articles and merchandise normally used or associated with illegal or unlawful activities,

EXHIBIT E

including, without limitation, the sale of paraphernalia used in connection with marijuana, cocaine, or other controlled drugs or substances; (v) any gymnasium or martial arts studio; or (vi) any tattoo parlors or body piercing establishments.

(e) Parking and Accessibility. The owner of a Commercial Unit shall be solely responsible for ensuring that the use of such Unit complies with all parking and accessibility requirements of any governmental authority. Neither the Association nor any Residential Unit owner shall be required to provide parking for a Commercial Unit.

(f) Restriction on Conveyance. After the conveyance of the Commercial Units to the Association as contemplated by Section 10.7 above, and during the Regulated Term, the Association shall not convey the fee simple interest in the Commercial Units to any third parties.

10.8 General Restrictions. No Unit owner shall do or suffer or permit to be done anything on any Unit or elsewhere on the Project which will: (a) injure the reputation of the Project, (b) jeopardize the safety or soundness of the Project, (c) create a nuisance or interfere with or unreasonably disturb the rights of other owners and occupants, (d) reduce the value of the Project, (e) result in the cancellation of insurance applicable to the Project or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Declaration, or (f) increase the rate of insurance applicable to the Units or the contents thereof, or to the Project.

10.9 Prohibited Alterations. Except as otherwise specifically provided in this Declaration or in the Bylaws, no Unit owner shall, without the prior written consent of the Board, make any structural alterations to such owner's Unit or make any alterations of or any additions to the exterior of the Unit or to any other portion or portions of the Common Elements unless otherwise specifically permitted herein, in the Bylaws, and by applicable zoning and building rules, regulations and laws.

10.10 Assignment and Transfer of Parking Stalls.

(a) Limitation on Transfer of Parking Stalls. Any provision of this Declaration to the contrary notwithstanding, Unit owners may lease the right to use parking stalls that are appurtenant to their respective Units to other occupants of the Project, subject to the House Rules, the Bylaws, and this Declaration, and on the further condition that such Unit owners must notify the Managing Agent of the identity of the lessee together with such lessee's vehicle description, and length of anticipated use and such other information as the Managing Agent shall reasonably request. As used herein "occupants" shall mean persons who reside or work in the Project on a regular basis.

(b) Transfer of Parking Stalls. Unit owners (including Developer) shall have, in accordance with Section 514B-40 of the Act, the right to change the parking stalls appurtenant to their respective Units by a written document providing: (1) that the document is an amendment to this Declaration; and (2) the identification of the parking stall(s) being transferred or exchanged, the Unit to which each parking stall was appurtenant prior to the

EXHIBIT E

transfer and the Unit to which each parking stall is being transferred and to which it will be appurtenant as a Limited Common Element. Any such document must be executed by the owner or owners (and their respective mortgagees, if any) of the Units whose stalls are being changed, and shall be effective upon recording such document in the Bureau. A copy of the recorded document shall be promptly delivered to the Association.

EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

The encumbrances against title appearing in the Status Report dated February 4, 2014 (the "*Title Report*") prepared by Title Guaranty of Hawaii, Incorporated, are described in this Exhibit F following the description of the land below under the heading "SUBJECT, HOWEVER, TO THE FOLLOWING." Where noted, there are included certain encumbrances that will be released and other encumbrances that are not presently shown in the Title Report that will be recorded prior to conveying units in the Project. The land upon which said Condominium Project "RYCROFT TERRACE" is located is covered by Tax Map Key No. (1) 2-3-018-022, and is described as follows:

All of those certain parcels of land (portions of Royal Patent Grant Number 2057 to R. Keanui) situate at Pawaa, Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, being LOT 6, area 13,953 square feet, LOT 7, area 14,325 square feet, LOT 14, area 16,867 square feet, and LOT 15, area 16,469 square feet, of the "KAHEKA TRACT", as shown on File Plan Number 669, filed in the Bureau of Conveyances of the State of Hawaii, a copy of which is filed in the Office of the Lessors as Bishop Estate Map 5895.

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. Encroachments and any other matters as shown on survey map prepared by Ryan M. Suzuki, Land Surveyor, with R.M. Towill Corporation, dated September 11, 2008, November 23, 2010 and December 9, 2010.
3. The terms and provisions contained in the following:

INSTRUMENT : PAGODA TERRACE CONVERSION RESERVED
HOUSING AGREEMENT

DATED : August 8, 2012

RECORDED : Document No. A-46171243

PARTIES : TRUSTEES UNDER THE WILL AND OF THE ESTATE
OF BERNICE PAUAHI BISHOP, DECEASED and HIH
TERRACE OPERATING COMPANY LLC, a Hawaii
limited liability company

4. Any unrecorded leases and matters arising from or affecting the same.
5. Encroachments or any other matters which a survey prepared after December 9, 2010 would disclose.

EXHIBIT F

The following items are shown in the February 4, 2014 Title Report, but will not encumber individual units in the Project upon their conveyance to purchasers:

6. LEASE NO. 13,338

LESSOR : TRUSTEES UNDER THE WILL AND OF THE ESTATE
OF BERNICE PAUAHI BISHOP, DECEASED

LESSEE : BISHOP TERRACE, INC., a Hawaii corporation

DATED : September 1, 1961

RECORDED : Liber 4160 Page 257

TERM : 55 years commencing on September 1, 1961

ABOVE LEASE AMENDED BY INSTRUMENT

DATED : November 4, 1986

RECORDED : Liber 20145 Page 366

Said Lease was further amended by unrecorded Amendment of Lease No. 13,338 dated July 13, 2007 to set forth the net annual rent for the ten-year period under the Lease from May 1, 2006 to April 30, 2016.

A MEMORANDUM OF AMENDMENT OF LEASE NO. 13,338 is dated July 13, 2007, recorded as Document No. 2007-162669.

THE LESSEE'S INTEREST BY MESNE ASSIGNMENTS ASSIGNED

ASSIGNOR : PAGODA HOTEL, INC., a Hawaii corporation

ASSIGNEE : HIH TERRACE OPERATING COMPANY LLC, a Hawaii
limited liability company

DATED : effective as of December 20, 2010

RECORDED : Document No. 2010-197307

CONSENT : Given by Lessor, by instrument dated and effective as of
December 20, 2010, recorded as Document No. 2010-
197308

7. Terms and provisions of the unrecorded PURCHASE AND SALE OPTION AGREEMENT (PAGODA PROPERTIES) dated as of December 20, 2010.

EXHIBIT F

MEMORANDUM OF PURCHASE AND SALE OPTION AGREEMENT (PAGODA PROPERTIES) dated as of December 20, 2010, is filed as Land Court Document No. 4030933, recorded as Document No. 2010-197311, in favor of the TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP, relating to the option to purchase all (but not less than all) of the properties more particularly described therein.

8. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : HIH TERRACE OPERATING COMPANY LLC,
a Hawaii limited liability company

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : as of December 20, 2010
RECORDED : Document No. 2010-197318
AMOUNT : \$7,500,000.00

LESSOR'S CONSENT TO MORTGAGE OF LEASE NO. 13,338 AND OTHER AGREEMENTS, dated effective December 20, 2010, recorded as Document No. A-46190968

9. The terms and provisions contained in the following:

INSTRUMENT : ABSOLUTE ASSIGNMENT OF RENTALS AND
LESSOR'S INTEREST IN LEASE

DATED : December 20, 2010
RECORDED : Document No. 2010-197319
PARTIES : HIH TERRACE OPERATING COMPANY LLC, a Hawaii
limited liability company (the "Assignor") and FIRST
HAWAIIAN BANK, a Hawaii corporation (the "Assignee")
RE : to assure the repayment of the loan in the principal sum of
\$7,500,000.00

LESSOR'S CONSENT TO MORTGAGE OF LEASE NO. 13,338 AND OTHER AGREEMENTS, dated effective December 20, 2010, recorded as Document No. A-46190968

10. FINANCING STATEMENT

DEBTOR : HIH TERRACE OPERATING COMPANY LLC,
SECURED
PARTY : FIRST HAWAIIAN BANK, a Hawaii corporation
RECORDED : Document No. 2011-115116
RECORDED ON: July 22, 2011

EXHIBIT F

The following items are not shown in the Title Report dated February 4, 2014, but have been or will be recorded prior to conveyancing of units in the Project:

11. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS; PARKING LICENSE AGREEMENT; JOINDER AND CONSENT

LICENSOR : HIDC KAHEKA INVESTMENT PARTNERS LLC, a Hawaii limited liability company

LICENSEE : HIH TERRACE OPERATING COMPANY LLC, a Hawaii limited liability company

DATED : February 7, 2014

RECORDED : A-51510718A thru A-51510718B

12. The terms and provisions contained in the following:

INSTRUMENT: PARKING LICENSE AGREEMENT; JOINDER AND CONSENT

LICENSOR : HIDC KAHEKA INVESTMENT PARTNERS, LLC, a Hawaii limited liability company

LICENSEE : HIH TERRACE OPERATING COMPANY LLC, a Hawaii limited liability company

DATED : February 7, 2014

RECORDED : A-51510719A thru A-51510719B

13. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME OF RYCROFT TERRACE

DATED :

RECORDED :

MAP : No. _____ recorded in the Bureau of Conveyances, and any amendments thereto

14. The terms and provisions contained in the following:

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF UNIT OWNERS RYCROFT TERRACE

DATED :

RECORDED :

EXHIBIT F

EXHIBIT G

VERIFIED STATEMENT FROM COUNTY OFFICIAL

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.honoluluodpp.org • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

2012/ELOG-517(RLK)

December 18, 2013

RECEIVED DEC 23 2013

Mr. Peter B. Savio, President
Hawaiian Island Development Co., Inc.
931 University Avenue, Suite 105
Honolulu, Hawaii 96826-3241

Dear Mr. Savio:

SUBJECT: Condominium Conversion Project
Pagoda Terrace (aka Bishop Terrace Apartments)
1550 Rycroft Street
Tax Map Key: 2-3-018: 022

This is in response to your letter dated February 22, 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 five-story 162-unit apartment building, two one-story pavilions and a one-story with basement parking structure met all applicable code requirements when they were constructed in 1962 on this 61,614-square-foot A-3 High Density Apartment District zoned lot.

Further investigation revealed the following:

1. Inspection revealed a total of 120 all-weather-surface off-street parking spaces on this zoning lot.

On December 2, 2013, a Conditional Use Permit (File No. 2013/CUP-96) was approved with conditions to allow Pagoda Terrace 18 off-site parking spaces.

2. The one-story with basement parking structure is considered a nonconforming structure because it encroaches into the rear and side yard setbacks.

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

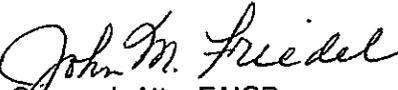
Mr. Peter B. Savio, President
Hawaiian Island Development Co., Inc.
December 18, 2013
Page 2

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

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

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

Very truly yours,

for 
George I. Atta, FAICP
Director

GIA:ft
[1106373]

EXHIBIT H

RIGHTS RESERVED BY THE DEVELOPER TO MAKE CHANGES TO THE CONDOMINIUM PROJECT OR CONDOMINIUM DOCUMENTS

Changes to Condominium Documents:

Pursuant to the following Sections of the Declaration, Developer reserves the right to amend the Project documents as follows:

8.5 **Right to Grant and Realign Easements.** Developer and the Association (exercisable by the Board) shall have the right, to designate, grant, convey, transfer, cancel, relocate, and otherwise deal with any easements over, under, across, or through the Common Elements and to accept the benefit of easements in adjoining properties for any reasonable purpose, which may include, but shall not be limited to, those purposes which are necessary to the operation, care, upkeep, maintenance or repair of any Unit or the Common Elements or any easements for utilities or for any public purpose without joinder or consent of any owner, any owner's mortgagee, or other person; provided, however, that such right of the Developer and Association is subject to, and may not be exercised in any manner which is inconsistent with, in derogation of or which would materially limit, abrogate or materially interfere with, the exclusive use of any Limited Common Elements or any rights or easements reserved in favor of Developer or any owner. Developer and the Association shall further have the right to transfer, cancel, relocate, accept the benefit of, and otherwise deal with any easement over, under, across or through any lands adjacent to the Project, which may be appurtenant to the Land of the Project, for any reasonable purpose, which may include, but shall not be limited to, any of the same purposes set forth above or for the reason that any owner of any such lands adjacent to the Project exercises any right to require the relocation of any such easement.

8.6 **Sales Activities.** Developer, its agents, employees, contractors, licensees, successors and assigns shall have the right and an easement to conduct extensive sales activities on the Project, including, without limitation, the use of any Unit owned by Developer (and any other Unit, with the express permission of the owner of such Unit) and the Common Elements (including Limited Common Elements appurtenant to other Units) for model Units, sales and management offices, parking and extensive sales displays and activities, the posting and maintenance of signs and other advertisements relating to such sales activities upon any Unit owned by Developer and any Common Elements (including Limited Common Elements appurtenant to other Units) and to install, maintain, locate, relocate and reconfigure such structures, displays, advertising signs, billboards, flags, sales desks, kiosks, sales offices, and parking areas for employees, agents and prospective purchasers as may be necessary or convenient for the proper development and disposition of Units by sale, and the right, but not the obligation, to provide ongoing maintenance, operation, service, construction and repairs to individual Units. Developer and its prospective purchasers shall be entitled to the non-exclusive use of the Common Elements, without further cost for access, ingress, egress, use or enjoyment, in order to show the Property to prospective purchasers or to otherwise dispose of the Property as provided herein. Without limitation of the foregoing,

EXHIBIT H

Developer reserves, for itself and its successors and assigns, the right during the course of Developer's sales of Units in the Project to supplement, modify and amend the estimated breakdown of annual maintenance fees and estimated cost of assessment to each Unit, as Developer deems appropriate, to reflect changes in estimated expenses applicable to ownership of Units attributable to the increase in cost of service or modification of proposed service to the Association reflected in the budget for annual maintenance fees. Upon such modifications, Developer may supplement and amend its public report applicable to the Project.

8.7 Ongoing Construction and Repair Activities. Developer and its agents, sales agents, employees, contractors, licensees, successors, mortgagees and assigns shall have a right and easement over, under and upon any portion of the Project, including the Common Elements, Limited Common Elements and any Unit, as may be reasonably necessary for the inspection of and for the purpose of making repairs and improvements to any portion of the Project, in the sole determination of the Developer. Each owner, in purchasing or otherwise taking title to a Unit, does so with the express understanding and acknowledgment that the Project may be affected by such repair and improvement activity within the Project, which may result in various disturbances such as noise, dust, smoke, soot, ash, odor, noxious vapors, surface water runoff, or other adverse environmental conditions, and that construction and sales activities by Developer may result in noise, dust, vibration and other nuisances, disturbances, annoyances, hazards and effects and may also result in temporary conditions of inconvenience to the owner, such as increased traffic congestion, impairment of access to the Project and decreased parking areas. Each owner hereby accepts these circumstances and grants an easement for such nuisance, inconvenience, irritation or annoyance which the owner may experience as a result of such activities and conditions and agrees to suffer and permit all actions and consequences incidental to such ongoing development, construction and sales activities. Each owner further covenants and agrees to assume all risk of any property damage, personal injury or loss in property value arising from such repair and improvement activities and to hold harmless Developer, Fee Owner, and their respective trustees, managers, directors, officers, agents, counsel, related or affiliated entities, successors and assigns, from and against any and all liability, claims, losses, damages, or expenses, including attorneys' fees, occasioned by such property damage or personal injury to the property or person of owner, or owner's tenants, lessees, family, servants, guests, invitees, licensees, employees, or other persons who may occupy or otherwise use the Project or the Units. The foregoing reservation of rights shall not be deemed a warranty of Developer for any purpose and shall not obligate Developer to undertake any repair or improvements at the Project.

8.8 Developer's Easements over the Common Elements. Notwithstanding anything provided in this Declaration to the contrary, Developer and the assignee of Developer's reserved rights shall have an easement over the Common Elements (including Limited Common Elements appurtenant to other Units) of the Project, which easement may be assigned from time to time to anyone whom Developer wishes, including owners and non-owners, on a permanent or temporary basis, for access over, under, across and through and to utilize the Common Elements (including Limited Common Elements appurtenant to other Units) of the Project; provided, however, that

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such right of the Developer is subject to, and may not be exercised in any manner which is inconsistent with, in derogation of or which would materially limit, abrogate or materially interfere with, the exclusive use of any Unit or appurtenant Limited Common Element by the Unit owner.

8.9 **Limitation on Developer's Reserved Easements.** The easements reserved in this **Section 8** in favor of Developer shall continue until ten (10) years after the time that all Units in the Project have been sold by Developer and the conveyance thereof recorded.

* * *

26. **SPECIAL RIGHTS RESERVED TO DEVELOPER.**

26.1 **Right to Retain or Acquire Ownership in Units.** Developer reserves the right to retain or acquire the ownership of any number of Residential Units in the Project. Developer shall be entitled to make such use of the Units retained or acquired as Developer, in its sole discretion, sees fit; provided that during the Regulated Term, Developer shall be obligated to rent any Residential Unit it owns to Qualified Households for no more than Monthly Rents and otherwise in accordance with all the terms and conditions in this Declaration and provisions of the Mauka Area Rules relating to the rental of reserved housing units; provided further, that the Developer shall comply with all rules and regulations established for the governance of the Project.

26.2 **Right to Change Parking and Acquire Additional Parking.** Developer reserves the right, without being required to obtain the consent or joinder of, or provide notice to, any person or entity, including the Association, any owner or any mortgagee, lien holder, Unit purchaser or any other person or entity who may have an interest in the Project or in any Unit, to (a) change the designation and configuration of any parking stalls appurtenant to any unsold Unit, (b) on behalf of the Association, to acquire and contract for additional offsite parking for the benefit of Project (at a cost not to exceed market rates for such parking), (c) to construct parking lots and facilities serving the Project, (d) to amend this Declaration and the Condominium Map as necessary or convenient to describe such changes, and (e) to correct any deed, lease or conveyance document to ensure the proper assignment and designation of parking stalls.

26.3 **Developer's Reserved Right to Transfer Property to the Association.** The Association shall accept title to any interest or property, including any improvements thereon and personal property, transferred to the Association by Developer, together with the responsibility to perform any and all duties associated therewith, which, upon conveyance or dedication to the Association, the Association shall maintain at its expense for the benefit of the owners as provided in this Declaration. Property interests transferred to the Association by Developer may include, without limitation, any improvements in the Project, driveway and parking areas, any flowage, drainage, or utility easements, and may encompass leasehold title, easements, leasehold interests and licenses to use, and Units owned by Developer; provided, however, that any property or

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interest in property transferred to the Association by Developer shall be transferred to the Association "as-is," "where-is," free and clear of all liens and encumbrances except for the following: (a) the lien for property taxes and assessments not then due and payable; (b) easements, rights-of-way, reservations, covenants, conditions, restrictions and equitable servitudes or other non-financial encumbrances as Developer in its discretion may deem appropriate; and (c) any liens and encumbrances deemed acceptable by the Association. Any property or interest in property transferred to the Association by Developer shall not impose any unreasonable or special burden on the Association other than the normal burdens of ownership and maintenance of property and the operation of facilities thereon; provided, however, such conveyance instrument may contain an indemnity of the Developer by the Association. Each owner, by accepting title to any portion of the Property and becoming an owner, is deemed to approve and accept the acquisition by the Association of such property as provided herein and any interest appurtenant thereto. The conveyance by Developer may be without warranty of any kind except as aforesaid and without the benefit of escrow or title insurance, provided, however, the Association may purchase such title insurance, at the Association's expense, as the Association may wish.

26.4 Developer's Reserved Right to Convert Limited Common Elements to Common Elements. Developer shall have the reserved right to convert and redesignate any Limited Common Elements appurtenant to Units, or any portion thereof, that it owns to Common Elements of the Project. Notwithstanding anything to the contrary herein contained, Developer may amend this Declaration (and when appropriate the Condominium Map) without the approval, consent and joinder of the Association, any Unit owner or any mortgagee, lienholder, or any other person who may have an interest in the Project or in any Unit in any manner required to convert and redesignate any Limited Common Elements that are appurtenant to Developer owned Units to Common Elements. Such reassignment is hereby specifically declared not to constitute the material amendment of this Declaration or when appropriate the Condominium Map. All costs of such reassignment shall be borne as determined by Developer.

26.5 Configuration of Units and Other Changes. Developer shall have the absolute right, notwithstanding the lease, sale, or conveyance of any Unit and without being required to obtain the consent or joinder of the Association, any Unit owner, lien holder, or other persons, to make alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) which change the configuration of, decrease or increase the size of, or change the location of any Unit (and the Limited Common Elements appurtenant thereto), and/or reallocated the appurtenant common interest thereof; provided, however, Developer may exercise such rights only as to a Unit that has not been sold or conveyed to the Association and the conveyance thereof recorded.

26.6 Assignment of Developer's Rights. The rights of the Developer under this Section shall extend to the Developer and its respective successors and assigns. Without limitation of the foregoing, Developer may, by recorded instruments or by Supplemental Declaration, assign or partially assign, while retaining equivalent rights to Developer, to any assignee, including without limitation the Association, any one of more

EXHIBIT H

of the rights and easements reserved to Developer under Section 8 and this Section 26 and its subparts (or otherwise reserved to Developer in this Declaration).

26.7 Developer's Reserved Right to Modify Project to Comply with Law, Insurance and Lending Requirements. Developer shall have the reserved right, to effect such modifications to the Units and Common Elements in the Community and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map as well as the Bylaws and rules and regulations promulgated thereunder, as may be necessary or required to effect compliance of the Project, and by the Association or by Developer, with (a) laws and regulations which apply to the Project, including, without limitation, the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 et seq., and the requirements of the Real Estate Branch, Department of Commerce and Consumer Affairs, State of Hawaii, (b) the requirements of any mortgage lender or underwriter, including, without limitation, Fannie Mae, Freddie Mac, VHA and HUD project eligibility guidelines and standards, (c) the requirements of any property or liability insurance company as necessary to obtain insurance coverage for the Project or the Property, and (d) the requirements of any title insurance company.

26.8 Koi Pond. So long as the Association elects to have a koi pond at the Project, Developer or any affiliate of Developer (the "*Koi Pond User*"), shall have the right, but not the obligation, to use the koi pond for the maintenance and propagation of koi fish owned by the Koi Pond User, *provided, however*, if the Koi Pond User elects to use the koi pond, the Koi Pond User shall be solely responsible at its expense for the maintenance and upkeep of the koi pond, and the koi fish therein, in compliance with all laws and in a good, safe, orderly and sanitary condition and shall pay for the utility costs (water and electricity) of operating the koi pond, up to a maximum of \$1,400 per month, increased every five (5) years by the Cost of Living Factor (as defined in Section 33 below). The Association shall remain responsible for any cost of maintaining the landscaping surrounding the koi pond and any utility charges above the amount set forth herein. The Koi Pond User shall have the right to install separate electrical and water check meters, at the Koi Pond Users expense, for the purpose of measuring the electricity and water consumed in operating the koi pond. In the event separate meters are installed to measure electrical and water consumption in operating the Koi Pond, the Koi Pond User shall pay all the electrical and water expenses incurred as shown on such meters. The Developer's rights as set forth in this Section 26.8 may be assigned by Developer, together with or separate and apart from other Developer's rights under this Declaration, to a third party which owns or operates the Pagoda Hotel located on that certain parcel of land designated by Tax Map Key No. (1) 2-3-017-016.

26.9 Attendance at Board of Directors Meetings. Without limitation to the rights of Developer as a Unit owner have its authorized representative elected to the Board of Directors as set forth in the Bylaws, Developer reserves the right to have an authorized representative attend all Board of Directors meetings, and to have the right to address the Board of Directors on any matter, for a period of three (3) years from the date of the first meeting of the Association. Developer's representative shall not have voting rights on the Board of Directors unless elected as a member of the Board of Directors pursuant to the Bylaws.

EXHIBIT H

26.10 **No Amendment.** This Declaration shall not be amended to modify or eliminate the easements reserved to Developer by this or any other Section without the prior written consent of Developer and any attempt to do so shall have no effect.

26.11 **Amendment of Documents Authority of Board and Developer.** Each of the rights reserved in this Section 26 includes the right to execute and cause to be recorded in the Bureau any and all legal documents and other instruments required by law to accomplish the tasks for which such rights are reserved, including (but not limited to) one or more amendments to this Declaration, the Bylaws and/or the Condominium Map as may be necessary to reflect changes to the Project or the Land caused by or otherwise related to the exercise of the rights reserved in this Section 26. Any such instrument or amendment need only be signed by the person or entity that is entitled under the foregoing subsections to exercise such rights, without the joinder or consent of any other party, including any Unit owner, Unit purchaser, mortgagee, lienholder, or any other person or entity whatsoever. In the event that the Association is entitled to exercise and does exercise such rights, all actions required to be taken in connection therewith shall be taken by the Board on behalf and in the name of the Association in accordance with a resolution to so act approved by a majority of the Board but without requiring any further approval by the members of the Association, and any and all instruments thereby required, including (but not limited to) any amendments of this Declaration, the Bylaws and/or the Condominium Map, shall be signed by such officer or officers of the Board as are authorized to sign such instruments by said resolution.

26.12 **Limitation on Developer's Reserved Rights.** The rights reserved in this Section 26 shall continue until ten (10) years after the time that all Units in the Project have been sold by Developer and the conveyance thereof recorded.

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EXHIBIT I

SCHEDULE OF ESTIMATED MAINTENANCE FEES

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. I am the President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of the Rycroft Terrace condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

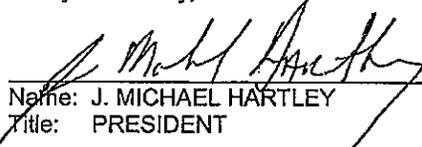
2. Attached hereto is a true and correct copy of the projected budget for the Project. The estimates contained therein, including the maintenance fee assessments and disbursements, were prepared in good faith based upon the assumptions, expense and income data provided by the Developer along with information gathered by the Managing Agent from projects of comparable size and character. The estimated figures do not account for inflation, market adjustments, future utility rate changes or future insurance premium rate changes.

3. I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as attached hereto and hereby incorporated herein by reference, were determined in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 2014, based on generally accepted accounting principles.

4. As permitted pursuant to Section 514B-148(b), new associations need not collect estimated reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

5. The Budget has been prepared on a cash basis.

DATED: Honolulu, Hawaii, this 9th day of January, 2014.

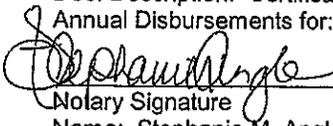

Name: J. MICHAEL HARTLEY
Title: PRESIDENT

Subscribed and sworn to before me
this 9th day of January, 2014.

State of Hawaii
City & County of Honolulu

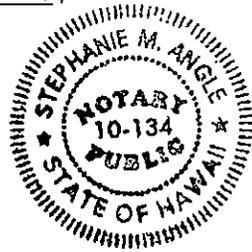
Date: January 9, 2014 # of Pages: 6

Doc. Description: Certificate of Managing Agent & Estimated
Annual Disbursements for: Rycroft Terrace

 1/9/2014
Notary Signature
Name: Stephanie M. Angle

No. & Expiration: 10-134

~~My commission expires 6/13/2014~~
First Circuit, State of Hawaii



NOTARY CERTIFICATION

Estimated Fee Disbursement

Rycroft Terrace
(162 res and 5 commercial)

	Monthly	Annually
Maintenance Fees	\$58,506.00	\$702,072.00
Laundry	\$1,240.00	\$14,880.00
Total Income	\$59,746.00	\$716,952.00
Utilities and Services		
Electricity	\$28,000.00	\$336,000.00
Electricity Reimbursement	-\$16,000.00	-\$192,000.00
Refuse	\$1,100.00	\$13,200.00
Water	\$4,900.00	\$58,800.00
Sewer	\$10,500.00	\$126,000.00
Telephone	\$600.00	\$7,200.00
Gas	\$6,000.00	\$72,000.00
Maint, Repairs, Supplies		
Building/Supplies/Repairs	\$950.00	\$11,400.00
Tree Trimming	\$225.00	\$2,700.00
Elevator	\$1,200.00	\$14,400.00
Elevator Extras	\$125.00	\$1,500.00
Fire Systems	\$100.00	\$1,200.00
Equipment	\$200.00	\$2,400.00
Electrical/Lighting	\$200.00	\$2,400.00
Pest Control	\$350.00	\$4,200.00
Sub-metering	\$1,100.00	\$13,200.00
Plumbing	\$500.00	\$6,000.00
Training	\$25.00	\$300.00
Contract Site Service		
Site Management Contract	\$6,000.00	\$72,000.00
Management		
Audit/Tax fees	\$100.00	\$1,200.00
Legal Fees	\$500.00	\$6,000.00
Management Fees	\$2,083.00	\$24,996.00
Admin. Services/Supplies	\$1,000.00	\$12,000.00
Newsletter/Website	\$100.00	\$1,200.00
GET/Other	\$65.00	\$780.00
Condo Registration	\$145.00	\$1,740.00
Insurance		
Property	\$2,083.00	\$24,996.00
Comm. General Liability	\$575.00	\$6,900.00
Umbrella	\$214.00	\$2,568.00
Directors and Officers	\$133.00	\$1,596.00
Bond	\$23.00	\$276.00
Flood		
Subtotal	\$53,096.00	\$637,152.00
Reserves	\$6,650.00	\$79,800.00
Total Monthly Disbursement	\$59,746.00	\$716,952.00

Estimated Maintenance FeesRycroft Terrace
(162 res and 5 commercial)

Unit No.	Unit Type	Common Interest (%)	Monthly Fee	Annual Fee
101	F	0.8412%	\$492.15	\$5,905.83
102	D	0.6416%	\$375.37	\$4,504.49
103	D	0.6416%	\$375.37	\$4,504.49
104	D	0.6416%	\$375.37	\$4,504.49
105	D	0.6416%	\$375.37	\$4,504.49
106	D	0.6416%	\$375.37	\$4,504.49
107	D	0.6416%	\$375.37	\$4,504.49
108	D	0.6416%	\$375.37	\$4,504.49
109	F	0.8412%	\$492.15	\$5,905.83
110	C	0.7984%	\$467.11	\$5,605.34
111	C	0.7984%	\$467.11	\$5,605.34
112	C	0.7984%	\$467.11	\$5,605.34
113	C	0.7984%	\$467.11	\$5,605.34
114	C	0.7984%	\$467.11	\$5,605.34
115	C	0.7984%	\$467.11	\$5,605.34
116	B	0.4160%	\$243.38	\$2,920.62
117	B	0.4160%	\$243.38	\$2,920.62
118	F	0.8412%	\$492.15	\$5,905.83
119	D	0.6416%	\$375.37	\$4,504.49
120	D	0.6416%	\$375.37	\$4,504.49
121	D	0.6416%	\$375.37	\$4,504.49
122	D	0.6416%	\$375.37	\$4,504.49
123	D	0.6416%	\$375.37	\$4,504.49
124	D	0.6416%	\$375.37	\$4,504.49
125	D	0.6416%	\$375.37	\$4,504.49
126	F	0.8412%	\$492.15	\$5,905.83
201	G	0.9553%	\$558.91	\$6,706.89
202	E	0.6740%	\$394.33	\$4,731.97
203	E	0.6740%	\$394.33	\$4,731.97
204	E	0.6740%	\$394.33	\$4,731.97
205	E	0.6740%	\$394.33	\$4,731.97
206	E	0.6740%	\$394.33	\$4,731.97
207	E	0.6740%	\$394.33	\$4,731.97
208	E	0.6740%	\$394.33	\$4,731.97
209	G	0.9553%	\$558.91	\$6,706.89
210	A	0.3940%	\$230.51	\$2,766.16
211	A	0.3940%	\$230.51	\$2,766.16
212	A	0.3940%	\$230.51	\$2,766.16
213	A	0.3940%	\$230.51	\$2,766.16
214	A	0.3940%	\$230.51	\$2,766.16
215	A	0.3940%	\$230.51	\$2,766.16
216	A	0.3940%	\$230.51	\$2,766.16
217	A	0.3940%	\$230.51	\$2,766.16
218	A	0.3940%	\$230.51	\$2,766.16
219	A	0.3940%	\$230.51	\$2,766.16

Estimated Maintenance FeesRycroft Terrace
(162 res and 5 commercial)

101	F	0.8412%	\$492.15	\$5,905.83
220	A	0.3940%	\$230.51	\$2,766.16
221	A	0.3940%	\$230.51	\$2,766.16
222	A	0.3940%	\$230.51	\$2,766.16
223	A	0.3940%	\$230.51	\$2,766.16
224	A	0.3940%	\$230.51	\$2,766.16
225	A	0.3940%	\$230.51	\$2,766.16
226	G	0.9553%	\$558.91	\$6,706.89
227	E	0.6740%	\$394.33	\$4,731.97
228	E	0.6740%	\$394.33	\$4,731.97
229	E	0.6740%	\$394.33	\$4,731.97
230	E	0.6740%	\$394.33	\$4,731.97
231	E	0.6740%	\$394.33	\$4,731.97
232	E	0.6740%	\$394.33	\$4,731.97
233	E	0.6740%	\$394.33	\$4,731.97
234	G	0.9553%	\$558.91	\$6,706.89
301	G	0.9553%	\$558.91	\$6,706.89
302	E	0.6740%	\$394.33	\$4,731.97
303	E	0.6740%	\$394.33	\$4,731.97
304	E	0.6740%	\$394.33	\$4,731.97
305	E	0.6740%	\$394.33	\$4,731.97
306	E	0.6740%	\$394.33	\$4,731.97
307	E	0.6740%	\$394.33	\$4,731.97
308	E	0.6740%	\$394.33	\$4,731.97
309	G	0.9553%	\$558.91	\$6,706.89
310	A	0.3940%	\$230.51	\$2,766.16
311	A	0.3940%	\$230.51	\$2,766.16
312	A	0.3940%	\$230.51	\$2,766.16
313	A	0.3940%	\$230.51	\$2,766.16
314	A	0.3940%	\$230.51	\$2,766.16
315	A	0.3940%	\$230.51	\$2,766.16
316	A	0.3940%	\$230.51	\$2,766.16
317	A	0.3940%	\$230.51	\$2,766.16
318	A	0.3940%	\$230.51	\$2,766.16
319	A	0.3940%	\$230.51	\$2,766.16
320	A	0.3940%	\$230.51	\$2,766.16
321	A	0.3940%	\$230.51	\$2,766.16
322	A	0.3940%	\$230.51	\$2,766.16
323	A	0.3940%	\$230.51	\$2,766.16
324	A	0.3940%	\$230.51	\$2,766.16
325	A	0.3940%	\$230.51	\$2,766.16
326	G	0.9553%	\$558.91	\$6,706.89
327	E	0.6740%	\$394.33	\$4,731.97
328	E	0.6740%	\$394.33	\$4,731.97
329	E	0.6740%	\$394.33	\$4,731.97
330	E	0.6740%	\$394.33	\$4,731.97
331	E	0.6740%	\$394.33	\$4,731.97

Estimated Maintenance FeesRycroft Terrace
(162 res and 5 commercial)

101	F	0.8412%	\$492.15	\$5,905.83
332	E	0.6740%	\$394.33	\$4,731.97
333	E	0.6740%	\$394.33	\$4,731.97
334	G	0.9553%	\$558.91	\$6,706.89
401	G	0.9553%	\$558.91	\$6,706.89
402	E	0.6740%	\$394.33	\$4,731.97
403	E	0.6740%	\$394.33	\$4,731.97
404	E	0.6740%	\$394.33	\$4,731.97
405	E	0.6740%	\$394.33	\$4,731.97
406	E	0.6740%	\$394.33	\$4,731.97
407	E	0.6740%	\$394.33	\$4,731.97
408	E	0.6740%	\$394.33	\$4,731.97
409	G	0.9553%	\$558.91	\$6,706.89
410	A	0.3940%	\$230.51	\$2,766.16
411	A	0.3940%	\$230.51	\$2,766.16
412	A	0.3940%	\$230.51	\$2,766.16
413	A	0.3940%	\$230.51	\$2,766.16
414	A	0.3940%	\$230.51	\$2,766.16
415	A	0.3940%	\$230.51	\$2,766.16
416	A	0.3940%	\$230.51	\$2,766.16
417	A	0.3940%	\$230.51	\$2,766.16
418	A	0.3940%	\$230.51	\$2,766.16
419	A	0.3940%	\$230.51	\$2,766.16
420	A	0.3940%	\$230.51	\$2,766.16
421	A	0.3940%	\$230.51	\$2,766.16
422	A	0.3940%	\$230.51	\$2,766.16
423	A	0.3940%	\$230.51	\$2,766.16
424	A	0.3940%	\$230.51	\$2,766.16
425	A	0.3940%	\$230.51	\$2,766.16
426	G	0.9553%	\$558.91	\$6,706.89
427	E	0.6740%	\$394.33	\$4,731.97
428	E	0.6740%	\$394.33	\$4,731.97
429	E	0.6740%	\$394.33	\$4,731.97
430	E	0.6740%	\$394.33	\$4,731.97
431	E	0.6740%	\$394.33	\$4,731.97
432	E	0.6740%	\$394.33	\$4,731.97
433	E	0.6740%	\$394.33	\$4,731.97
434	G	0.9553%	\$558.91	\$6,706.89
501	G	0.9553%	\$558.91	\$6,706.89
502	E	0.6740%	\$394.33	\$4,731.97
503	E	0.6740%	\$394.33	\$4,731.97
504	E	0.6740%	\$394.33	\$4,731.97
505	E	0.6740%	\$394.33	\$4,731.97
506	E	0.6740%	\$394.33	\$4,731.97
507	E	0.6740%	\$394.33	\$4,731.97
508	E	0.6740%	\$394.33	\$4,731.97
509	G	0.9553%	\$558.91	\$6,706.89

Estimated Maintenance Fees

Rycroft Terrace
(162 res and 5 commercial)

101	F	0.8412%	\$492.15	\$5,905.83
510	A	0.3940%	\$230.51	\$2,766.16
511	A	0.3940%	\$230.51	\$2,766.16
512	A	0.3940%	\$230.51	\$2,766.16
513	A	0.3940%	\$230.51	\$2,766.16
514	A	0.3940%	\$230.51	\$2,766.16
515	A	0.3940%	\$230.51	\$2,766.16
516	A	0.3940%	\$230.51	\$2,766.16
517	A	0.3940%	\$230.51	\$2,766.16
518	A	0.3940%	\$230.51	\$2,766.16
519	A	0.3940%	\$230.51	\$2,766.16
520	A	0.3940%	\$230.51	\$2,766.16
521	A	0.3940%	\$230.51	\$2,766.16
522	A	0.3940%	\$230.51	\$2,766.16
523	A	0.3940%	\$230.51	\$2,766.16
524	A	0.3940%	\$230.51	\$2,766.16
525	A	0.3940%	\$230.51	\$2,766.16
526	G	0.9553%	\$558.91	\$6,706.89
527	E	0.6740%	\$394.33	\$4,731.97
528	E	0.6740%	\$394.33	\$4,731.97
529	E	0.6740%	\$394.33	\$4,731.97
530	E	0.6740%	\$394.33	\$4,731.97
531	E	0.6740%	\$394.33	\$4,731.97
532	E	0.6740%	\$394.33	\$4,731.97
533	E	0.6740%	\$394.33	\$4,731.97
534	G	0.9553%	\$558.91	\$6,706.89
1	Commercial	0.2576%	\$150.71	\$1,808.54
2	Commercial	0.5726%	\$335.01	\$4,020.06
3	Commercial	1.2528%	\$732.96	\$8,795.56
4	Commercial	0.9511%	\$556.45	\$6,677.41
Security Office	Commercial	0.7515%	\$439.67	\$5,276.07
		100.0000%	\$58,506.00	\$702,072.00

EXHIBIT J

SUMMARY OF SALES CONTRACT

A specimen Sales Contract and Deposit Receipt ("*Contract*") has been submitted to the Real Estate Commission. The Sales Contract, among other things, covers in more detail the following items:

1. AS-IS Condition. THE UNIT IS BEING SOLD "AS IS, WHERE IS" WITH ALL FAULTS. SELLER AND FEE OWNER MAKE NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE UNIT, THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE UNIT, THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING ANY WARRANTIES OR PROMISES OF MERCHANTABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

2. Disclosures. Buyer specifically acknowledges and accepts certain enumerated conditions regarding the Project and various rights reserved by Seller, including on-going development and marketing of the Project stated in the Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances. These conditions and reserved rights are more specifically set forth in the Contract.

a. Reserved Housing Unit. The Unit is designated as a "*Reserved Housing Unit*" in accordance with the terms, conditions and requirements of the Kaka'ako Community Development District Mauka Area Rules, Title 15, Chapter 22 of the Hawaii Administrative Rules in effect on September 2, 2009, as more particularly set forth in the Reserved Housing Agreement (the "*Mauka Area Rules*"), and administered by the Hawaii Community Development Authority ("*HCDA*"). Buyer understands and fully accepts that the Unit will be transferred to Buyer subject to certain restrictions, conditions, and requirements pertaining to Reserved Housing Units under the Mauka Area Rules. Without limiting the generality of the foregoing, Buyer does hereby covenant, agree, and accept that: (i) the Unit is subject to a "Regulated Term" of ten (10) years, as more particularly described in Exhibit 2 attached to the Sales Contract; (ii) the Unit is subject to certain "Equity Sharing Requirements" as more particularly described in Exhibit 2 of the Sales Contract; (iii) Buyer shall occupy the Unit as Buyer's primary residence and shall otherwise occupy and use the Unit in accordance with all applicable requirements of the Mauka Area Rules and as more particularly described in Exhibit 2 of the Sales Contract; and (iv) Buyer shall execute a Unilateral Declaration of Restrictive Covenants for the Unit with respect to its status as a Reserved Housing Unit, the form of which is attached as Exhibit 3 to the Sales Contract.

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3. Conditions for Binding Agreement. This Agreement will not become a binding Agreement upon Seller and Buyer unless and until: (i) Buyer has received for or is deemed to have received for the Developer's Public Report, which shall include the Developer's Public Report itself, the recorded Declaration and Bylaws, House Rules, Condominium Map, and all amendments (collectively, the "**Public Report**"), and a Notice of Right to Cancel Sales Contract; and (ii) Buyer has waived or is deemed to have waived Buyer's right to cancel this Agreement as more particularly provided in Section 514B-86 of the Act. Buyer may cancel this Agreement at any time up to midnight of the thirtieth (30th) day after the Public Report is delivered to Buyer. Buyer may waive Buyer's right to cancel, or shall be deemed to have waived Buyer's right to cancel, by (A) checking the waiver box on the Notice of Right to Cancel Sales Contract and delivering it to Seller, (B) letting the thirty (30) day period expire without taking any action to cancel, or (C) closing the purchase of the Unit before the cancellation period expires.

4. Seller's Lender Has Priority. Seller has entered into a loan agreement with First Hawaiian Bank, a Hawaii corporation (the "**Lender**") for the purpose of obtaining a loan to pay for the acquisition and development of the Project and related costs. The documents and other instruments evidencing, securing and otherwise relating to the Lender's loan to Seller (the "**Loan**") are herein called the "**Loan Documents**". The Loan Documents may cover Seller's ownership rights in the Project, including the Property to be sold to Buyer. All of the rights and interests owned by Lender under the Loan Documents, including that certain Real Property Mortgage and Financing Statement dated December 20, 2010, and recorded in the Bureau of Conveyances for the State of Hawaii as Document No. 2010-197318, will have priority over Buyer's rights and interests under this Agreement. This applies to any changes to the Loan or the Loan Documents (including, among other things, extensions, renewals and other changes). BUYER WAIVES AND SUBORDINATES THE PRIORITY OF BUYER'S RIGHTS AND INTERESTS UNDER THIS AGREEMENT IN FAVOR OF THE RIGHTS AND INTERESTS OF THE LENDER UNTIL THE CLOSING DATE AND DELIVERY OF A SIGNED UNIT DEED TO BUYER.

5. Buyer's Inspection and Acceptance of the Property. At reasonable hours (to be arranged by Buyer and Seller) during the Inspection Period (which ends at 5:00 p.m., Hawaii Standard Time, on the seventh (7th) day following the Acceptance Date, unless extended by Seller in Seller's sole discretion), Buyer (or Buyer's agent or representative) may inspect Buyer's Unit. Such inspection may include evaluation and testing by licensed professionals with respect to the physical and environmental conditions in the Unit and the Project, provided such inspection does not cause unreasonable interference with the use and enjoyment of the Project by the occupants or cause any property damage. Buyer gives up all rights to inspect if Buyer (or Buyer's agent or representative) does not inspect Buyer's Unit on the date and at the time set by Buyer and Seller.

6. Financing of Purchase. Any personal financial information that Buyer gives to Seller will be true and accurate. Unless Buyer is purchasing the Unit with all cash funds, BUYER AND SELLER UNDERSTAND AND AGREE THAT BUYER'S OBLIGATION TO CLOSE IS CONTINGENT UPON BUYER OBTAINING MORTGAGE FINANCING. If Buyer needs financing, Buyer must provide Seller with evidence satisfactory to Seller that Buyer has received pre-approval for a mortgage loan to finance Buyer's purchase of the Property. No

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later than three (3) business days after Buyer signs this Agreement (unless Seller, in Seller's sole discretion, elects to extend this period), Buyer will give Seller written proof of Buyer's ability to pay the balance of the purchase price at closing.

7. Late Charges. If any required payments are not made by Buyer when due, then, in addition to Seller's rights under the Contract, Seller may impose a late charge of one percent (1%) per month on the unpaid amount, until the unpaid amount and all late charges are paid.

8. Default by Buyer. If Buyer fails to make any payment when it is due or fails to keep any of Buyer's other promises or agreements contained in this Agreement, then Seller will have the right, at Seller's sole option to: (a) cancel the Contract by giving Buyer written notice of cancellation and keep all sums paid by Buyer under this Agreement as liquidated damages; (b) file a lawsuit for damages; (c) file a lawsuit for "specific performance" (in other words, a lawsuit to make Buyer keep all of Buyer's promises and agreements); and/or (d) take advantage of any other rights which the law allows or which Seller may have under the Contract. In the event of default by Buyer, Buyer shall pay for all costs, including Seller's reasonable attorneys' fees and the escrow cancellation fee, which are incurred because of Buyer's default.

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

10. Closing Date. The Closing Date will be set by Seller alone and may be changed at any time in Seller's sole discretion.

11. Closing Costs; Additional Sums. Buyer will pay all closing costs, including, but not limited to, escrow fees, conveyance taxes, the cost of disclosure documents, document drafting fees, notary fees and title insurance costs. Buyer will also be required to deposit with Escrow Agent a Project start-up fee for the Association of Unit Owners. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for the common expenses reserve. In addition, Buyer must deposit two (2) months of estimated assessments for common expenses. These amounts are separate from the purchase price and closing costs for the Unit.

12. No Assignment by Buyer. Buyer may not transfer the Contract or any of Buyer's rights or interests under the Contract for any reason.

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

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ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE SALES CONTRACT IN ANY WAY, THE PROVISION OF THE SALES CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

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EXHIBIT K

SUMMARY OF ESCROW AGREEMENT

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

1. Sales Contracts Deposited in Escrow. As and when Seller shall enter into a sales contract for the sale of a unit ("*Sales Contract*"), Seller shall deliver an executed copy of such sales contract and any amendments thereto to Escrow. Each sales contract shall contain the correct names and addresses of the purchasers, shall identify the unit number to be conveyed, shall require that all payments to be made thereunder shall be made to Escrow, and shall be accompanied by the initial deposit required thereunder.

2. Deposit of Funds by Seller. Seller shall pay over to Escrow any monies received by Seller from purchasers under sales contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers. Escrow shall receive and hold in escrow and disburse as herein set forth: (1) all payments received by Escrow under sales contracts made by Seller; (2) all sums received by Escrow hereunder from Seller; (3) all funds from any lending institution pursuant to a mortgage loan for the purchase of any unit by individual purchasers; and (4) all sums received by Escrow from any other source on account of this Project. In accordance with written instructions from Seller that are acceptable to Escrow, Escrow shall deposit all funds so received, within a reasonable time of their receipt by Escrow and in reasonably convenient sums, in a federally insured, interest-bearing account at any bank, savings and loan association, financial services loan company or credit union authorized to do business in the State of Hawaii.

3. Disbursement of Purchaser's Funds. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled: (a) Seller shall have delivered to purchaser a true copy of the Public Report; (b) purchaser has waived any right to cancel or rescind the Sales Contract; (c) Seller shall have delivered to Escrow a legal opinion that each purchaser's Sales Contract has become effective and that: (i) the requirements of Hawaii Revised Statutes ("*HRS*") Section 514B-82 thru 514B-93 have been satisfied, (ii) all conditions contained in the Escrow Agreement that must be met prior to disbursement of purchaser funds have been satisfied, (iii) all sales contracts delivered to Escrow are binding upon purchasers, and (iv) if the Project is a conversion, that the requirements of HRS Section 521-38 have been satisfied; and (d) Seller shall have given Escrow a written waiver of any option reserved by Seller to cancel the Sales Contract.

4. Return of Purchaser's Funds. Each purchaser shall be entitled to a return of such purchaser's funds and Escrow shall pay such funds to purchaser, together with any interest which may have accrued to the credit of such purchaser, if any one of the following has occurred: (a) Seller and purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow, (b) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller, (c) purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the sales contract pursuant to HRS

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Section 5148-86 (30-day right to cancel); or (d) purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to rescind the sales contract pursuant to HRS Section 5148-87, by a valid rescission signed by all purchasers of the affected unit and postmarked no later than midnight of the 30th calendar day after the date that the purchasers received the notice of rescission from Seller, in which case the purchasers shall be entitled to a prompt and full refund of any moneys paid. Upon the cancellation of any Sales Contract as specified above, Escrow shall be entitled to a cancellation fee up to a maximum of \$250, which shall be paid by the Buyer, except that no cancellation fee to Escrow shall be paid by purchaser for any rescission pursuant to HRS Section 514B-87.

5. Unclaimed Funds. Escrow shall give each purchaser entitled to a return of funds notice thereof by registered, certified or regular mail, postage prepaid, addressed to such purchaser at the purchaser's address shown on the sales contract or any address later made known in writing to Escrow by such purchaser. If such purchaser shall not have claimed such refund within 60 days, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow, in the name of Seller, as trustee for the benefit of such purchaser. After notifying the purchaser of all such facts at the purchaser's address as described herein, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

6. Purchaser Default. If 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 that is being handled by Escrow, Escrow shall promptly notify Seller of any such failure on the part of the purchaser. If Seller subsequently certifies in writing to Escrow that Seller 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 Seller and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, less any escrow cancellation fee. Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

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

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EXHIBIT L

DEVELOPER'S STATEMENTS REGARDING THE PROJECT

This Exhibit L contains summaries of the various reports and inspections in the Developer's possession concerning the Project. The following summaries are summaries only and do not contain all of the information in the referenced Attachment. As such, prospective purchasers are encouraged to obtain and carefully review copies of all the Attachments referenced in this Exhibit L.

HIH TERRACE OPERATING COMPANY LLC, a Hawaii limited liability company (the "*Developer*"), is the Developer of the Rycroft Terrace condominium project (the "*Project*"), and makes the following disclosure statements regarding the Project, including without limitation, matters relating to hazardous materials; state of the electrical, mechanical, and structural improvements; plumbing; soil; and American's With Disabilities Act compliance. This disclosure is made as of the date the Project was created by the recordation of the Declaration of Condominium Property Regime and the Condominium Map in the Bureau of Conveyances of the State of Hawaii.

The numerical Attachments referred to in this Exhibit L and listed in the table below are not attached but are on file with the Real Estate Commission, and are available to prospective purchasers upon written request of the Project Broker.

1. Developer. Developer is not the original developer of the Project and was not involved in (and is not responsible for) the Project's original planning or construction or any subsequent operation or maintenance of the Project preceding Developer's ownership of the Project. Developer acquired the Project "as-is" from The Estate of Bernice Pauahi Bishop, which is neither an original nor existing developer of the Project.

2. Use of Units. The Residential Units (except for the resident manager's Unit, if any) shall at all times be occupied and used only for residential purposes by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose, and no Unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The Residential Units shall not be rented during the Regulated Term (as defined in Section 10.3 of the Declaration) or used for transient or hotel purposes, which are defined as: (a) rental for any period less than thirty (30) days, or (b) any rental in which the occupants of a Residential Unit are provided customary hotel services such as room service for food and beverages, daily maid service, daily laundry and linen services, or bellboy service. The Residential Units in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-share purpose or under any time-sharing plan, arrangement or program, including, without limitation, any so-called "vacation license," "travel club membership" or "time interval ownership" arrangement. The term "timesharing" as used herein shall be deemed to include,

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without limitation, any plan, program or arrangement under which the right to use, occupy, own or possess Units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, Association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Notwithstanding the foregoing, rental shall only be permitted pursuant to the terms of Section 10.5 of the Declaration.

3. Owner-Occupant Reserved Housing Residential Unit. The sale and leasing of the Residential Units in the Project is subject to the jurisdiction of the HCDA and the terms of the Mauka Area Rules governing the sale and leasing of reserved housing units, as more particularly described in Exhibit E of this public report.

4. Developer's Statements Regarding the Project. Developer has provided information regarding the condition of the Property to prospective purchasers in the Developer's Statements Regarding the Project, attached to the Developer's Public Report for the Project as Exhibit L. Prospective purchasers should carefully review the Developer's Statements Regarding the Project prior to signing this Agreement as it contains information on the various reports and inspections concerning the Project. Prospective purchasers are encouraged to obtain and carefully review copies of all the Attachments referenced in Exhibit L. While the Attachments are not attached to the Developer's Public Report, the Attachments are on file with the Real Estate Commission, and are available to prospective purchasers upon written request of the Project Broker.

5. Hazardous Materials. 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. Because of the possible presence of such substances, prospective purchasers should have his or her respective Unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. Developer will not correct any defects in the Units or in the Project or anything installed or contained therein and purchasers shall expressly release Developer from any liability if any hazardous materials are discovered. Purchasers shall have five (5) days from the Acceptance Date to perform a risk assessment or inspection, at purchaser's option and expense, for the presence of hazardous materials in the Property.

6. Mold/Mildew. Prospective purchasers are hereby advised that tropical climates with warm temperatures, high humidity and frequent precipitation are conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. Though the buildings and other improvements that are a part of the Project may be cleaned to satisfactory appearance, Developer cannot guarantee that mold, mildew, fungus and other types of bacterial growths can be completely eliminated. The buildings are old and may have had incidences of leaking and

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water exposure which may have resulted in the introduction of mold, mildew, fungus and other types of bacterial growths. Prospective purchasers should be aware that, as with all properties, the buildings may have hidden, enclosed and unreachable areas where growths can occur and cannot be detected and that there may in the future be mold and mildew growth in the Project if the Association and occupants of the units do not properly maintain the Project. If purchaser or any person who will visit the Property has respiratory, skin or other health ailments or conditions that can be affected by mold, mildew, fungus or other types of bacterial growths they should seek professional advice before completing this purchase. Neither the Developer nor its agents associated with the Project have the requisite knowledge to provide advice as to the presence of mold, mildew, fungus and other types of bacterial growth in the Project, or the likelihood of conditions conducive to propagation of mold, mildew, fungus and other type of bacterial growths in the Project or as to the effect the aforementioned conditions can have with respect to their health, welfare and continued enjoyment of the Property. Individuals who may be capable of providing such advice are professional home inspectors, medical professionals, scientific research professionals, certified industrial hygienists or other environmental specialists and/or others who have requisite knowledge in matters of detection and lab analysis services. Purchasers shall have seven (7) days from the Acceptance Date to perform or engage a professional consultant to perform a risk assessment or inspection in the Unit and the Project, at purchaser's option and expense, for the presence of mold, mildew, fungus or other types of bacterial growths in the Unit and the Project.

7. Lead-Based or Lead-Containing Paint. Prospective purchasers are hereby notified that the Project may present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. Developer does not have actual knowledge regarding the presence of lead-based paint and/or lead-based paint hazards at the Project; however, in light of the age of the Project, there may be lead-based substances in the Units or in, under or around the Project. Because of the possible presence of such substances, prospective purchasers should have their respective Units inspected within the seven (7) day inspection period to determine the extent (if any) of such contamination and necessary remedial action. Developer has provided prospective purchasers with any information on lead-based or lead-containing paint hazards from risk assessments or inspections in the Developer's possession and notified prospective purchasers of any known lead-based or lead-containing paint hazards. A risk assessment or inspection for possible lead-based or lead-containing paint hazards is recommended prior to purchase.

8. Asbestos. Prospective purchasers are hereby notified that the Project may present exposure to asbestos materials. Asbestos materials are hazardous to one's health, particularly if asbestos are released into the air and inhaled. In the past (before 1979, but possibly since) asbestos was a commonly used insulation material in heating facilities and in certain types of floor and ceiling materials, shingles, plaster products, cement and other building materials. Each prospective purchasers shall make appropriate inquiry into the possible existence of asbestos on

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the Property. Structures having “popcorn” or “cottage cheese” type ceilings may contain asbestos fibers or asbestos-containing material. Such ceilings should not be disturbed because it could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors.

9. Condition of Property. The Property may be subject to exterior spalling and weathering, rust, earthquake, fire, floods, tsunami, erosion, high water table, dangerous underground soil conditions and similar occurrences or conditions which may alter the Property’s condition or affect its suitability for any proposed use. Developer shall have no responsibility or liability for or with respect to any such occurrence or condition. Developer has made no independent investigation as to such conditions other than: Reserve Study by Armstrong Consulting, Inc., dated December 20, 2013; Electrical Engineer’s Report by RR Consulting, Inc., dated September 16, 2013; Mechanical Engineer’s Report by Sanford Haseyama Inc., dated September 16, 2013; Structural Engineer’s Report by Hawaii Engineering Group, Inc., dated September 16, 2013; Architect’s Report by E. Y. Aczon Architects, dated September 16, 2013; and Executive Summary of the Phase I Environmental Site Assessment, dated December 2010, all of which are on file at the Real Estate Commission and are available for review and inspection by prospective purchasers.

Based on professional third party property condition reports concerning the condition of the building, Developer believes that the building and the Units located therein are in good condition and consistent with a building of similar age and construction type. Notwithstanding anything to the contrary contained herein, the building, Units, and any fixtures, appliances, and electrical and plumbing equipment included within the building and Units and the Limited Common Elements appurtenant thereto will be sold “AS IS” “WITH ALL FAULTS”, and neither Developer, The Estate of Bernice Pauahi Bishop (“*Fee Owner*”), nor any of their respective affiliates or representatives, make any warranties, express or implied, as to their working order and condition. All recommended work described in the property condition reports will be the responsibility of the respective Unit owners and not that of Developer, Fee Owner or any other party. Each Unit owner will be provided a period to inspect their Unit and the Project prior to purchase and is encouraged to do so. Each Unit owner, by the acceptance of such owner’s Unit deed, shall be deemed to have accepted the building conditions described above and agreed that neither Developer (except as otherwise provided herein), Fee Owner nor any of their respective affiliates or representatives, shall be responsible for changing any nonconforming conditions.

Developer may make certain repairs and improvements to the Project prior to or concurrently with the sale of Units in the Project, which work may be undertaken in Developer’s sole and absolute discretion. Any estimates for the costs of such work, or any budgets of Developer for such work, including the initial reserve study obtained for the Project, are estimates only and do not constitute a representation, warranty or commitment by Developer to any Unit owner that such work will be undertaken and completed by Developer. Developer is contributing a total sum of \$83,500.00 to fund the Associations estimated initial maintenance reserves through January 1, 2014, which amount is Developer’s reasonable estimate of the

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necessary reserves and does not constitute a representation or warranty that such amount will be sufficient for the Association's needs. Because the Units and the Project are being sold in "AS IS" condition with "ALL FAULTS", the foregoing sums may be insufficient to make all necessary repairs in the Project, and the Unit owners may be required by the Association to contribute additional sums for repairs in the future. Developer will not contribute any additional sums to the Association in excess of the foregoing amounts. Developer's contribution may be paid incrementally with each conveyance by Developer of Units in the Project, and in increments determined by Developer in its sole discretion, provided that the amounts are paid in full prior to the conveyance of the last Unit owned by Developer in the Project. The Association may use all or a portion of the sum described above to complete all or a portion of such work, or any other work described in the letters attached to Developer's Public Report filed with the Real Estate Commission of the State of Hawaii.

10. Compliance with Building and Zoning Ordinances and Codes. The Project is zoned "A-3" or "High Density Apartment District," under the Land Use Ordinance of the City and County of Honolulu ("*LUO*"). According to a letter from the Department of Planning and Permitting of the City and County of Honolulu ("*DPP*") dated November 16, 2012 ("*the DPP Letter*"), the Property was developed in 1962, when the property was zoned Hotel Apartment District, with 162-unit apartments and a 137-stall parking structure, and met all applicable code requirements at the time it was constructed.

The originally approved 137 parking spaces are presently nonconforming under the LUO, but only 120 parking stalls exist on site. In order to maintain the current nonconforming parking requirement of 137 stalls, the Project must have access to an additional 17 stalls offsite. On December 18, 2013, the DPP issued a conditional use permit (2013/CUP-78) for the approval of eighteen (18) off-site parking stalls located in the Hale Kaheka parking structure ("*the Parking CUP*"), for the benefit of the Project. The right and obligations with respect to the use of the stalls subject to the Parking CUP stalls are set forth in the Parking Covenant (described in Exhibit B of this public report). Nonconforming parking can be maintained indefinitely, pursuant to the nonconforming parking provisions enumerated in LUO Section 21-4.110(e). Any reduction in the number of nonconforming parking stalls increases the nonconformity, however, and is not permitted, and the Association shall be responsible for ensuring continued compliance with the parking requirements of the LUO.

By letter dated November 16, 2012 to Developer's counsel, the DPP also determined that the existing commercial uses on the site are "nonconforming uses," since they were lawfully established on the site, but are not permitted under the current A-3 High-density Apartment District zoning. Nonconforming uses are subject to the provisions enumerated in LUO Section 21-4.110(c).

Except as described above, according to the DPP Letter, no variances or other permits were granted to allow deviations from any applicable codes.

A copy of the Building Department Letter is attached hereto as Attachment 2.

EXHIBIT L

OVERVIEW: ATTACHMENTS 1 TO 7 TO EXHIBIT L

Attachments 1 to 7 in support of this Exhibit L to the Developer's Public Report have been submitted to the Real Estate Commission. Copies of the Attachments in their entirety are also on file with and are available from the Project Broker upon request. The Attachments are incorporated by reference into this Exhibit L in their entirety, and are summarized below.

The Project, Common Elements, Limited Common Elements, Units and all structures, improvements and anything else installed or contained therein are being sold in "As Is" condition "with all faults" by the Developer, without any warranties whatsoever, express or implied. Except as otherwise specifically provided in the Declaration, it shall be the responsibility of the Association and/or the Unit owners (and not the Developer) to repair, rebuild and/or remedy, any discrepancies or shortcomings in the Project that are described in Attachments 1 to 7.

PLEASE NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ ATTACHMENTS 1 TO 7 IN FULL AS THE FOLLOWING SUMMARIES ARE NOT ALL-INCLUSIVE AND DO NOT CONTAIN A COMPLETE DESCRIPTION OF ALL STATEMENTS, CONCLUSIONS AND/OR RECOMMENDATIONS IN EACH ATTACHMENT. THESE SUMMARIES ARE INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ATTACHMENTS, AND DO NOT ALTER OR AMEND THE ATTACHMENTS IN ANY MANNER.

EXHIBIT L

TABLE OF ATTACHMENTS

ATTACHMENT NO.	TITLE
ATTACHMENT 1	Reserve Study
ATTACHMENT 2	Zoning and Building Code Compliance Letter
ATTACHMENT 3	Electrical Engineer's Report
ATTACHMENT 4	Mechanical Engineer's Report
ATTACHMENT 5	Structural Engineer's Report
ATTACHMENT 6	Architect's Report
ATTACHMENT 7	Executive Summary of the Phase I Environmental Site Assessment

EXHIBIT L

ATTACHMENT 1: RESERVE STUDY

Attachment 1 is the 2014 Reserve Study for the Rycroft Terrace dated December 20, 2013, prepared by Armstrong Consulting, Inc. (the “*Reserve Study*”).

The Reserve Study contains (1) information about the physical status and repair or replacement cost of the Project’s major common area components the Association is obligated to maintain (such as roadways, street lights, and common parking areas), and (2) an evaluation and analysis of the Association’s financial information (such as the Association’s reserve fund balance, and income and expenses). The Reserve Study determines the present condition of the various Project components and their remaining useful life and estimated replacement costs. Based on this information, the Reserve Study sets a minimum level of annual reserve fund contributions to be made by the Unit owners and evaluates whether such contributions will provide adequate funds for any significant repair or replacement of the Project’s components. The Reserve Study reflects a professional estimate based upon available information at the time of the study and is not to be construed a representation or warranty of the accuracy of the information therein. Conditions may change in the future requiring the Association to make adjustment to the estimated useful life and estimated replacement costs of Project components.

According to the Reserve Study, the total current cost of the components covered by the analysis as of January 1, 2014 is \$2,620,142, which amount is an estimate of the cost to complete such work only and does not constitute a representation or warranty of Developer to undertake and complete the work described or to expend the estimated amounts. Such work may be undertaken in Developer’s sole and absolute discretion. The total future cost of the Project components is \$4,557,316, the bulk of which is made up of work mostly for elevator modernization, parking lot restoration and exterior painting. The Reserve Study uses an initial reserve fund balance of \$83,500 as of January 1, 2014, which will be provided by the Developer on a prorated basis as Units in the Project are sold. The analysis is also based on a 20-year period starting on January 1, 2014, with an average rate of return on invested reserve funds estimated at 0.75%, and the inflation rate estimated at 3.0% per year.

Based on these assumptions, the Reserve Study recommends an annual starting reserve contribution of \$75,500 for the year 2014 with a 5.5% annual increase throughout the time horizon of the study. The Developer’s initial estimate of maintenance fees for each Unit owner set forth in Exhibit I to the Developer’s Public Report, is based on the estimates provided in the Reserve Study.

EXHIBIT L – Attachment 1

ATTACHMENT 2: ZONING AND BUILDING CODE COMPLIANCE LETTER

The Project is zoned "A-3" or "High Density Apartment District," under the Land Use Ordinance of the City and County of Honolulu ("**LUO**"). According to a letter from the Department of Planning and Permitting of the City and County of Honolulu ("**DPP**") dated November 16, 2012 ("**the DPP Letter**"), the Property was developed in 1962, when the property was zoned Hotel Apartment District, with 162-unit apartments and a 137-stall parking structure, and met all applicable code requirements at the time it was constructed.

The originally approved 137 parking spaces are presently nonconforming under the LUO, but only 120 parking stalls exist on site. In order to maintain the current nonconforming parking requirement of 137 stalls, the Project must have access to an additional 17 stalls offsite. On December 18, 2013, the DPP issued a conditional use permit (2013/CUP-78) for the approval of eighteen (18) off-site parking stalls located in the Hale Kaheka parking structure ("**the Parking CUP**"), for the benefit of the Project. The right and obligations with respect to the use of the stalls subject to the Parking CUP stalls are set forth in the Parking Covenant (described in Section 3.3 (b) above). Nonconforming parking can be maintained indefinitely, pursuant to the nonconforming parking provisions enumerated in LUO Section 21-4.110(e). Any reduction in the number of nonconforming parking stalls increases the nonconformity, however, and is not permitted, and the Association shall be responsible for ensuring continued compliance with the parking requirements of the LUO.

By letter dated November 16, 2012 to Developer's counsel, the DPP also determined that the existing commercial uses on the site are "nonconforming uses," since they were lawfully established on the site, but are not permitted under the current A-3 High-density Apartment District zoning. Nonconforming uses are subject to the provisions enumerated in LUO Section 21-4.110(c).

Except as described above, according to the DPP Letter, no variances or other permits were granted to allow deviations from any applicable codes.

EXHIBIT L – Attachment 2

ATTACHMENT 3: ELECTRICAL ENGINEER'S REPORT

Attachment 3 is a report by RR Consulting, Inc., dated September 16, 2013, regarding the electrical systems at the property. The cursory inspection was limited to observations of exposed electrical devices, equipment, lighting, wiring, and compliance to the present Electrical Code.

A. Regarding the electrical service, the following observations were made: (1) the equipment is very old, weathered and rusty; (2) there are several locations noted that are not compliant with current National Electric Code including exposed wiring, missing covers for electrical boxes and rusting; and (2) the three additional HECO meters in the pool pump room for the pool equipment and the commercial spaces do not have the clearance of 4 feet in front of the meters as required by current Codes and Regulations.

B. Regarding the fire alarm system, the following observations were made: (1) the existing fire alarm system is an outdated Johnson Control unit, is old, has limited capacity, and may not have sufficient audible devices installed throughout the building; and (2) there are no smoke detectors installed in the electrical rooms, the mechanical rooms or the storage rooms and consideration should be given to installing them.

C. Regarding the interior and exterior lighting, the following observations were made: (1) the stairways appear to be adequately lighted; (2) the wall-mounted opal glass cylinder fixtures located on each floor of Buildings A and C, and on the first floor of Building B do not appear to provide adequate lighting for exit corridors and do not appear to be dual sourced – they should be replaced with emergency fixtures; (3) the fixtures for the exit corridors of the upper floors of Building B appear to be adequate but should be replaced if they are not emergency light fixtures; and (4) there are no exterior light fixtures located in the pool and walkway areas and consideration should be given to lighting these areas.

D. Regarding the apartment units, the following observations were made: (1) the beauty shop needs an approved cover and approved connecting bars on the electrical panel; (2) there are many instances where the distance from a point along the walls is more than 6 feet from an outlet, which is a NEC violation; (3) kitchens do not have two small appliance circuits, which is a current NEC requirement; (4) many kitchen counters that are wider than 12 inches do not have a GFCI outlet, which is a current NEC requirement; (5) the load center is located in a closet that does not provide required clearances and the load center, to comply with the current NEC, needs an additional circuit; and (6) the 120 volt outlet circuits are not arc-fault protected and the receptacle are not tamper-proof, which conditions should be rectified.

The report found that the electrical system for the facility is in fair condition consistent with the age of the facility. Because of the age of the buildings and improvements in the Project, and amendments to the building and electrical codes over the years, many of the components of the Project while compliant when originally installed may no longer be compliant with current code requirements. The Association and the Unit owners may be required to bring certain

EXHIBIT L – Attachment 3

elements up to code as a condition of obtaining permits for future renovation work in the Project. Prospective purchasers are encouraged to have a professional inspection completed of their Unit during the inspection period prior to their purchase of a Unit.

EXHIBIT L – Attachment 3

ATTACHMENT 4: MECHANICAL ENGINEER'S REPORT

Attachment 4 is a report by Sanford Haseyama Inc., dated September 16, 2013, regarding the mechanical systems at the property.

A. The report makes the following general observations: (1) there is no fire sprinkler system in the building; (2) covers for the valve (hose connection) on the dry standpipe in the front stairwell are missing; and (3) the water meter for the hair salon is a 1 ½ meter, which seems too large for just the salon – the water bill should be checked for water usage;

B. The report makes the following observations on the air conditioning: (1) many of the air conditioners in the units are old, showing signs of rusting, and will need to be replaced in the near future; and (2) condensation is allowed to drip onto the ledge allowing the unsightly growth of mildew – a vertical pipe picking up all of the condensation would be an improvement.

C. Regarding the water supply, the report notes: (1) there is no backflow preventer installed in the water line; and (2) there is no separate valve to turn off the water supply to each unit.

D. Regarding the plumbing, irrigation, laundry, ventilation, and swimming pool/koi pond, the following observations were made: (1) the bathtub/shower valves (and lavatory faucets) are the individual hot/cold type - plumbing code requires they be either pressure balanced individual valves or thermostatic mixing valves to prevent scalding; when replaced, the valves should be replaced with one of the code-compliant options; (2) any handicap rooms should be checked for compliance with ADA; (3) there are two 300,000 BTUH heaters that do not meet the code where the clearances around the heater must be at least 3 feet; (4) portions of the venting duct and caps for the heaters should be repaired/replaced (including the non-rotating cowls); (5) there will be problems with sewer lines getting clogged due, in part, to the age of the pipe; (6) there is an irrigation system to water the plants and lawn of the property; (7) dryer vents in 2 of the 3 laundry rooms didn't have connected ducts to discharge the lint out of the room; and (8) there is a lack of ventilation in some of the interior rooms including the storage room for housekeeping (which should be ventilated in case of spillage).

The report includes the following recommendations: a master plan should be developed and funds appropriated to replace the entire system, whether it be the sewer, water distribution or hot water system. The costs to repair the systems (as opposed to replacement) will increase. Because of the age of the buildings and improvements in the Project, and amendments to the building and plumbing codes over the years, many of the components of the Project while compliant when originally installed may no longer be compliant with current code requirements. The Association and the Unit owners may be required to bring certain elements up to code as a condition of obtaining permits for future renovation work in the Project. Prospective purchasers are encouraged to have a professional inspection completed of their Unit during the inspection period prior to their purchase of a Unit.

EXHIBIT L – Attachment 4

ATTACHMENT 5: STRUCTURAL ENGINEER'S REPORT

Attachment 5 is a report by Hawaii Engineering Group, Inc., dated September 16, 2013, regarding the building structures within the Project pursuant to a cursory, visual-only observation of the existing structures. The site visit involved a walk-through inspection of available and accessible interior and exterior components of the building structure. The existing design drawings were also reviewed.

The observations noted in the report indicate that the building is in structural good condition, noting only minor signs of deterioration, thus having no impact on the integrity of the overall structure. All damages observed and documented in this report are minor in nature and do not impact the structural integrity of the buildings. The building should continue to perform well with regular maintenance.

The report makes the following observations: (1) the overall condition of the roof is good with no sign of leakage, tears, damage or other evidence of age or deterioration; (2) the machine room door has severe rust and corrosion; (3) water damage from AC condensation was observed (including deterioration of the eyebrow, mold, exterior paint shedding/bubbling, cracks in the eyebrow and stucco finish, spalling in the eyebrow and plant growth in the eyebrows); (4) various cracks were noted in the walls, stucco finish, foundation and exterior walkways; (5) the concrete stairs, walls, landings, stairway railings, and connections were in good condition; (6) no ground settlement was observed; (7) minor non-structural cracks were noted in some units; (8) Pavillion "A" had minor architectural damage on the roof eave, deterioration of the ceiling, and a small crack on the interior column; and (8) the asphalt paving on the upper level parking deck was noted to have some signs of deterioration and poor surface runoff.

The report makes the following recommendations: (1) all concrete spalling should be repaired with proper repair materials; (2) the concrete eyebrows should be cleaned, repaired and drainage systems installed for the air conditioning units; (3) all CMU wall cracks should be investigated for corrosion of reinforcement and repaired with proper repair procedures and materials; (4) repair of all corroded hand railings on the parking structure; and (5) the asphalt layer on the upper level parking deck should be removed and the concrete deck should be water proofed with a proper deck coating to protect the existing structure from water damage.

Because of the age of the buildings and improvements in the Project, and amendments to the building codes over the years, many of the components of the Project while compliant when originally installed may no longer be compliant with current code requirements. The Association and the Unit owners may be required to bring certain elements up to code as a condition of obtaining permits for future renovation work in the Project. Prospective purchasers are encouraged to have a professional inspection completed of their Unit during the inspection period prior to their purchase of a Unit.

EXHIBIT L – Attachment 5

ATTACHMENT 6: ARCHITECT'S REPORT

Attachment 6 is a report by E.Y. Aczon Architects, dated September 16, 2013, pursuant to a cursory visual only observation visit to observe the architectural features within the Project. The report covers that which was observed in a sampling of typical apartment and common areas, and assumes that the general observations made are pertinent to the building as a whole.

The design and construction are similar to that found in masonry and concrete non fire-rated construction apartment buildings in Honolulu's urban core, including design elements that are "grandfathered" and do not meet the requirements of the current building code. No violations are noted with respect to the applicable building codes that were in effect at the time the facility was constructed.

However, the report also provides extensive details on current regulations. In some cases, it details where certain apartments or other areas of the facility that were viewed do not (or might not) comply with current regulations. Finally, the report recommends that, in the interest of safety, certain aspects of the facility be brought into compliance with current regulations regardless of whether the existing condition is permitted under grandfathered codes. For example only, specific recommendations include the following: reduce guardrail openings of lanais to 4" maximum to the extent any exceed that limit; add drainage lines for AC units; and increase height of guardrails at upper parking deck to 3'6" from current height of 2'6".

Other specific observations and items recommended for correction are listed in the report. Overall, the building has been well maintained and suits the intended use very well. As the building ages, increased maintenance and replacement costs should be expected.

Because of the age of the buildings and improvements in the Project, and amendments to the building codes over the years, many of the components of the Project while compliant when originally installed may no longer be compliant with current code requirements. The Association and the Unit owners may be required to bring certain elements up to code as a condition of obtaining permits for future renovation work in the Project. Prospective purchasers are encouraged to have a professional inspection completed of their Unit during the inspection period prior to their purchase of a Unit.

EXHIBIT L – Attachment 6

**ATTACHMENT 7: EXECUTIVE SUMMARY OF THE
PHASE I ENVIRONMENTAL SITE ASSESSMENT**

Attachment 7 is an Executive Summary of the Phase I Environmental Site Assessment that was conducted by EnviroServices & Training Center, LLC ("*ETC*") dated December 2010 ("*Phase I Report*").

The purpose of the Phase I Report was to identify the presence or absence of recognized environmental conditions on the subject Property. The assessment was performed in general accordance with the scope of services outlined in the American Society for Testing and Materials Standard Practice for Environmental Site Assessments. The scope of the assessment included a review of relevant and readily available public records, visual inspection of the property and driving reconnaissance of the neighboring properties, interviews with persons who have relevant knowledge of the current and past uses of the property, and review of relevant documents and information provided by the current owners.

The assessment revealed no evidence of recognized environmental conditions in connection with the subject Property.

Based on the scope of work performed for this assessment, it is ETC's professional opinion that no recognized environmental conditions have been identified in connection with the subject property that would warrant further environmental study at this time.

The Phase I Report is intended for the sole use of Developer and not to third-parties. ETC will not permit purchasers to rely upon the Phase I Report, thus it is being made available for information only. Purchasers may inspect a copy of the Phase I Report at any time upon request. A copy of the Phase I Report will be provided to purchasers by the Developer upon request provided purchasers reimburse Developer for the cost of making such copy.

EXHIBIT L-1

RESERVE STUDY



Armstrong Consulting, Inc.



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Honolulu, Hawaii 96813
Phone (808) 394-6910

1333 Gateway Drive, Suite 1014
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E-mail: sales@armstrongassoc.net

December 20, 2013

Barry Kaplan
Hawaiian Island Homes Ltd.
931 University Avenue, Suite 105
Honolulu, HI 96826

Re: Rycroft Terrace Reserve Study Summary

Dear Barry,

This study considers the replacement, repairs and/or refurbishment of the project's common area improvements. The total current cost of the components included in this analysis as of January 1, 2014 is \$2,620,142 and the total future cost is \$4,557,316. The bulk of the future costs are for elevator modernization, parking lot restoration and exterior painting.

Analysis 1-2014: This study utilizes an initial \$83,500 reserve fund balance for January 1, 2014 as directed by property management. This amount is based on a contribution by the developer of \$500 for each of the 167 units. The analysis is also based on the following parameters: The analysis period is 20 years and the average rate of return on reserve funds invested is projected at 0.75%. The inflation rate estimated for reserve components is 3.0% per year.

It is assumed that the costs for a large number of components that are due for repair or replacement between 2013 and 2016 are to be funded by the developer. The specific items for repair or replacement and estimated cost to be paid by the developer are:

- Installation of new residential unit air conditioners (\$278,154)
- Concrete spall repairs (\$451,700)
- Install new door locksets for residential main entry doors (\$70,131)
- Replace metal doors and frames for roof elevator rooms (\$5,600)
- Modernization of elevator cab interior (\$30,000)
- Modernization of elevator equipment (\$400,000)
- Install new entry phone system for secure access to facilities (\$36,057)
- Application of a deck coating on walkways and hallways (\$28,969)
- Installation of FOB entry system (\$7,500)
- Upgrade existing and add new laundry room (\$49,941)
- Install new community mailboxes (\$15,300)
- Allowance for office equipment and refurbishment of management offices (\$3,000)
- Painting of exterior building surfaces (\$243,978)
- Restoration of asphalt pavement parking lot (\$365,137)
- Pool deck restoration (\$68,400)

Rycroft Terrace
December 20, 2013
Page 2 of 2

Renovation of existing space to create new recreation room (\$10,000)
Refurbishment of the pool men and women's restroom facility (\$25,000)
Install new "Rycroft Terrace" building signs (\$17,075)
Parking lot traffic striping (\$12,000)

The estimated initial expenditures to be made by the developer based on the above items total \$2,117,942.

Based on these assumptions, an annual contribution rate of \$75,500 for 2014 is recommended. This amount is to increase by 5.5% each year from 2015 through 2023. From 2024 on, the contribution rate may remain constant. Under this analysis the Association does meet Hawaii State reserve requirements under the cash flow method.

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

Sincerely,

ARMSTRONG CONSULTING, INC.

BARRY A. MATSUMOTO
Reserve Specialist

2014
RESERVE STUDY
FOR

Rycroft Terrace

December 20, 2013

Prepared by

Armstrong Consulting, Inc.

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**2014
RESERVE STUDY
FOR
Rycroft Terrace
December 20, 2013**

A level two (2) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. (*See attached standards.*)

On-site visual observations of the common area elements [i.e., roofs, parking areas, paint, etc.] were performed on September 18, 2013 by Barry Matsumoto, RS #149.

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

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

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

Copyright: Armstrong Consulting, Inc. retains all rights to the use of the Reserve Study it has prepared. While limited copies may be made to assist in the analysis of the Study by Management or the Board, the work contained in the Study cannot be distributed to and/or used for any additional analysis by another person or entity without the express, prior, written consent of Armstrong Consulting, Inc.

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

Armstrong Consulting, Inc.



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COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

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

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

Reserve Study Contents

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

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

Levels of Service

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

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

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

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

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

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

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

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

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

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

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

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

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

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

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

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

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

Terms and Definitions

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

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

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

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

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

CURRENT REPLACEMENT COST: See "Replacement Cost."

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

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

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

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

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

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

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

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

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

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

FUNDING PRINCIPLES:

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

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

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

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

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

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

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

RESERVE PROVIDER: An individual who prepares Reserve Studies.

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

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

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

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

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

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

HAWAII'S AMENDMENT TO ALLOW CASH FLOW ANALYSIS

HB 70

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

Courtesy of Armstrong Consulting, Inc.

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Rycroft Terrace - 2014

PROJECT DEFINITION REPORT

12/20/2013

Project Information

Project:	Rycroft Terrace - 2014	Project Date:	1/01/1962
Address:	1550 Rycroft Street	Number of Phases:	0
City:	Honolulu	Number of Units:	167
State:	HI	Number of Models:	0
Zip:	96814-0000		

Property Description

Rycroft Terrace is a residential condominium property located in central Honolulu, The facilities consists of three connected five-story concrete buildings and a separate single story commercial and recreational structure. The facilities include a built-up roof, two-story parking structure, pool and sun deck, planned recreation room, laundry facilities and elevators. There are a total of 167 units.

The facilities are assumed to have been placed in service in 1962 according to the City and County of Honolulu Building Department records. The TMK is 2-3-018-022.

A site visit was last made on September 18, 2013. Some components were in poor condition and are indicated as such in the Component Details section of this report.

Rycroft Terrace - 2014

ANALYSIS DEFINITION REPORT

Analysis 1 - 2014

Project Information

Project: Rycroft Terrace - 2014
Address: 1550 Rycroft Street
City: Honolulu
State: HI
Zip: 96814-0000

Project Date: 1/01/1962
Analysis Date: 1/01/2014
Number of Phases: 0
Number of Units: 167
Number of Models: 0

Analysis Parameters

Rate of Inflation: 3%
Rate of Return on Investment: 0.75%
Beginning Funds: 83,500.00
Loan/Special Assessment: No

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

Annual Contribution Factors

		2024:	0%
2015:	5.5%	2025:	0%
2016:	5.5%	2026:	0%
2017:	5.5%	2027:	0%
2018:	5.5%	2028:	0%
2019:	5.5%	2029:	0%
2020:	5.5%	2030:	0%
2021:	5.5%	2031:	0%
2022:	5.5%	2032:	0%
2023:	5.5%	2033:	0%

Additional Analysis Information

This Analysis 1 addresses the funding plan for the Rycroft Terrace property. The analysis utilizes an initial starting balance of \$83,500 (\$500 x 167 units contributed by the developer) for the reserve fund as reported by management for 10/01/2013. A 0.75% average rate of return on reserve fund investments and a 3.0% inflation rate is used for future expenditures. Components that are due for repair or replacement between 2013 and 2016 are to be funded by the developer. These items are noted as such in the Component Details section of this report.

An annual \$75,500 reserve contribution for 01/01/2014 is recommended with a 5.5% annual increase from 2015 through 2023. From 2024 on, the contribution rate may remain constant. Under this analysis the Association would meet Hawaii State reserve requirements under the cash flow method.

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

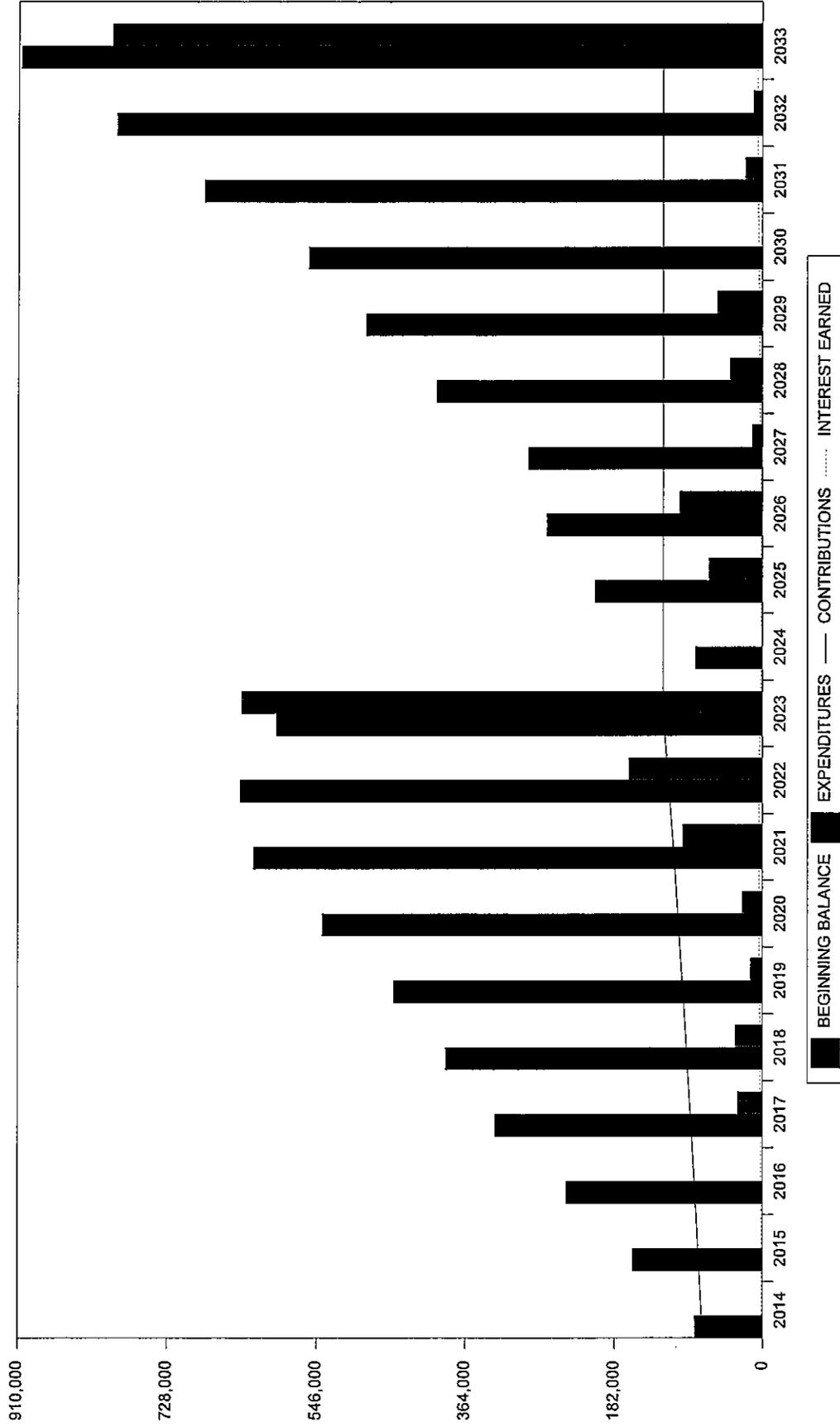
Rycroft Terrace - 2014
CASHFLOW SUMMARY PROJECTIONS

Analysis 1 - 2014

Year	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
2014	83,500.00	75,500.00	935.84	0.00	159,935.84
2015	159,935.84	79,652.50	1,527.98	0.00	241,116.32
2016	241,116.32	84,033.39	2,156.77	0.00	327,306.48
2017	327,306.48	88,655.23	2,594.69	30,501.00	388,055.40
2018	388,055.40	93,531.27	3,050.88	33,271.00	451,366.55
2019	451,366.55	98,675.49	3,780.33	14,689.00	539,133.37
2020	539,133.37	104,102.64	4,296.20	24,597.00	622,935.21
2021	622,935.21	109,828.29	4,441.52	98,252.00	638,953.02
2022	638,953.02	115,868.85	4,045.77	164,059.00	594,808.64
2023	594,808.64	122,241.64	2,938.59	637,527.00	82,461.87
2024	82,461.87	122,241.64	1,118.36	0.00	205,821.87
2025	205,821.87	122,241.64	1,939.92	65,380.00	264,623.43
2026	264,623.43	122,241.64	1,724.24	101,653.00	286,936.31
2027	286,936.31	122,241.64	2,563.80	12,408.00	399,333.75
2028	399,333.75	122,241.64	3,307.20	39,347.00	485,535.59
2029	485,535.59	122,241.64	3,791.18	55,601.00	555,967.41
2030	555,967.41	122,241.64	4,681.88	0.00	682,890.93
2031	682,890.93	122,241.64	5,610.88	20,943.00	789,800.45
2032	789,800.45	122,241.64	6,353.21	11,752.00	906,643.30
2033	906,643.30	122,241.64	6,294.49	795,557.00	239,622.43
Totals:		2,194,505.70	67,153.73	2,105,537.00	

Rycroft Terrace - 2014
CASHFLOW PROJECTIONS GRAPH

Analysis 1 - 2014



PROJECTED EXPENDITURES
Rycroft Terrace - 2014 - Analysis 1 - 2014

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Air Conditioning Units, Common				8,441						
Doors, Metal								7,272		
Entryphone Access System									88,098	49,676
Exhaust Fan, Roof-Mounted									25,451	
Fence, Chain Link										
Fire Alarm System Upgrade							18,448			
Fire Control Stations									41,765	
Fire Department Riser							6,149			
Flooring, Carpeting								16,219		
Flooring, Deck Coating										39,911
FOB Entry System										10,333
Gate, Residence Area Entry					20,287					
Hot Water Heaters A								39,281		
Hot Water Heaters B										41,674
Irrigation System Upgrade				2,814					3,263	
Koi Pond Equipment					1,391					
Koi Pond Interior Refinish								6,336		
Light Fixtures, General				4,727						
Office Equipment & Refurbishment									5,482	
Painting, Exterior										4,133
Pool Deck Furniture				2,926						336,129
Pool Equipment				3,151						3,495
Pool Interior Refinish								29,144		
Roofing, Built-Up Coating										134,431
Roofing, Built-Up Coating - Repair					11,593					
Security Camera System				5,628						6,722
Signage, General				1,126						1,344
Skylights, Pagoda Circular										9,679

PROJECTED EXPENDITURES

Rycroft Terrace - 2014 - Analysis 1 - 2014

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sump Pump System				1,688						
Traffic Striping						14,689				
Totals		30,501	33,271	14,689	24,597	98,252	164,059	637,527		

PROJECTED EXPENDITURES
Rycroft Terrace - 2014 - Analysis 1 - 2014

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Air Conditioning Units, Common						12,039				
Doors, Metal						9,212				
Elevator Cab Refurbish		43,848								66,780
Entryphone Access System						20,546				
Flooring, Carpeting										
Flooring, Ceramic Tile - Brown			47,007							
Flooring, Ceramic Tile - White			52,883							53,652
Flooring, Deck Coating										13,890
FOB Entry System										
Hot Water Storage Tank					23,376					
Irrigation System Upgrade				3,783					4,385	
Koi Pond Equipment			1,763							
Laundry Room Upgrade										92,494
Light Fixtures, General									7,367	
Mailboxes										28,337
Office Equipment & Refurbishment										5,556
Painting, Exterior										451,863
Pool Deck Furniture						4,173				
Pool Equipment		3,993								5,059
Recreation Room Renovation					15,971					
Restroom Refurbishment										46,302
Security Camera System						8,026				
Signage, General						1,605				
Signage, Rycroft Terrace										31,624
Sump Pump System										
Traffic Striping		17,539		2,270				20,943		
Totals		65,380	101,653	12,408	39,347	55,601		20,943	11,752	795,557

**Rycroft Terrace - 2014
ACCOUNTANT'S REPORT**

Analysis 1 - 2014

1/01/2014 - 12/31/2014

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2014 Contribution Requirement	2014 Assigned Interest Earned	2014 Funding Requirement
Air Conditioning Units, Common	03/00	8,441	1,613	1,458	18	1,476
Doors, Metal	07/10	7,272	39	35	0	35
Elevator Cab Refurbish	11/10	43,848	155	141	2	143
EntrypHONE Access System	09/10	49,676	211	191	2	193
Exhaust Fan, Roof-Mounted	08/00	88,098	16,460	14,883	184	15,067
Fence, Chain Link	08/00	25,451	4,755	4,300	53	4,353
Fire Alarm System Upgrade	06/00	18,448	2,820	2,550	32	2,582
Fire Control Stations	08/00	41,765	3,547	3,207	40	3,247
Fire Department Riser	06/00	6,149	1,097	992	12	1,004
Flooring, Carpeting	07/00	16,219	516	467	6	473
Flooring, Ceramic Tile - Brown	12/00	47,007	4,791	4,332	54	4,386
Flooring, Ceramic Tile - White	12/00	52,883	10,947	9,898	123	10,021
Flooring, Deck Coating	09/10	39,911	170	154	2	156
FOB Entry System	09/10	10,333	44	40	0	40
Gate, Residence Area Entry	04/00	20,287	4,135	3,739	46	3,785
Hot Water Heaters A	07/00	39,281	5,337	4,826	60	4,886
Hot Water Heaters B	09/00	41,674	4,248	3,841	48	3,889
Hot Water Storage Tank	14/00	23,376	1,787	1,616	20	1,636
Irrigation System Upgrade	03/00	2,814	287	259	3	262
Koi Pond Equipment	04/00	1,391	177	160	2	162
Koi Pond Interior Refinish	07/00	6,336	861	778	10	788

**Rycroft Terrace - 2014
ACCOUNTANT'S REPORT**

Analysis 1 - 2014

1/01/2014 - 12/31/2014

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2014 Contribution Requirement	2014 Assigned Interest Earned	2014 Funding Requirement
Laundry Room Upgrade	19/10	92,494	197	178	2	180
Light Fixtures, General	03/00	4,727	482	436	5	441
Mailboxes	19/10	28,337	60	55	1	56
Office Equipment & Refurbishment	09/10	4,133	18	16	0	16
Painting, Exterior	09/10	336,129	1,430	1,293	16	1,309
Pool Deck Furniture	03/00	2,926	373	337	4	341
Pool Equipment	03/00	3,151	502	454	6	460
Pool Interior Refinish	07/00	29,144	3,960	3,581	44	3,625
Recreation Room Renovation	14/10	15,971	45	41	1	42
Restroom Refurbishment	19/10	46,302	99	89	1	90
Roofing, Built-Up Coating	09/00	134,431	8,564	7,744	96	7,840
Roofing, Built-Up Coating - Repair	04/00	11,593	590	534	7	541
Security Camera System	03/00	5,628	717	648	8	656
Signage, General	03/00	1,126	143	130	2	132
Signage, Rycroft Terrace	19/10	31,624	67	61	1	62
Skylights, Pagoda Circular	09/00	9,679	1,850	1,672	21	1,693
Sump Pump System	03/00	1,688	301	272	3	275
Traffic Striping	05/10	14,689	104	94	1	95
Totals:		1,364,432	83,499	75,502	936	76,438

Rycroft Terrace - 2014
COMPONENT SUMMARY REPORT

Analysis 1 - 2014

<u>Description</u>	<u>Starting Date</u>	<u>Useful Life (yr/mo)</u>	<u>Adj. Life (yr/mo)</u>	<u>Sched. Rpl. (mo/yr)</u>	<u>Recur</u>	<u>Current Cost</u>	<u>Future Cost</u>
Building Exterior							
Concrete Spall Repair Condition: Poor - Consistent with Age	11/01/2013 Sources: Vendor, Client/Management	20/00	00/00	11/33	N	451,700	836,578
Doors, Metal Condition: Poor - Consistent with Age	11/01/2013 Source: Armstrong Consulting Internal Cost Data	08/00	00/00	11/21	Y	5,600	7,272
EntrypHONE Access System Condition:	11/01/2013 Source: Client/Management	10/00	00/00	11/23	Y	36,057	49,676
Light Fixtures, General Condition: Fair - Consistent with Age	1/01/2012 Source: Armstrong Consulting Internal Cost Data	05/00	00/00	01/17	Y	4,200	4,727
Painting, Exterior Condition: Poor - Consistent with Age	11/01/2013 Sources: Vendor, Client/Management	10/00	00/00	11/23	Y	243,978	336,129
Roofing, Built-Up Coating Condition: Fair - Consistent with Age	1/01/2011 Source: Armstrong Consulting Internal Cost Data	12/00	00/00	01/23	Y	100,000	134,431
Roofing, Built-Up Coating - Repair Condition: Fair - Consistent with Age	1/01/2018 Source: Armstrong Consulting Internal Cost Data	05/00	00/00	01/18	N	10,000	11,593
Signage, General Condition: Fair - Consistent with Age	1/01/2011 Source: Armstrong Consulting Internal Cost Data	06/00	00/00	01/17	Y	1,000	1,126
Signage, Rycroft Terrace Condition:	11/01/2013 Sources: Vendor, Client/Management	20/00	00/00	11/33	Y	17,075	31,624
Skylights, Pagoda Circular Condition: Fair - Consistent with Age	1/01/1987 Source: Armstrong Consulting Internal Cost Data	30/00	+06/00	01/23	Y	7,200	9,679
Sub Total:						876,810	1,422,835
Building Interior							
Door, Locksets Condition: Fair - Consistent with Age	11/01/2013 Source: Client/Management	20/00	00/00	11/33	N	70,131	129,887

Rycroft Terrace - 2014
COMPONENT SUMMARY REPORT

Analysis 1 - 2014

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Fire Control Stations Condition: Fair - Consistent with Age	1/01/2010 Source: Armstrong Consulting Internal Cost Data	12/00	00/00	01/22	Y	32,000	41,765
Flooring, Carpeting Condition: Fair - Consistent with Age	1/01/2013 Source: Armstrong Consulting Internal Cost Data	08/00	00/00	01/21	Y	12,800	16,219
Flooring, Ceramic Tile - Brown Condition: Fair - Consistent with Age	1/01/2006 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	01/26	Y	32,000	47,007
Flooring, Ceramic Tile - White Condition: Fair - Consistent with Age	1/01/1962 Source: Armstrong Consulting Internal Cost Data	40/00	+24/00	01/26	Y	36,000	52,883
Flooring, Deck Coating Condition: Fair - Consistent with Age	11/01/2013 Source: Client/Management	10/00	00/00	11/23	Y	28,969	39,911
Flooring, Travertine Stone Tile Condition: Fair - Consistent with Age	1/01/2008 Source: Armstrong Consulting Internal Cost Data	30/00	00/00	01/38	Y	14,400	30,168
Laundry Room Upgrade Condition: Poor - Consistent with Age	11/01/2013 Sources: Vendor, Client/Management	20/00	00/00	11/33	Y	49,941	92,494
Mailboxes Condition:	11/01/2013 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	11/33	Y	15,300	28,337
Office Equipment & Refurbishment Condition:	11/01/2013 Source: Armstrong Consulting Internal Cost Data	10/00	00/00	11/23	Y	3,000	4,133
Sub Total:						294,541	482,804
Electrical							
Fire Alarm System Upgrade Condition: Fair - Consistent with Age	1/01/2020 Source: Armstrong Consulting Internal Cost Data	15/00	00/00	01/20	Y	15,000	18,448
FOB Entry System Condition: Fair - Consistent with Age	11/01/2013 Source: Armstrong Consulting Internal Cost Data	10/00	00/00	11/23	Y	7,500	10,333

Rycroft Terrace - 2014
COMPONENT SUMMARY REPORT

Analysis 1 - 2014

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (m/yr)	Recur	Current Cost	Future Cost
Security Camera System Condition: Fair - Consistent with Age	1/01/2011 Source: Armstrong Consulting Internal Cost Data	06/00	00/00	01/17	Y	5,000	5,628
Sub Total:						27,500	34,409
Elevators							
Elevator Cab Refurbish Condition: Fair - Consistent with Age	11/01/2013 Source: Armstrong Consulting Internal Cost Data	12/00	00/00	11/25	Y	30,000	43,848
Elevator Modernization Condition: Fair - Consistent with Age	11/01/2013 Sources: Armstrong Consulting Internal Cost Data, Client/Management	25/00	00/00	11/38	Y	400,000	858,820
Sub Total:						430,000	902,668
Mechanical							
Air Conditioning Units, Common Condition: Fair - Consistent with Age	1/01/2005 Source: Armstrong Consulting Internal Cost Data	12/00	00/00	01/17	Y	7,500	8,441
Air Conditioning Units, Residential Condition: Poor - Consistent with Age	11/01/2013 Sources: Vendor, Client/Management	10/00	00/00	11/23	N	278,154	383,214
Exhaust Fan, Roof-Mounted Condition: Fair - Consistent with Age	1/01/1992 Source: Armstrong Consulting Internal Cost Data	20/00	+10/00	01/22	Y	67,500	88,098
Fire Department Riser Condition: Fair - Consistent with Age	1/01/2000 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	01/20	Y	5,000	6,149
Hot Water Heaters A Condition: Fair - Consistent with Age	1/01/2006 Source: Armstrong Consulting Internal Cost Data	15/00	00/00	01/21	Y	31,000	39,281
Hot Water Heaters B Condition: Fair - Consistent with Age	1/01/2008 Source: Armstrong Consulting Internal Cost Data	15/00	00/00	01/23	Y	31,000	41,674
Hot Water Storage Tank Condition: Fair - Consistent with Age	1/01/2008 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	01/28	Y	15,000	23,376
Sub Total:						435,154	590,233

Rycroft Terrace - 2014
COMPONENT SUMMARY REPORT

Analysis 1 - 2014

<u>Description</u>	<u>Starting Date</u>	<u>Useful Life (yr/mo)</u>	<u>Adj. Life (yr/mo)</u>	<u>Sched. Rpl. (mo/yr)</u>	<u>Recur</u>	<u>Current Cost</u>	<u>Future Cost</u>
Recreation							
Koi Pond Equipment Condition: Fair - Consistent with Age	1/01/2010 Source: Armstrong Consulting Internal Cost Data	08/00	00/00	01/18	Y	1,200	1,391
Koi Pond Interior Refinish Condition: Fair - Consistent with Age	1/01/2006 Source: Armstrong Consulting Internal Cost Data	15/00	00/00	01/21	Y	5,000	6,336
Pool Deck Furniture Condition: Fair - Consistent with Age	1/01/2011 Source: Armstrong Consulting Internal Cost Data	06/00	00/00	01/17	Y	2,600	2,926
Pool Deck Restoration Condition: Poor - Consistent with Age	11/01/2013 Source: Armstrong Consulting Internal Cost Data	30/00	00/00	11/43	Y	68,400	170,249
Pool Equipment Condition: Fair - Consistent with Age	1/01/2009 Source: Armstrong Consulting Internal Cost Data	08/00	00/00	01/17	Y	2,800	3,151
Pool Interior Refinish Condition: Fair - Consistent with Age	1/01/2006 Source: Armstrong Consulting Internal Cost Data	15/00	00/00	01/21	Y	23,000	29,144
Recreation Room Renovation Condition:	11/01/2013 Source: Armstrong Consulting Internal Cost Data	15/00	00/00	11/28	Y	10,000	15,971
Restroom Refurbishment Condition: Fair - Consistent with Age	11/01/2013 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	11/33	Y	25,000	46,302
Sub Total:						138,000	275,470
Site Improvements							
Fence, Chain Link Condition: Fair - Consistent with Age	1/01/1992 Source: Armstrong Consulting Internal Cost Data	30/00	00/00	01/22	Y	19,500	25,451
Gate, Residence Area Entry Condition: Fair - Consistent with Age	1/01/1998 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	01/18	Y	17,500	20,287
Irrigation System Upgrade Condition: Fair - Consistent with Age	1/01/2012 Source: Armstrong Consulting Internal Cost Data	05/00	00/00	01/17	Y	2,500	2,814

Rycroft Terrace - 2014
COMPONENT SUMMARY REPORT

Analysis 1 - 2014

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Parking Asphalt Pavement Condition: Poor	11/01/2013 Sources: Vendor, Client/Management	25/00	00/00	11/38	Y	365,137	783,968
Sump Pump System Condition: Fair - Consistent with Age	1/01/2007 Source: Armstrong Consulting Internal Cost Data	10/00	00/00	01/17	Y	1,500	1,688
Traffic Striping Condition: Poor - Consistent with Age	11/01/2013 Sources: Armstrong Consulting Internal Cost Data, Client/Management	06/00	00/00	11/19	Y	12,000	14,689
Sub Total:						418,137	848,897
Grand Total:						2,620,142	4,557,316

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Air Conditioning Units, Common

Category:	Mechanical	Unit Cost:	750.00
Began Use:	1/01/2005	Cost Type:	In-house
Lifespan:	12 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	7,500.00
Next Replace:	1/01/2017	Future Cost:	8,441.32
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	10.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the existing window air conditioning units providing cooling to the common area offices which include the accounting, security, maintenance, recreation and resident manager spaces. It is assumed that actual replacement will take place at one time.

2014 Update: The existing window units are of various sizes and installation dates. Replacement is to be made by maintenance personnel.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Air Conditioning Units, Residential

Category:	Mechanical	Unit Cost:	1,717.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	278,154.00
Next Replace:	11/01/2023	Future Cost:	383,213.52
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	162.00 EACH	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input checked="" type="checkbox"/> Vendor	<input checked="" type="checkbox"/>	Client/Management

Remarks

This component budgets for the initial replacement of the 10,000 BTU window air conditioning units in each of the residential apartments. The unit cost includes an allowance for new condensate drain lines from each unit down to the ground floor area. The budgeted amount is based on a contractor quote.

This is not a recurring item. It is assumed that the new air conditioners will become the responsibility of the apartment owner once the apartment is purchased. The 2013 initial cost for the units will be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Concrete Spall Repair

Category:	Building Exterior	Unit Cost:	451,700.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	451,700.00
Next Replace:	11/01/2033	Future Cost:	836,577.59
Remaining Life:	19 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input checked="" type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component provides an allowance for concrete spall repairs to be made to the buildings and parking structure. The allowance amount is based on a contractor quote and is an estimated amount only. The unit cost includes a \$9,000 allowance for drawings and permits.

This is not a recurring item. The 2013 initial cost for the spall repairs in 2013 is to be funded by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Door, Locksets

Category:	Building Interior	Unit Cost:	70,131.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	70,131.00
Next Replace:	11/01/2033	Future Cost:	129,887.14
Remaining Life:	19 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component budgets for the replacement of the entry door locksets for each residential unit. The current locksets are card reader type.

This is not a recurring item. It is assumed that the new locksets will become the responsibility of the apartment owner once the apartment is purchased. The 2013 initial cost for the locksets will be paid for by the developer.

2014 Update: The 2013 replacement cost was provided by property management.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Doors, Metal

Category:	Building Exterior	Unit Cost:	2,800.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	5,600.00
Next Replace:	11/01/2021	Future Cost:	7,272.25
Remaining Life:	7 YRS	Salvage Value:	0.00
Quantity:	2.00 SET	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to replace metal doors and frames for common area rooms on an 8-year cycle. The 2013 allocation budgets for the replacement of the two metal doors and frames with louvers providing access for the elevator rooms on the roof. Currently, both doors have extensive corrosion damage. The unit cost include a new door, frames and hardware.

The cost for the replacement of the doors in 2013 only will be paid for by the developer.

2014 Update: No change. The elevator room doors are in poor condition.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Elevator Cab Refurbish

Category:	Elevators	Unit Cost:	15,000.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	12 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	30,000.00
Next Replace:	11/01/2025	Future Cost:	43,848.14
Remaining Life:	11 YRS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the refurbishment of the elevator cabs and may include doors, controls, flooring, walls and ceiling finishes. A cab refurbishment is scheduled for installation in 2013 during the elevator modernization work. The cost for the new cab in 2013 only will be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Elevator Modernization

Category:	Elevators	Unit Cost:	200,000.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	25 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	400,000.00
Next Replace:	11/01/2038	Future Cost:	858,820.20
Remaining Life:	24 YRS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/>	Client/Management

Remarks

This component budgets for the complete modernization of the elevator system that includes the cab, mechanical and electrical systems. The unit cost is based on a proposal submitted by Otis Elevators who currently maintains the elevators. The costs for the modernization work in 2013 will be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Entryphone Access System

Category:	Building Exterior	Unit Cost:	36,057.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	36,057.00
Next Replace:	11/01/2023	Future Cost:	49,675.83
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component budgets for the installation of an entryphone access system to control access to the buildings. It is assumed that there will be 4 secure entry points. The actual cost may require revision based on the specific type of entry control system installed. The initial cost for the new entryphone system in 2013 will be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Exhaust Fan, Roof-Mounted

Category:	Mechanical	Unit Cost:	2,500.00
Began Use:	1/01/1992	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 10 years	Current Cost:	67,500.00
Next Replace:	1/01/2022	Future Cost:	88,098.23
Remaining Life:	8 YRS	Salvage Value:	0.00
Quantity:	27.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the roof-mounted, powered exhaust fan metal housing units. The fan motors are not included as they are maintained and replaced by maintenance personnel working under the operating budget.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Fence, Chain Link

Category:	Site Improvements	Unit Cost:	65.00
Began Use:	1/01/1992	Cost Type:	Contractor
Lifespan:	30 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	19,500.00
Next Replace:	1/01/2022	Future Cost:	25,450.60
Remaining Life:	8 YRS	Salvage Value:	0.00
Quantity:	300.00 LIN FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the existing 4' and 6' high chain link fencing fabric for the fencing located primarily along the parking lot perimeter areas.

2014 Update: This component budgets for the complete replacement of the fencing. Limited repairs to small sections of the fencing is to be covered under the operating budget.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Fire Alarm System Upgrade

Category:	Electrical	Unit Cost:	15,000.00
Began Use:	1/01/2020	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	15,000.00
Next Replace:	1/01/2035	Future Cost:	18,448.11
Remaining Life:	6 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to upgrade the existing fire alarm system panel. The unit cost for this component does not include installation of new accessible-type fixtures and alarm devices. The annunciator panel is currently located in the security office. It could not be determined during the site visit when the system was last upgraded.

2014 Update: This component assumes that the main panel will be upgraded in 2020. It is further assumed that the system is in operating condition.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Fire Control Stations

Category:	Building Interior	Unit Cost:	1,000.00
Began Use:	1/01/2010	Cost Type:	Contractor
Lifespan:	12 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	32,000.00
Next Replace:	1/01/2022	Future Cost:	41,765.09
Remaining Life:	8 YRS	Salvage Value:	0.00
Quantity:	32.00 SET	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the fire control stations that include a fire hose, valve, fire extinguisher and aluminum fire cabinet.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Fire Department Riser

Category:	Mechanical	Unit Cost:	5,000.00
Began Use:	1/01/2000	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	5,000.00
Next Replace:	1/01/2020	Future Cost:	6,149.37
Remaining Life:	6 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to restore the fire department risers and valves that provides water to the individual floors during a fire. The restoration work may include replacement of valves, piping sections and connectors on an as-needed basis.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Flooring, Carpeting

Category:	Building Interior	Unit Cost:	40.00
Began Use:	1/01/2013	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	12,800.00
Next Replace:	1/01/2021	Future Cost:	16,219.45
Remaining Life:	7 YRS	Salvage Value:	0.00
Quantity:	320.00 SQ YD	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

2014 Update: This component budgets for the replacement of the hallway carpeting for the center building on the 2nd through 5th floors.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Flooring, Ceramic Tile - Brown

Category:	Building Interior	Unit Cost:	20.00
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	32,000.00
Next Replace:	1/01/2026	Future Cost:	47,006.97
Remaining Life:	12 YRS	Salvage Value:	0.00
Quantity:	1,600.00 SQ FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the existing brown 4" x 4" and 8" x 8" ceramic floor tiles. The tiles are located along the central first floor walkways and at certain interior locations.

2014 Update: According to maintenance management, the existing ceramic tiles are no longer being made. It is assumed that any individual damaged tiles will be replaced as needed.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Flooring, Ceramic Tile - White

Category:	Building Interior	Unit Cost:	20.00
Began Use:	1/01/1962	Cost Type:	Contractor
Lifespan:	40 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 24 years	Current Cost:	36,000.00
Next Replace:	1/01/2026	Future Cost:	52,882.84
Remaining Life:	12 YRS	Salvage Value:	0.00
Quantity:	1,800.00 SQ FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the existing white and beige ceramic floor tiles that are from original construction. This component includes both 4"x4" and 8"x8" tiles.

2014 Update: According to maintenance management, the existing ceramic tiles are no longer being made. It is assumed that any individual damaged tiles will be replaced as needed.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Flooring, Deck Coating

Category:	Building Interior	Unit Cost:	28,969.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	28,969.00
Next Replace:	11/01/2023	Future Cost:	39,910.67
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component budgets for the application of a waterproof and slip-resistant deck coating to be placed on the exposed concrete walkways and common room floors. The unit cost amount is based on a contractor quote. The initial cost for the deck coating in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Flooring, Travertine Stone Tile

Category:	Building Interior	Unit Cost:	24.00
Began Use:	1/01/2008	Cost Type:	Contractor
Lifespan:	30 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	14,400.00
Next Replace:	1/01/2038	Future Cost:	30,168.23
Remaining Life:	24 YRS	Salvage Value:	0.00
Quantity:	600.00 SQ FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the existing natural Travertine stone tiles located at the entry walkways to the side buildings.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

FOB Entry System

Category:	Electrical	Unit Cost:	7,500.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	7,500.00
Next Replace:	11/01/2023	Future Cost:	10,332.77
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

2014 Update: This component provides an allowance to install a FOB entry control system for the entry gates and elevators.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Gate, Residence Area Entry

Category:	Site Improvements	Unit Cost:	3,500.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	17,500.00
Next Replace:	1/01/2018	Future Cost:	20,287.30
Remaining Life:	4 YRS	Salvage Value:	0.00
Quantity:	5.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the steel security personnel access gates located at the entry walkways and paths to the buildings. There are three gates along Rycroft Street and two gates providing access from the back parking lot.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Hot Water Heaters A

Category:	Mechanical	Unit Cost:	15,500.00
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	31,000.00
Next Replace:	1/01/2021	Future Cost:	39,281.48
Remaining Life:	7 YRS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the two hi-zone, gas-fired hot water heaters located in the lower parking deck storage area on the Diamond Head side. The heaters are a Bradford DM80T1993N 80 gal and a Bradford C99T19VJN 115 gal units.

2014 Update: Property management plans to relocated the heaters in 2013. Any relocation costs will be paid for by the developer.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Hot Water Heaters B

Category:	Mechanical	Unit Cost:	15,500.00
Began Use:	1/01/2008	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	31,000.00
Next Replace:	1/01/2023	Future Cost:	41,673.72
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the two low-zone, gas-fired hot water heaters located in the lower parking deck storage area on the Ewa side. The heaters are Bradford HHB44109 75 gal and Bock 75H300SD 75 gal units.

2014 Update: Property management plans to relocated the heaters in 2013. Any relocation costs will be paid for by the developer.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Hot Water Storage Tank

Category:	Mechanical	Unit Cost:	7,500.00
Began Use:	1/01/2008	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	15,000.00
Next Replace:	1/01/2028	Future Cost:	23,376.42
Remaining Life:	14 YRS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the two hi-zone hot water storage tanks located in the lower parking deck storage area. It is assumed that the tanks are of 230 gal capacity. ...

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Irrigation System Upgrade

Category:	Site Improvements	Unit Cost:	2,500.00
Began Use:	1/01/2012	Cost Type:	Contractor
Lifespan:	5 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	2,500.00
Next Replace:	1/01/2017	Future Cost:	2,813.77
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to restore the irrigation system on an as-needed basis. The upgrade may include controls, timers, and valves. Expenditures for pvc piping and sprinkler heads are to be covered under the operating budget.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Koi Pond Equipment

Category:	Recreation	Unit Cost:	1,200.00
Began Use:	1/01/2010	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	1,200.00
Next Replace:	1/01/2018	Future Cost:	1,391.13
Remaining Life:	4 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provide an allowance to replace the koi pond equipment on an as-needed basis. The replacement may include the sand filter, pumps, valves, strainer and other equipment.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Koi Pond Interior Refinish

Category:	Recreation	Unit Cost:	20.00
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	5,000.00
Next Replace:	1/01/2021	Future Cost:	6,335.72
Remaining Life:	7 YRS	Salvage Value:	0.00
Quantity:	250.00 SQ FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the refinishing of the koi pond concrete interior and includes an allowance for waterproofing.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Laundry Room Upgrade

Category:	Building Interior	Unit Cost:	49,941.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	49,941.00
Next Replace:	11/01/2033	Future Cost:	92,493.96
Remaining Life:	19 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input checked="" type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component budgets for the restoration and upgrade of the Laundry Room and includes renovation of the existing 3rd, 4th and 5th floor Laundry Rooms and creation of new Laundry rooms on the 1st and 2nd floors. The work includes duct repair, plumbing, electrical and finishes. The unit cost is based on a contractor quote and excludes flooring and appliances. The initial cost for the upgrade in 2013 is being paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Light Fixtures, General

Category:	Building Exterior	Unit Cost:	4,200.00
Began Use:	1/01/2012	Cost Type:	In-house
Lifespan:	5 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	4,200.00
Next Replace:	1/01/2017	Future Cost:	4,727.14
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to replace common area light fixtures on an as-needed basis. The fixtures include lower parking deck fixtures, wall and ceiling fixtures, flood light fixtures and emergency battery fixtures.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Mailboxes

Category:	Building Interior	Unit Cost:	90.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	15,300.00
Next Replace:	11/01/2033	Future Cost:	28,336.59
Remaining Life:	19 YRS	Salvage Value:	0.00
Quantity:	170.00 EACH	Condition:	
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

This component budgets for the installation of a mail box station for apartment occupants. It is assumed that the mailbox wall-mounted station will be located within the pool/recreation area. The initial cost for the new mailboxes in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Office Equipment & Refurbishment

Category:	Building Interior	Unit Cost:	3,000.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	3,000.00
Next Replace:	11/01/2023	Future Cost:	4,133.11
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

This component provides an allowance for the refurbishment and renovation of common area office spaces which may include security, storage, shop and resident manager's station. The initial cost for the office renovation in 2013 is being paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Painting, Exterior

Category:	Building Exterior	Unit Cost:	243,978.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	243,978.00
Next Replace:	11/01/2023	Future Cost:	336,129.15
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input checked="" type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component budgets for the re-painting of the facility exterior surfaces that include the three residential buildings, the parking structure and the commercial and recreation structures. The unit cost is based on a contractor quote and assumes an elastomeric finish coating as accepted by the developer. The initial cost for the painting work in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Parking Asphalt Pavement

Category:	Site Improvements	Unit Cost:	365,137.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	25 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	365,137.00
Next Replace:	11/01/2038	Future Cost:	783,967.58
Remaining Life:	24 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Poor
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input checked="" type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component budgets for the installation of new asphalt pavement system for the upper deck parking lot. The unit cost is based on a contractor quote as accepted by the developer. An allowance is included to repave the parking spaces along the Ewa and Diamond Head sides of the property. The initial cost for the pavement work in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Pool Deck Furniture

Category:	Recreation	Unit Cost:	2,600.00
Began Use:	1/01/2011	Cost Type:	Contractor
Lifespan:	6 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	2,600.00
Next Replace:	1/01/2017	Future Cost:	2,926.32
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to replace the pool deck furniture on an as-needed basis. The unit cost includes replacement of 5 umbrella stations, 2 trash receptacles and 20 vinyl strap chairs. The 5 concrete tables do not appear to need replacement within the time frame of this study.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Pool Deck Restoration

Category:	Recreation	Unit Cost:	18.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	30 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	68,400.00
Next Replace:	11/01/2043	Future Cost:	170,248.97
Remaining Life:	29 YRS	Salvage Value:	0.00
Quantity:	3,800.00 SQ FT	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the restoration of the pool deck area and includes demolition and removal of the existing exposed aggregate deck, foundation grading and repair, and installation of a cast in place concrete deck with non-slip finish. This is an estimate of costs only. The actual cost will depend on the scope of work and deck finish selected. The cost for the deck restoration in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Pool Equipment

Category:	Recreation	Unit Cost:	2,800.00
Began Use:	1/01/2009	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	2,800.00
Next Replace:	1/01/2017	Future Cost:	3,151.42
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provide an allowance to replace the pool equipment on an as-needed basis. The replacement may include the sand filter, pumps, valves, strainer and other equipment. The pool equipment is currently being maintained by maintenance personnel.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Pool Interior Refinish

Category:	Recreation	Unit Cost:	23.00
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	23,000.00
Next Replace:	1/01/2021	Future Cost:	29,144.33
Remaining Life:	7 YRS	Salvage Value:	0.00
Quantity:	1,000.00 SQ FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the refinishing of the pool interior plaster and coping tile edge.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Recreation Room Renovation

Category:	Recreation	Unit Cost:	10,000.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	10,000.00
Next Replace:	11/01/2028	Future Cost:	15,971.35
Remaining Life:	14 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

This component provides an allowance to convert the empty office space next to the pool restrooms into a Recreation Room. The conversion work may include flooring, kitchen counters and cabinets, sink, appliances, light fixtures and furniture. The initial cost for the renovation in 2013 is to be paid for by the developer. The room includes about 500 sq ft of space.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Restroom Refurbishment

Category:	Recreation	Unit Cost:	25,000.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	25,000.00
Next Replace:	11/01/2033	Future Cost:	46,301.62
Remaining Life:	19 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to refurbish the men and women's restrooms located at the pool area. The refurbishment work may include replacement of the existing ceramic tile, plumbing fixtures, accessories, doors and interior finishes. The initial cost for the refurbishment in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Roofing, Built-Up Coating

Category:	Building Exterior	Unit Cost:	4.00
Began Use:	1/01/2011	Cost Type:	Contractor
Lifespan:	12 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	100,000.00
Next Replace:	1/01/2023	Future Cost:	134,431.37
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	25,000.00 SQ FT	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the re-coating of a spray on polyurethane roof coating on to the existing built-up roofing. The foam base and initial coating was installed by Pacific Industrial Coatings in 2011. The unit cost includes cleaning, surface prep and application of a new top coat only.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Roofing, Built-Up Coating - Repair

Category:	Building Exterior	Unit Cost:	10,000.00
Began Use:	1/01/2018	Cost Type:	Contractor
Lifespan:	5 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	10,000.00
Next Replace:	1/01/2023	Future Cost:	11,592.74
Remaining Life:	4 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

2014 Update: This component provides an allowance to perform repair work on the existing built up roofing. There are a number of cracks in the waterproofing system that may affect the integrity of the roofing system. The repair work should allow the roofing system to remain in service until its planned replacement in 2023.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Security Camera System

Category:	Electrical	Unit Cost:	5,000.00
Began Use:	1/01/2011	Cost Type:	Contractor
Lifespan:	6 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	5,000.00
Next Replace:	1/01/2017	Future Cost:	5,627.54
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to upgrade the security camera system that may include new cameras, controls and monitoring devices. There are currently 8 cameras to the system.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Signage, General

Category:	Building Exterior	Unit Cost:	1,000.00
Began Use:	1/01/2011	Cost Type:	In-house
Lifespan:	6 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	1,000.00
Next Replace:	1/01/2017	Future Cost:	1,125.51
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component provides an allowance to replace building, traffic, room and identification signs located throughout the property, It is assumed that actual replacement will take place on an as-needed basis.

2014 Update: No change.

Rycroft Terrace - 2014

COMPONENT DETAIL REPORT

Analysis 1 - 2014

Signage, Rycroft Terrace

Category:	Building Exterior	Unit Cost:	17,075.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	17,075.00
Next Replace:	11/01/2033	Future Cost:	31,624.00
Remaining Life:	19 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input checked="" type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component provides an allowance for installation of building identification signs for the new association/complex. The unit cost is based on a contractor quote. The unit cost is an estimate only and may need to be revised based on the actual type of signs required. The initial cost for the new signage in 2013 is to be paid for by the developer.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Skylights, Pagoda Circular

Category:	Building Exterior	Unit Cost:	1,200.00
Began Use:	1/01/1987	Cost Type:	Contractor
Lifespan:	30 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 6 years	Current Cost:	7,200.00
Next Replace:	1/01/2023	Future Cost:	9,679.06
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	6.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the circular skylights located on the pagoda roof of the commercial facility.

2014 Update: The service life of the skylights have been revised to reflect replacement when the roofing is scheduled to be replaced in 2023.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Sump Pump System

Category:	Site Improvements	Unit Cost:	1,500.00
Began Use:	1/01/2007	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	1,500.00
Next Replace:	1/01/2017	Future Cost:	1,688.26
Remaining Life:	3 YRS	Salvage Value:	0.00
Quantity:	1.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component budgets for the replacement of the sump pump motor, controls and miscellaneous equipment located at the lower parking deck.

2014 Update: No change.

Rycroft Terrace - 2014
COMPONENT DETAIL REPORT

Analysis 1 - 2014

Traffic Striping

Category:	Site Improvements	Unit Cost:	12,000.00
Began Use:	11/01/2013	Cost Type:	Contractor
Lifespan:	6 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	12,000.00
Next Replace:	11/01/2019	Future Cost:	14,688.85
Remaining Life:	5 YRS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Poor - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/>	Client/Management

Remarks

This component budgets for the re-striping of the parking lot traffic striping for both the upper and lower parking decks. The initial striping for the 2013 new parking pavement is being skipped as the cost for that striping is included in the asphalt renewal contractor's quote. The initial cost for the striping in 2013 is to be paid for by the developer.

2014 Update: No change.

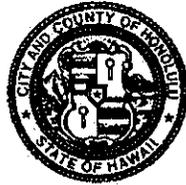
EXHIBIT L-2

ZONING COMPLIANCE LETTER

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.honolulu.gov • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

2012/ELOG-517(RLK)

December 18, 2013

RECEIVED DEC 23 2013

Mr. Peter B. Savio, President
Hawaiian Island Development Co., Inc.
931 University Avenue, Suite 105
Honolulu, Hawaii 96826-3241

Dear Mr. Savio:

**SUBJECT: Condominium Conversion Project
Pagoda Terrace (aka Bishop Terrace Apartments)
1550 Rycroft Street
Tax Map Key: 2-3-018: 022**

This is in response to your letter dated February 22, 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 five-story 162-unit apartment building, two one-story pavilions and a one-story with basement parking structure met all applicable code requirements when they were constructed in 1962 on this 61,614-square-foot A-3 High Density Apartment District zoned lot.

Further investigation revealed the following:

1. Inspection revealed a total of 120 all-weather-surface off-street parking spaces on this zoning lot.

On December 2, 2013, a Conditional Use Permit (File No. 2013/CUP-96) was approved with conditions to allow Pagoda Terrace 18 off-site parking spaces.

2. The one-story with basement parking structure is considered a nonconforming structure because it encroaches into the rear and side yard setbacks.

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

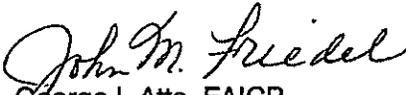
Mr. Peter B. Savio, President
Hawaiian Island Development Co., Inc.
December 18, 2013
Page 2

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

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

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

Very truly yours,

for 
George I. Atta, FAICP
Director

GIA:ft
[1106373]

EXHIBIT L-3

ELECTRICAL ENGINEER REPORT

RR Consulting, Inc.

3376 Ala Laulani Street
Honolulu, Hawaii 96818

September 16, 2013

Project: Rycroft Terrace, Honolulu, Hawaii

Electrical Engineering Observation Report

General:

On Wednesday, May 23, 2012, a cursory inspection was performed on the subject property to evaluate the condition of its electrical system. The inspection was limited to observations of exposed electrical devices, equipment, lighting, wiring and compliance to the present Electrical Code.

Note: The term "good condition" refers to the observed device or equipment being physically free from excessive deterioration and, if tested, fully performing its intended function.

References:

1. National Electrical Code, 2011
with C & C of Honolulu Amendments
2. Uniform Fire Code, 1997
with C & C of Honolulu Amendments
3. ANSI C2, National Electrical Safety Code, 1997.
4. IES Lighting Handbook, 9th Edition, 2000.

Observations:

General

The subject property consists of a five-story, U-shaped building, common area and landscape areas. The building use is mainly hotel rooms with some commercial spaces.

The electrical system, devices, fixtures and other electrical components were in fair condition. Some defects were noted such as exposed wiring, missing covers for electrical boxes and rusting.

The fire alarm control panel is an outdated Johnson Control unit located in the pool pump room. The fire alarm devices installed were pull stations and some audio/visual devices.

Electrical Service

The power to the building is derived from HECO to an electrical closet on the first floor. The service equipment electrical closet consists of 12 meter sockets, which feed various parts of the building. The equipment is very old, weathered and rusty.

There are three additional HECO meter in the pool pump room for the pool equipment and the

commercial spaces. These do not have the clearance of 4 feet in front of the meters as required by current Codes and Regulations. The equipment is rusted but do not present a hazard in its present condition. See Figures 1 and 2.



Figure 1. Meter condition in pool equipment room.

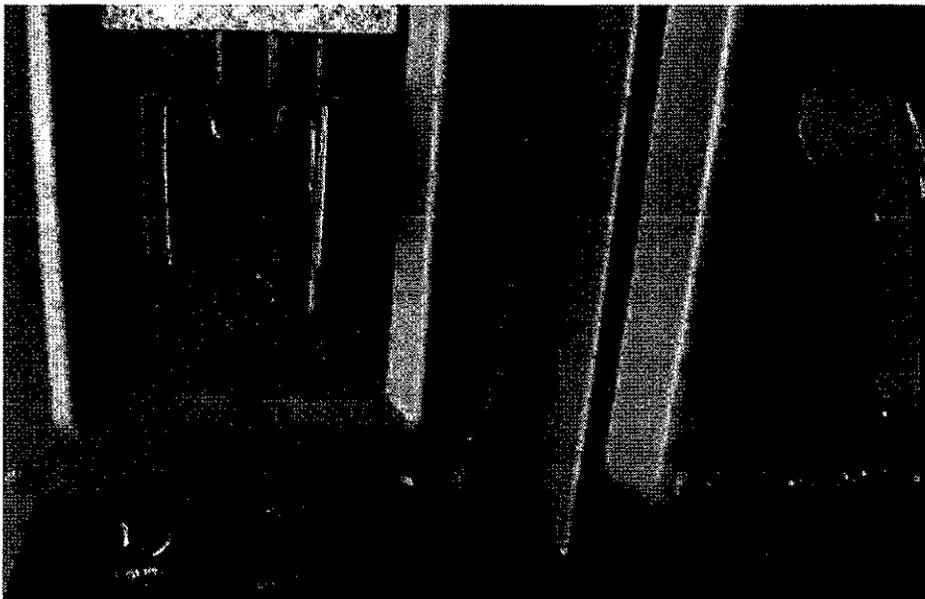


Figure 2. Circuit breakers in pool equipment room.

Fire Alarm System

The building is not over 75 feet high. Therefore, per the 1997 UFC, Section 1007.2.12.2, an automatic fire alarm system is not required.

The existing fire alarm system is a Johnson Control unit and is old and has limited capacity. See Figure 3. Its capability is limited to receiving inputs from pull stations and smoke detectors. The alarm device are bells located in the middle of the third floor on the A and C wings and the middle of each floor of building B. There are additional audible/visible devices installed at various locations throughout the facility in a random manner. See Figure 5. The audibility requirement may not be met with these devices. Tests should be made to determine if additional devices are required.

There were no smoke detectors installed in the electrical rooms, the mechanical rooms and the storage rooms. Since there are residential units in the building, smoke detectors are required for these spaces. Consideration should be given to install smoke detectors in these areas.

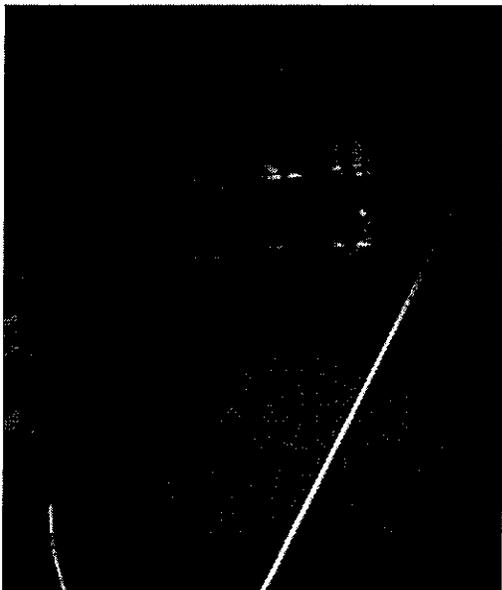


Figure 3. Johnson Control FACP.



Figure 4. A/V device in first floor hallway.

Interior Lighting

There are emergency lighting units in the stairway on each floor in addition to normally lit fluorescent fixtures. These appear to adequately light the stairways.

The hallways for buildings A and C are exterior passages. Each floor is lit by three wall-mounted opal glass cylinder fixtures. These do not appear to provide adequate lighting for exit corridors and should be further studied for adequacy. Further, these fixtures do not appear to be dual sourced. Emergency fixtures should be installed in place of these fixtures.

The first floor of building B has the same problem as buildings A and C. There is not adequate lighting. The upper floors of building B are interior corridors and are lit by ceiling-mounted fluorescent fixtures. There appears to be adequate lighting for exit corridors. These fixtures also should be emergency light fixtures and should be replaced if they are not.

Exit signs were installed at both ends of the corridor of each wing. These appear to be adequate to satisfy Code requirements.

Exterior Lighting

Although there are exterior areas such as the pool area and walkways, there are no exterior light fixtures lighting these areas. Consideration should be given to light these areas for safety reasons.

Electrical System:

The electrical wiring as expected for older buildings looked unorganized. Surface mounted conduits were run in a haphazard random manner. Most, although appearing offensive, were not potential Code violations nor were safety hazards.

There were some instances that need to be addressed, however. One was the beauty shop. The electrical wiring had some potential safety hazards. One was the electrical panel that was protected by a paper cover. See Figure 5. An approved cover must be installed to seal off the electrically hot metal parts. This panel also had 2 1-pole breakers connected by a copper wire connecting bar to make a 2-pole breaker. These need to be replaced with approved connecting bars. See Figure 6.

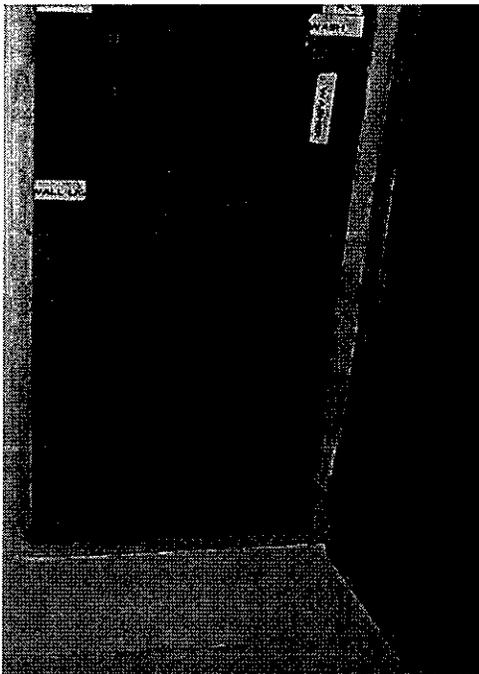


Figure 5. Paper panel cover

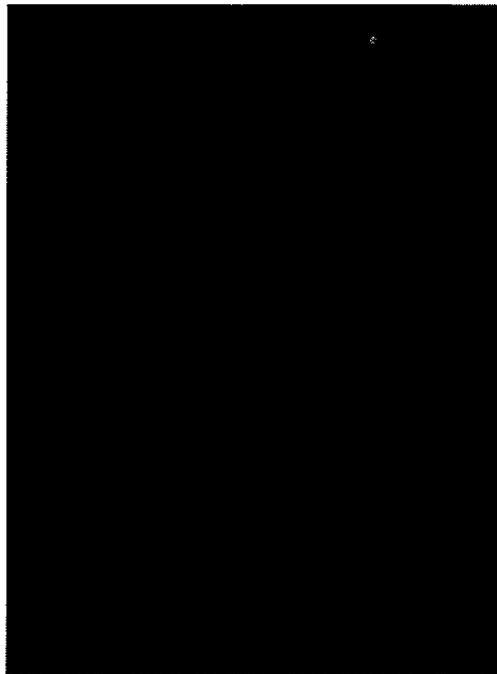


Figure 6. Copper wire connecting bar.

Apartment Units:

The electrical system for the apartment units were in fair condition. There were many instances where the distance from a point along the walls was more than 6 feet from an outlet. This is an NEC violation. Also, the present NEC requires 2 small appliance circuits in the kitchen. In all apartments observed, this was not provided. In addition, the present NEC requires that all kitchen counters 12 inches or

wider be provided with a GFCI outlet. There were many instances of this violation. An example from apartment 222 is shown in figure 7.

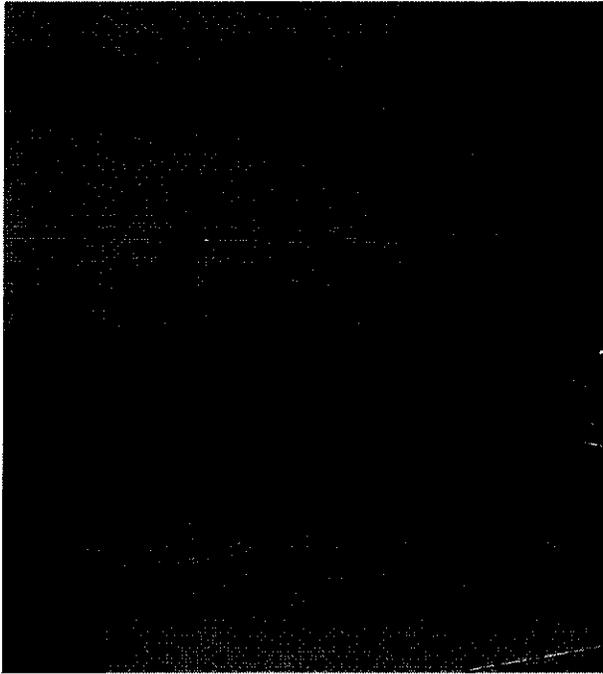


Figure 7. Kitchen counter wider than 12",
Missing a GFCI outlet.

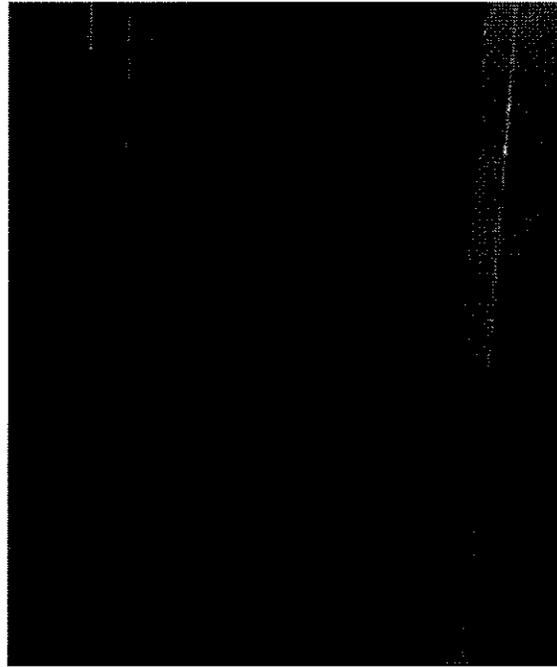


Figure 8. Load Center Location.

Another violation is that the load center is located in a closet that does not provide the required clearances. The load center is located on a side wall of a closet that is 24 inches wide. The NEC requires a clearance in front of the load center of a minimum of 36 inches. See Figure 8.

Further, to become compliant with the present NEC, the load center will need to be upgraded to provide for additional circuits. As a minimum, there needs to be two kitchen small appliance circuits, a bathroom circuit with no other loads, a refrigerator circuit, a range circuit and a lighting and power circuit, or a minimum of 7 circuits. The existing load centers have 6 circuits.

An additional requirement by the NEC is that all 120 volt outlet circuits be arc-fault protected. The present breakers do not provide this protection. Also, all receptacles are to be the tamper-proof type, which the existing outlets are not.

Conclusions:

The electrical system for the facility is on fair condition and consistent with the age of the facility. There are several locations we noted that were in violation of the NEC. These include exposed wiring, missing covers and rusting. Also, the required GFCI receptacles need to be provided. The 120 volt circuit breakers should be replaced with arc-fault type breakers. All receptacles should be replaced with tamper-proof receptacles. There should be a development of a maintenance procedure to improve the condition of the electrical system.

The light fixtures in the hallways should be replaced with emergency fixtures. Additional area light fixtures for the walkways and pool area should be installed.

The electrical equipment is in fair condition, consistent with its age. It is expected that cost for maintenance, repair and replacement will increase due to the age and wear and tear of the equipment. However, with the proper maintenance, the equipment should provide adequate service.

This report does not address portions of the building other than those mentioned, nor does it provide any warranty either expressed or implied for any portion of the existing building.

Submitted by:

Samuel S. Matsuo

**Samuel S. Matsuo
PhD, PE**

EXHIBIT L-4

MECHANICAL ENGINEER REPORT

SANFORD HASEYAMA INC.
996 Hoomoana Street
Pearl City, Hawaii 96782
Email: shasey@hawaii.rr.com

September 16, 2013

To: Mr. Barry D. Kaplan
HIH Terrace Operating Company, LLC
932 University Avenue Suite 105
Honolulu, Hawaii 96826-3241

Re: Rycroft Terrace CPR – Mechanical Due Diligence Assessment
1550 Rycroft Street
Honolulu, Hawaii 96814 TMK: 2-3-018:022

Mechanical Engineering Observation Report

This report covers only the mechanical systems in the building. This project consists of three (3) existing five (5) story Hotel buildings constructed in 1961. There are 162 rental units in the building with 66 studio units, 76 one bedroom units and 20 two bedroom units. There is also a single story building with a hair salon and a vacant space which is used as a storage room.

The building has no fire sprinkler system. The fire protection system that is existing are the 7 fire hose cabinets on each of the five floors. There is also a dry stand pipe in the front stairwell. The cover for the valve (hose connection) is missing on most of the valves due to people removing and taking the covers. Fig. 1 shows the cover missing. Covers can be purchased and installed.

The water supply to the hair salon is metered separately from the rest of the building. The water meter for the hair salon is a 1 ½" meter (Premise No. 1142505, Meter No. 08060041). I believe the proprietor of the salon pays the water bill. I don't know how much water is used by the salon, but to have such a large meter only for the salon doesn't seem right. Recommend that the water bill be checked to see the water usage.

AIR CONDITIONING

All of the units have either 1 or 2 window air conditioning units. The studios have 1 air conditioner and the 1 and 2 bedroom units have 2 air conditioners. Many of the air conditioners are old, and showing signs of rusting and will need to be

replaced in the near future. I understand the second floor units have been renovated and some new air conditioners were installed.

The condensate from the air conditioners is not piped and let to drip down on the ledge, causing mildew growth on the ledge and makes the building look unsightly. It would be better to have a vertical pipe run down and pick up all the condensate from the air conditioners. See Figure 2 where the ledge has turned black with mildew growth. Even installing new air conditioners will have the problem of water dripping down especially on a humid day.

WATER SUPPLY

When facing the property, the water meter is located in the front and middle of the property. The water meter is a 4" meter (meter # 03124095, premise # 1142504). From my observation, there was no backflow preventer installed in the water line. There are shut off valves in a plastic valve box on the ground floor for each riser going up to the 5th floor. There is no separate valve to turn off the water supply to each unit. The Board of Water Supply requires a reduced pressure backflow preventer installed after the meter to prevent any contaminated water from getting their water system.

PLUMBING

Each of the units have a kitchen sink with a garbage disposal, flush valve water closet (no tank), lavatory, and bathtub/shower. The bathtub/shower valves are the individual hot and cold water handle type. The plumbing code requires that shower and tub-shower combinations be provided with individual control valves of the pressure balance or the thermostatic mixing valve type. When replacement of the valves becomes necessary the single handle pressure balanced or thermostatic type should be installed. This is to protect the user from getting scalded.

The flush valves and water closets have been replaced with the 1.6 gallon per flush units. The lavatory faucets are also the individual hot and cold water handle type. I don't know if there are any handicap rooms in this building. If there are, the rooms should be checked to see if the plumbing complies with the Americans with Disabilities Act.

Hot water to the building is provided by gas water heaters. There are 2 – 199,000 BTUH heaters with 2 – 520 gallon storage tanks to supply half of the building and 2 – 300,000 BTUH heaters which supply the other half. The hot

water is circulated with a pump so the user don't have to wait a long time to get hot water.

Any heater over 200,00 BTUH is considered to be a boiler and must follow the boiler code in its installation. From my observation, the 300,000 BTUH heaters do not meet the code where the clearances around the heater must be at least 3 feet. Figure 3 shows the heaters and doesn't seem to have the 3 feet clearance. There is a project to relocate the water heaters which will incorporate the corrections necessary to comply with the code.

Also portions of the venting duct and caps for the heaters should be repaired or replaced. . Figure 4. shows the vent is rusted and the rotating cowl at the terminal end does not spin. When the heat from the burning gas rises, the top will start turning and as it turns it will develop a positive flow adequate to convey all products of combustion to the outside atmosphere. With the cowl not able to spin, there may be some pressure build up in the vent causing the heater to work efficiently..

I also looked into the closeness of the discharge of the vent to the building which is close to an openable window. If the spinning cowl is considered a mechanical draft system it will meet the requirements of Paragraph 524.5 of the Uniform Plumbing Code. This paragraph states: Exit Terminals. The exit terminals of mechanical draft systems shall be located not less than twelve (12) inches from any opening through which combustion products could enter the building, nor less than two (2) feet from an adjacent building, and not less than seven (7) feet above grade when located adjacent to public walkways. The vent is about 4 ½ feet from the building.

On the day of my visit, I observed a plumber excavating the floor of a ground floor unit. The sewer line was clogged and found that the cast iron pipe was cracked so he was replacing the pipe. I understand they have quite a few problems with the sewer lines getting clogged with waste or grease. To prevent sewer backup recommend that the sewer lines be cleaned on a regular maintenance cycle, which would keep the lines clear. Especially with garbage disposal units, when fat and greasy items are put in a garbage disposal unit, the pipe will get lined with grease which clogs the line.

IRRIGATION

There is an irrigation system to water the plants and lawn of the property. Watering of the plants are done during off peak hours.

LAUNDRY

The hotel sends all the linens and towels out to a commercial laundry. They have a coin operated washer and dryer on the 3rd, 4th, and 5th floors. There are 2 washers and 2 dryers in each room. The washers and dryers are owned by the hotel..

The dryer vents in 2 of the 3 rooms didn't have the duct to discharge the lint out of the room connected. It seems that no maintenance was done to the machines. Figure 5 shows the back of the dryers without the duct connected. Originally, the lint was ducted to the wall which has a duct running up the wall where the lint went up to the roof. But over the years no cleaning of the duct in the wall was done and must have clogged the passageway so the duct must have been abandoned. Recommend that the dryer venting be reconnected after cleaning the duct. If the duct is not cleaned out, the lint accumulated in the duct can cause a fire.

VENTILATION

In some of the rooms there seems to be a lack of ventilation. The ladies locker room is an inside room and there is no windows. The only thing I saw was a fan sucking the air out from the locker room but there is no way of getting the outside air into the room. The security office is also an inside room and there is a small window air conditioning unit but I don't think fresh air from the outside is being brought in through the unit. The room where the house keeping stores the cleaning solutions should be better ventilated in case there is a spill in the room. The Health Department requires outside air be brought into the spaced where there are people working in the rooms.

SWIMMING POOL/KOI POND

There is a small swimming pool on the ground and a koi pond which is maintained by t he hotel.

This report only addresses portions of the units that was physically observed and information obtained from talking to the maintenance supervisor. Mechanical plans were not provided to check the layout. I am assuming that some of the equipment was replaced sometime during the existence of the building. This report does not provide any warranty either expressed or implied for any

Rycroft Terrace
Mechanical Observation Report
Page 5 of 5

mechanical systems that is concealed or hidden within the walls, ceiling or below grade.

Because of the age of the building, outages, clogged sewer lines, broken water lines or other unforeseen things will happen. You are doing "crisis management", fix only when it is broken. The only way to bring the building up to standards is to set up a maintenance program. A master plan should be developed and funds appropriated to replace the entire system whether it be the sewer system or water distribution system or the hot water system.

For now, you have to anticipate problems on a more than normal basis. The repair cost of fixing or correcting the problems will increase and still have the old system. Recommend replacement projects be programmed in the near future.

If there are any questions or comments, please call me at (808)753-4431.

Submitted by: Sanford Haseyama
Sanford Haseyama, P.E.
Mechanical Engineer

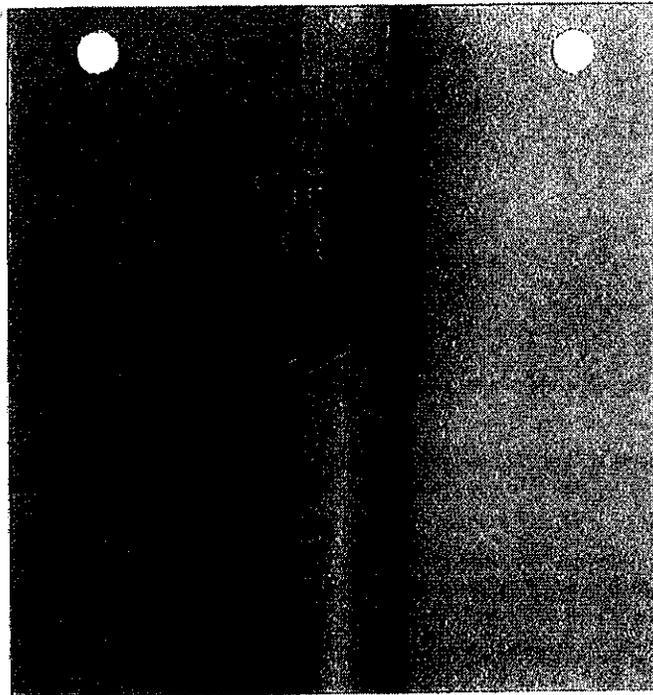


Fig. 1. Missing Dry Standpipe Valve Cover



Fig. 2. Mildew Ledges on Building

RYCROFT TERRACE

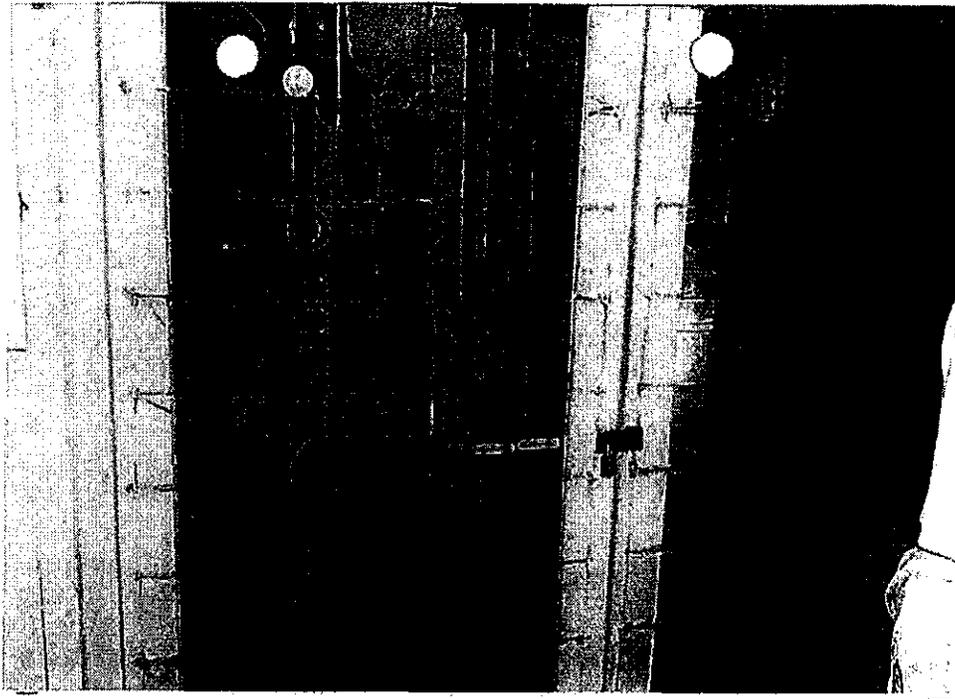


Fig. 3 Insufficient Clearance of Water Heaters

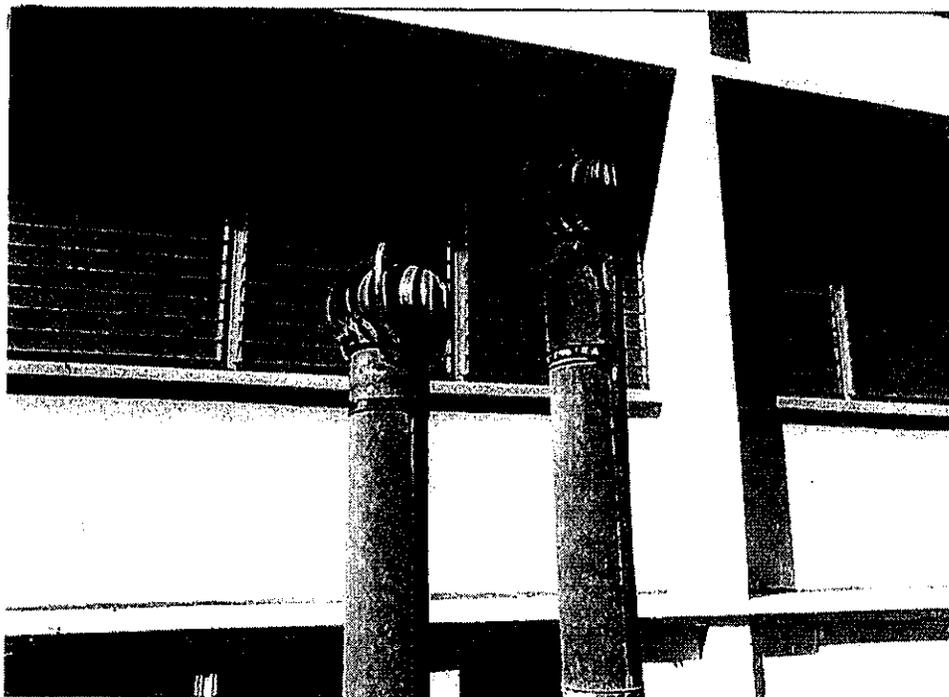


Fig. 4. Inoperable Heater Vent Caps

RYCROFT TERRACE .

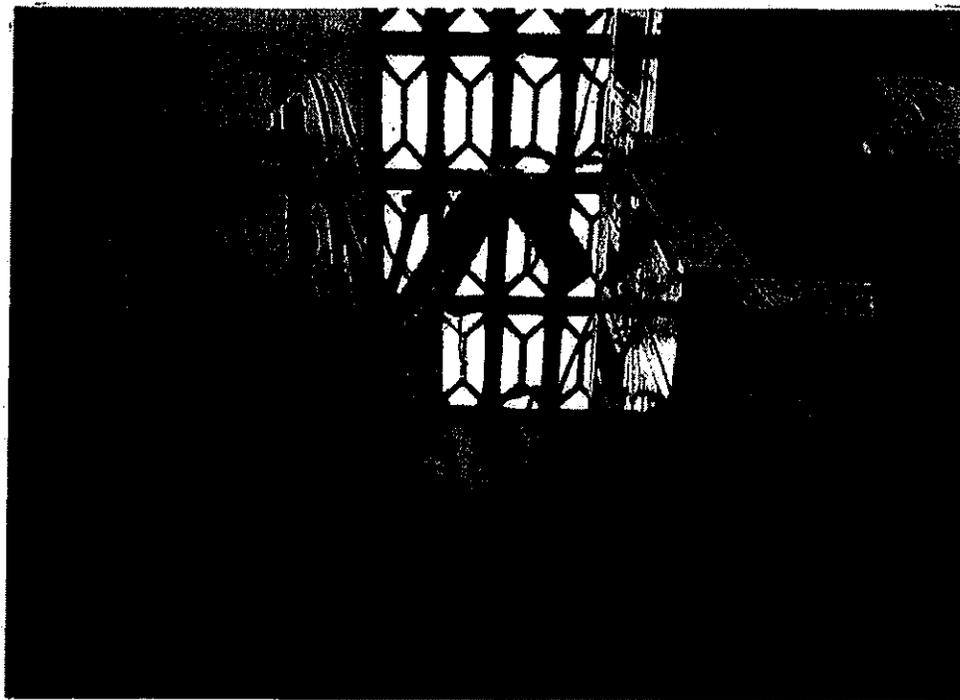
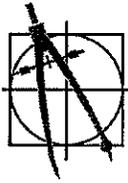


Fig. 5 Clothes Dryer Exhaust Duct not Connected

RYCROFT TERRACE

EXHIBIT L-5

STRUCTURAL DUE DILIGENCE REPORT



HAWAII
ENGINEERING
GROUP, INC.

Consulting Civil Engineers, Structural Engineers & Land Surveyors
US (SBA) SDB & DBE Certified

HEG Project No.: 12-176

September 16, 2013

Mr. Barry D. Kaplan
HIH Terrace Operating Company, LLC
932 University Avenue, Suite 105
Honolulu, Hawaii 96826-3241

Subject: **Rycroft Terrace CPR - Structural Due Diligence Assessment**
1550 Rycroft Street, Honolulu, HI 96814
TMK: 2-3-018:022

Dear Mr. Kaplan,

At your request, HAWAII ENGINEERING GROUP, INC. (HEG) had the opportunity to perform a site visit to note cursory, visual-only observations of the existing structures located at 1550 Rycroft Street in Honolulu, Hawaii. The site visit involved a walk-through inspection of accessible interior and exterior areas of the structures and was limited to the following areas:

- Building A, B, & C Roof
- Roof Elevator Shaft & Machine Rooms (Exterior Only)
- Building A & C Stairs & Landings
- Building A, B, & C Exterior Perimeter
- Building A - Unit 309
- Building A - Unit 308
- Building A - Unit 109
- Building A - Unit 101
- Ground Floor Common Lobby
- Court and Pool
- Pavilion A & B
- Parking Structure (i.e. Parking deck and parking basement)

SCOPE OF WORK

Our scope of work is limited to the following items:

- Site survey to visually observe the condition of the Pagoda Terrace three apartment buildings (i.e. Building A, B & C), pool area, two pavilion buildings, and parking structure.
- Nondestructive observation consisting of a cursory visual survey to assess structural conditions of the buildings. Nondestructive observations took place from exterior and interior accessible locations.
- Assessment of structural integrity of buildings based on visual observations only. Any deficiencies that were readily apparent were noted and preliminary recommendations are provided for repairs concerning structural integrity and deterioration of buildings.



- Review of existing design drawings titled “Bishop Terrace Apartments: Kaheka Tract” dated August 1961 by Takashi Anbe & Associates, Inc. Architects provided to us by client.

Our scope of work specifically did not include the following items:

- Review of hidden conditions such as those covered by floor, ceiling, wall panels, finishes, and/or coverings.
- Architectural, Mechanical, Electrical, Civil, and other non-structural aspects.
- Physical testing of structural elements or quantitative structural analysis to determine the adequacy of the existing structural elements and systems.
- Locating previous geotechnical reports.
- Construction documents for repair work.
- Estimation of probable design and construction costs for repair work.
- Geotechnical engineering services and hazardous material investigation.
- Review or investigation for accuracy of existing design documents provided by the client to meet design building codes.

The opinions and comments formulated during this assessment are based on observations made at the time of the investigation. No guarantee or warranty as to future life, performance, or need for repair of any reviewed condition is expressed or implied.

INTRODUCTION

Pagoda Terrace, located in Honolulu, Hawaii, was constructed in 1961 and includes three five-story residential apartment buildings, two pavilions, a court and pool area, and a parking structure (see Figure 1). The three residential buildings surround the central court, pool, and pavilions. The two-level parking garage is located on the mauka side of the property (see Figure 2). The structural engineer of record was Shimazu, Matsuda, Shimabukuro & Associates, Inc.

RESIDENTIAL BUILDINGS

The residential buildings, known herein as, Building A, Building B, and Building C contain a total of 162 apartment units. The buildings are rectangular shaped structures constructed with concrete and masonry materials. Each building has a ground level, four main floors (2nd, 3rd, 4th, and 5th Floor) and a roof. Building A, located adjacent to Ahana Street, is 140 feet long and 38 feet wide. Building B, located adjacent to the parking deck on the mauka side of the property, is 112-feet long and 38-feet wide. Building C, located adjacent to Kaheka Street, is 140 feet long and 38 feet wide.

All residential buildings A, B, & C are supported by concrete slab-on grade foundation and prestressed concrete piles supporting concrete pilecaps interconnected with concrete foundation grade beams. The buildings’ second thru fifth floors consist of 5 inch thick cast-in place concrete slabs supported by 8 inch concrete masonry unit (CMU) walls. The roof is a 5 inch thick concrete slab with a built-up roofing system supported by 8 inch concrete masonry unit (CMU) walls. The buildings’ exterior finish consists of stucco and the interior finish is a “slickcrete” plaster material. The two elevator shafts and machine rooms consist of cast-in place concrete walls and slabs. Elevators are located at each end of Building B and stairs are located on the mauka and makai side of Buildings A and C.



The building's lateral force resisting system is provided by 8-inch thick concrete masonry unit (CMU) shear walls located at the ends and center of the building oriented in both the transverse and longitudinal direction.

PAVILIONS

The pavilion, adjacent to the court and pool, includes two single story buildings, herein known as, Pavilion A and Pavilion B. Pavilion A is square shaped structure, 22 feet by 22 feet with a concrete foundation. Pavilion B is a rectangular shaped structure 50 feet in length and having a width of 14 feet. The pavilion structures consist of cast-in place concrete strip and isolated footings supporting retaining walls and steel columns, respectively. The steel columns support the roof structure consisting of steel wide-flange beams, wood joists, and a built-up roof.

PARKING STRUCTURE

The parking structure is located north (mauka) of Building B. The structure has a length of 217 feet and a width of 60 feet and includes two levels for parking. The lower level is below grade (basement). It has a cast-in-place concrete slab-on-grade. The upper floor parking deck is raised above street level. It is constructed with 24 inch deep prestressed concrete joists and a 5 inch concrete slab supported by CMU walls at the perimeter and cast-in place concrete columns in the interior. According to the available drawings, the parking structure provides 104 parking stalls.

The parking structure's lateral force resisting system is provided by 8 inch thick concrete masonry unit (CMU) shear walls located at the ends and sides of the building oriented in both the transverse and longitudinal direction. Observations noted no distress in terms of cracks, spalls, or other damage, thus indicating the structure has ample lateral load resistance.

The three residential buildings, pavilion, and parking structure were designed under the 1958 Uniform Building Code at the time of construction. Building codes have since changed and have become more stringent with respect to the lateral load design of structures. However, the structures that were built under earlier codes are grandfathered under Hawaii State Law.

OBSERVATIONS

On May 23, 2012, we performed a site observation visit for the purpose of visually surveying current condition of exposed and accessible portions of the existing structures. Design drawings of the main buildings, parking deck, and pavilion building were made available for review.

Buildings A, B, & C Observations:

Roof

1. The roof was accessible for observation at the time of the site visit. The concrete roof slab has a built-up roof (BUR) membrane system.
2. The overall condition of the roof, including the built-up roof membrane, is in good shape (see Photo 1) and felt solid with no noticeable vibrations or excessive deflections. No signs of leakage, tears, damage, or other evidence of age and deterioration were observed.
3. The roof vents are in good condition (see Photo 2).



4. The steel roof hatches were noted to have paint deterioration and minor rust; however, no signs of corrosion or section loss of the components were noted (see Photo 3).
5. The face of the concrete curb located on the Ewa side of Building C has some spalling (see Photo 4).
6. A few minor, superficial cracks, located on the concrete curb of the mauka side of Building B, were noted (see Photo 5).

Roof – Elevator Shaft and Machine Room

1. The interior of the elevator machine room was not accessible for observation at the time of the site visit. Thus, only the exterior was observed.
2. Minor cracks were observed on the northeast (mauka/Kokohead) corner (see Photo 6).
3. The underside of the machine room roof eave was noted to have minor paint deterioration (peeling) and minor cracking (see Photo 7).
4. The machine room door was noted to have severe rust and corrosion (see Photo 8).

Exterior Perimeter of Buildings A, B, & C

1. Each unit was observed to contain a window air conditioning (AC) unit. Building A's units were located on the Ewa side of the building (adjacent to Ahana St.). Building B's units were located on both the mauka and makai side of the building. Building C's units were located on the Kokohead side of the building (adjacent to Kaheka St.). Water damage from AC condensate was observed on the walls and concrete eyebrow section directly below these AC unit locations. No drainage measures were observed to be in place to direct AC condensate appropriately. The typical conditions observed in these areas included deterioration of the eyebrow, mold, exterior paint shedding/bubbling, cracks in the concrete eyebrow and stucco finish, spalling in the eyebrow, and plant growth in cracks in the eyebrow (see photos 9-18).
2. Vertical cracks were noted in the exterior face of a makai wall of Building B (column line 4) (see Photos 19 & 20).
3. Step pattern cracking, horizontal and vertical cracks, were observed in the stucco finish layer of the exterior face of the CMU wall window sill (see Photos 21 & 22).
4. Vertical cracks in the screen wall located at the southeast corner (makai/kokohead) of Building C (see Photo 23).
5. A minor horizontal crack was noted in the stucco finish on the Ewa side wall near the makai stairs of Building C (see Photo 24).
6. The concrete stairs, walls, landings, stairway railings and connections were in good condition with no signs of structural distress.
7. A crack was noted in the concrete foundation on the mauka side of Building B (see Photos 5 & 6). No visible signs of ground settlement were observed around the buildings' perimeter at the time of the walk-through.
8. Cracking of the exterior concrete walk ways were noted (see Photo 27). Cracking of this nature was noted as typical.
9. A crack was observed in the wall, near grade, on the Ewa side of Building C (see Photo 28).
10. No visible signs of ground settlement were observed around the buildings' perimeter at the time of the walk-through.

Interior Unit - 309



1. Minor non-structural cracking and paint peeling was noted in the bathroom walls and ceiling (see Photo 29).
2. No cracks, spalls, or deterioration was noted or observed in the CMU walls, concrete floor, or ceiling.

Interior Unit - 308

1. A minor non-structural crack was noted in the bathroom ceiling (see Photo 30).
2. No cracks, spalls, or deterioration was noted or observed in the CMU walls, concrete floor, or ceiling.

Interior Unit - 109

1. A minor non-structural crack was noted in the bathroom ceiling (see Photo 31).

Interior Unit - 101

1. No interior cracks, spalls, or other signs of structural deterioration were noted in the unit's interior.
2. The unit's exterior area (i.e. lanai) was observed to contain standing water from the AC unit directly above (see Photo 32).
3. A crack in underside drip portion of the second floor eyebrow directly above Unit 101's lanai was noted (see Photo 33).

Pavilion Building

1. The pavilion structures are in overall good shape with minor non-structural cracking, and paint deterioration.
2. A crack was noticed in the fascia on the makai side of Pavillion A (see Photo 34).
3. Minor architectural damage was noted on the mauka side eave of Pavillion A's roof (see Photo 35).
4. Pavillion A's ceiling was noted to be deteriorating having a "bubbling" effect (see Photo 36).
5. A small crack was noted on the interior column of Pavillion A (see Photo 37).

Parking Structure

1. The CMU walls, concrete slab-on grade & deck, beams, and columns were all noted to be in good condition with minor cracks, spalling, and moisture damage.
2. The asphalt pavement on the upper level parking deck was noted to have "alligator cracking", minor pot holes, and other signs of deterioration (see photo 38). The provided design drawings indicate the parking structure's upper level consists only of a 4 inch concrete deck with no asphalt pavement overlay noted. In addition, surface runoff is poor and allows water to penetrate through the asphalt to the deck.
3. The chain link fence posts on the mauka side of the parking structure were observed to be severely corroded in multiple locations (see Photo 39). Several post connections have been repaired with new connections into the top of the CMU wall (see Photo 40).
4. Several areas of the water damage were noted on the underside of the concrete deck surface (see Photo 41).
5. Minor cracking in the mauka wall near the Ahana Street entrance was noted (see Photo 42).
6. A minor horizontal crack in a makai column was noted (see Photo 43).



7. Minor spalls were noted in the concrete beams and prestressed tee-girders (see Photos 44 & 45). These spalls appeared to be the result of improper installation and use of nails to attach mechanical and other equipment.

CONCLUSION & SUMMARY

The observations noted herein indicate that the building is in structural good condition, noting only minor signs of deterioration, thus having no impact on the integrity of the overall structure. We recommend the following:

1. All concrete spalling should be repaired with proper repair materials
2. The concrete eyebrows should be cleaned, repaired and drainage systems installed for the air conditioning units.
3. All CMU wall cracks should be investigated for corrosion of reinforcement and repaired with proper repair procedures and materials.
4. Repair of all corroded hand railings on the parking structure.
5. The asphalt layer on the upper level parking deck should be removed. The concrete deck should be water proofed with a proper deck coating to protect the existing structure from water damage.
6. All damages observed and documented in this report are minor in nature and do not impact the structural integrity of the buildings.

All repairs to be done by a licensed contractor under supervision of a licensed structural engineer. The buildings should continue to perform well with regular maintenance. These observations can be addressed with a good maintenance program and upkeep of the building.

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

Sincerely,

STRUCTURAL CONSULTANT
HAWAII ENGINEERING GROUP, INC.

Handwritten signature of Ather R. Dar.

Ather R. Dar, PE
President
7/19/2012



FIGURE 1. Rycroft Terrace Aerial View (per Google Earth)

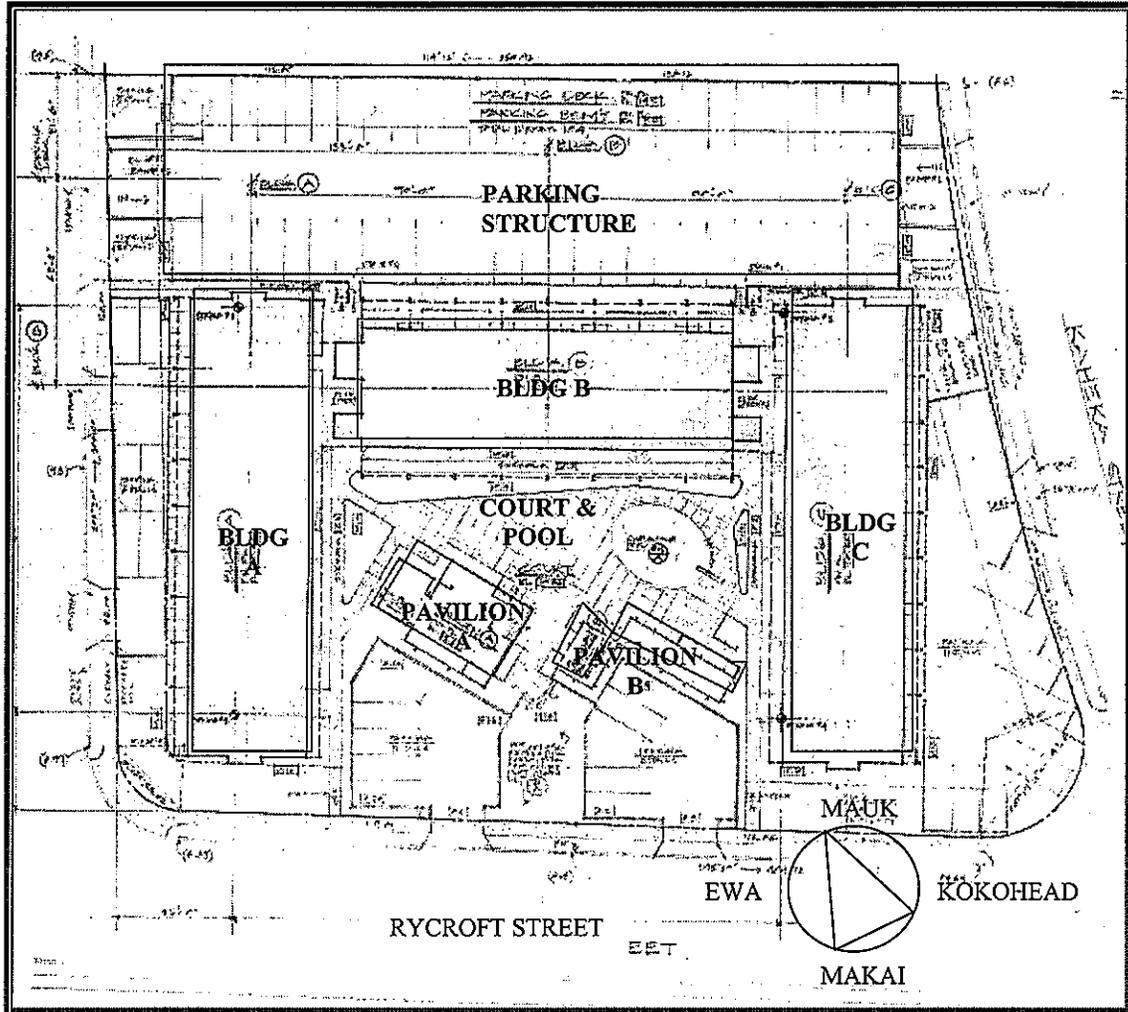


FIGURE 2. Rycroft Terrace Plan



ROOF PHOTOS

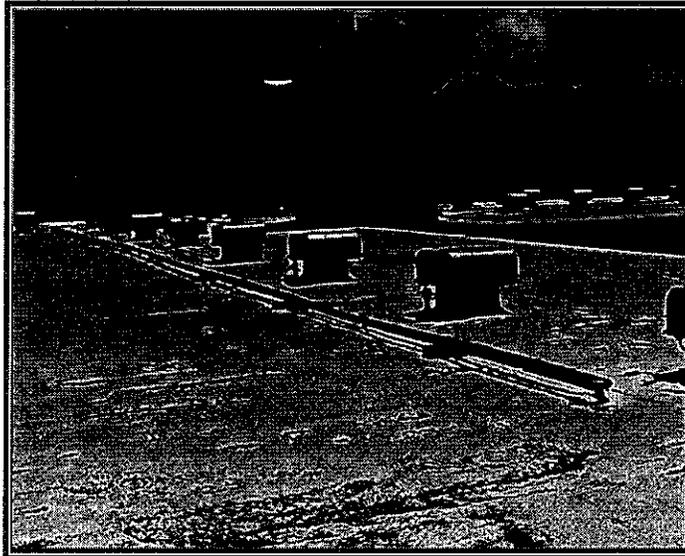


Photo 1. Roof

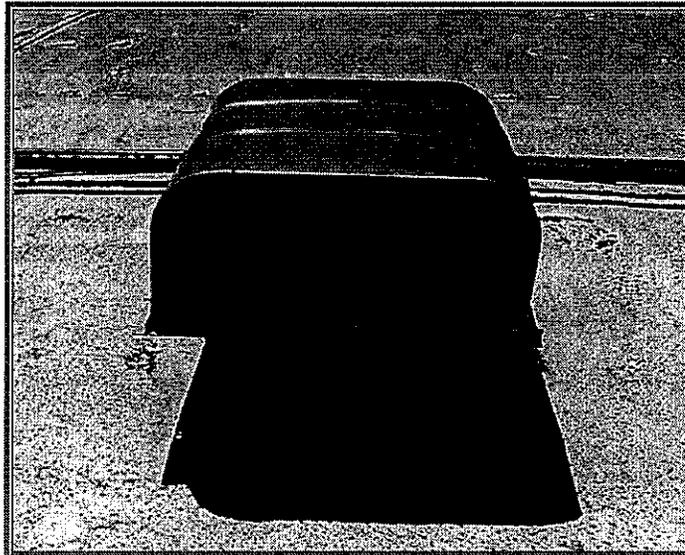


Photo 2. Typical Exhaust Fan Condition



ROOF PHOTOS

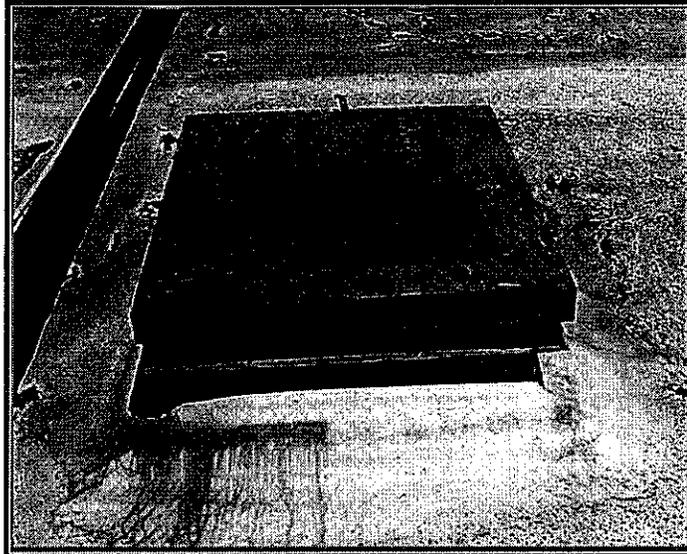


Photo 3. Roof Hatch

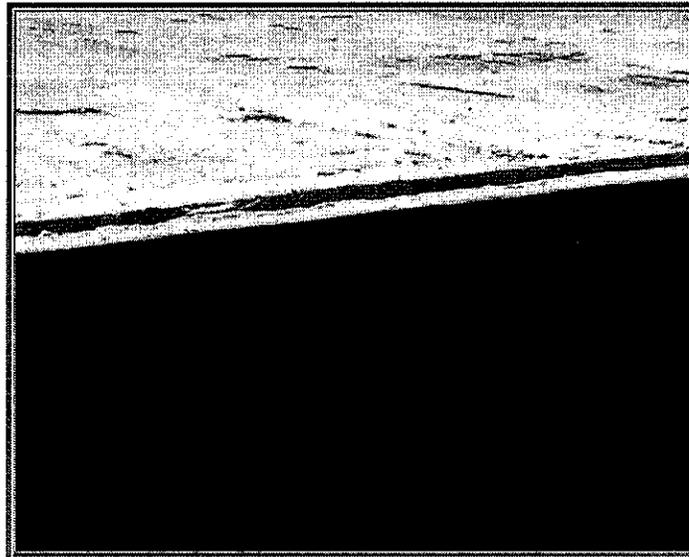


Photo 4. Building C (Ewa) - Roof Curb Spall



ROOF PHOTOS



Photo 5. Building B - Roof Curb Cracking

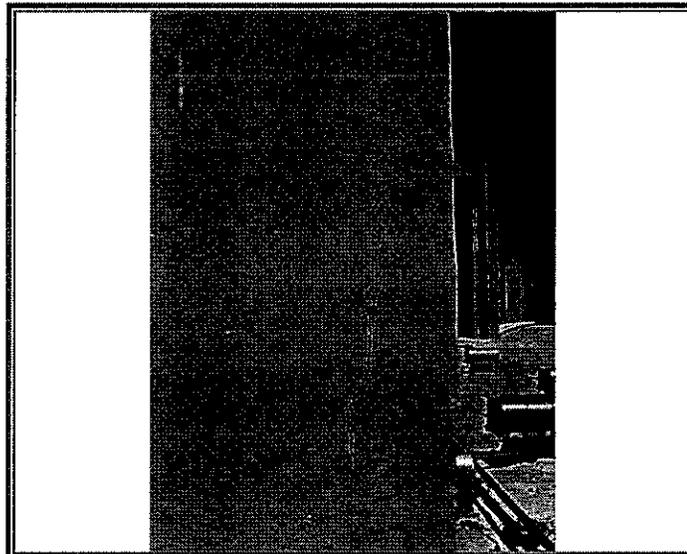


Photo 6. Elevator Machine Room - Wall Crack



ROOF PHOTOS

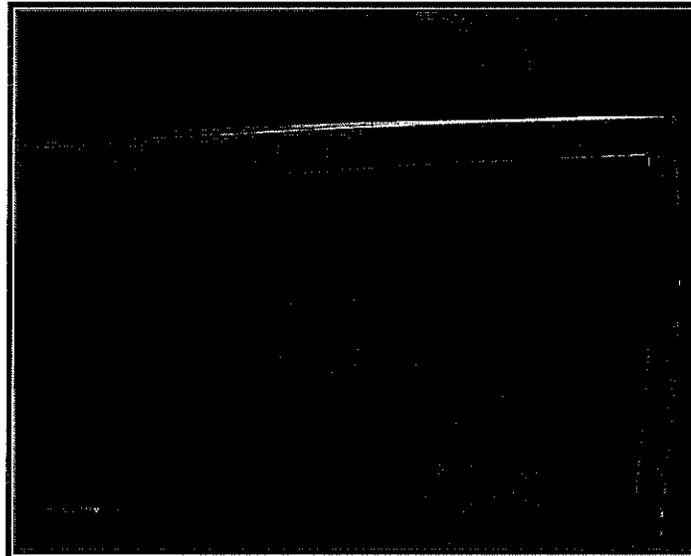


Photo 7. Building B – Elevator Machine Room Eave



Photo 8. Elevator Machine Room Door



EXTERIOR BUILDING (A,B,& C) PHOTOS

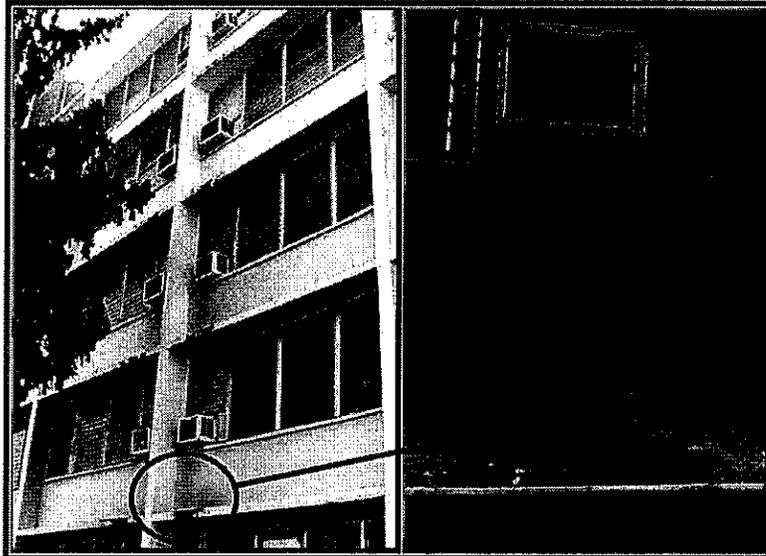


Photo 9. Building A – Ewa Elevation



Photo 10. Building B – Mauka Elevation



EXTERIOR BUILDING (A,B,& C) PHOTOS

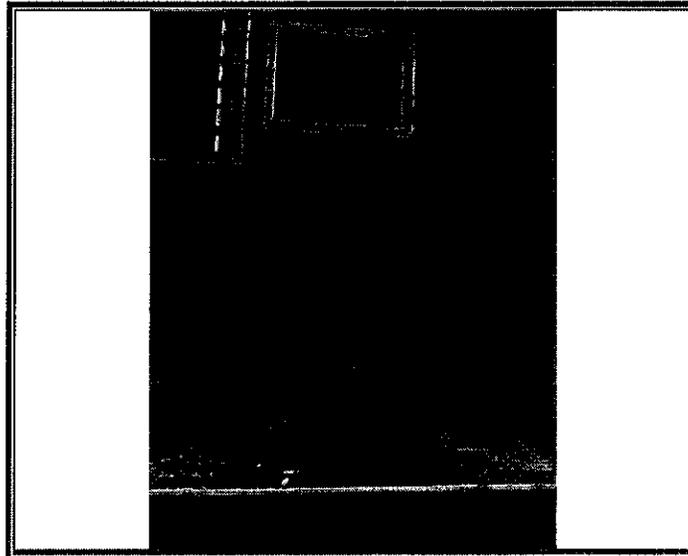


Photo 11. Building A – Ewa Elevation @ 2nd Floor

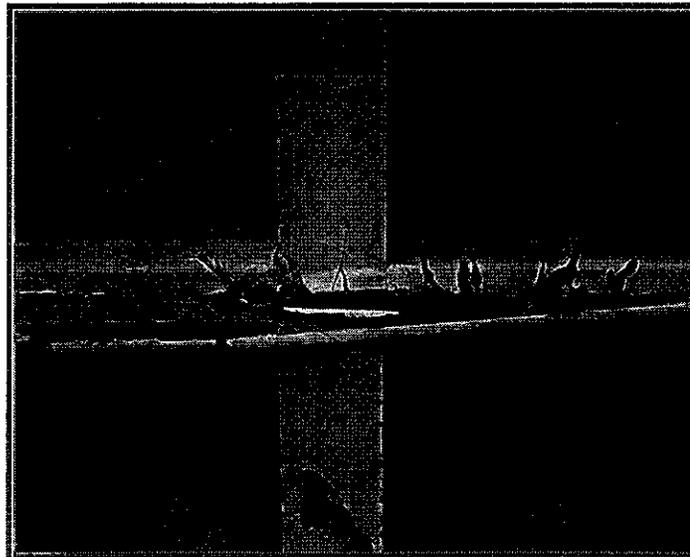


Photo 12. Building B – Mauka Elevation @ 2nd Floor



EXTERIOR BUILDING (A,B,& C) PHOTOS

Vertical crack in
eyebrow fascia

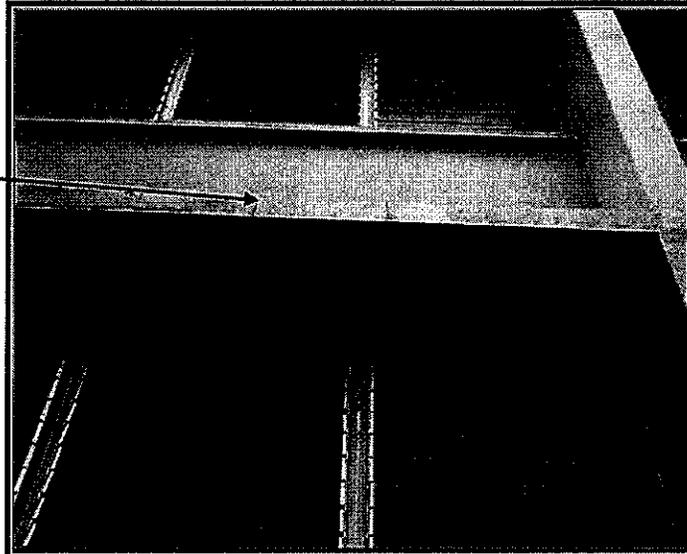


Photo 13. Building "Eyebrow" Cracking

Vertical crack in
eyebrow fascia

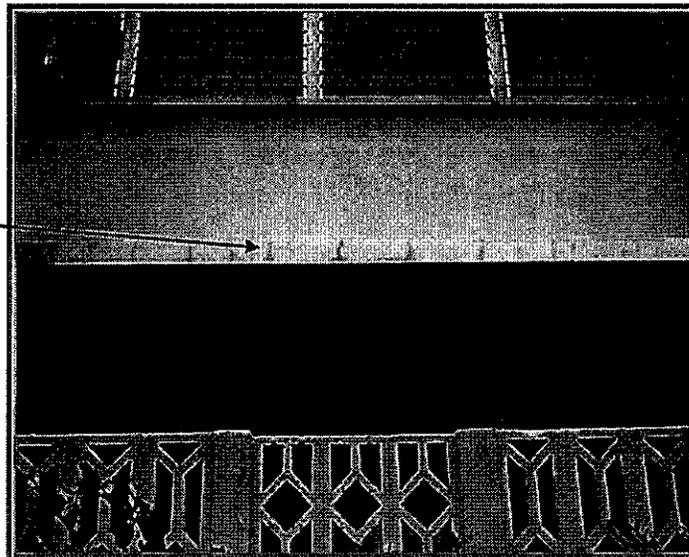


Photo 14. Building "Eyebrow" Cracking





EXTERIOR BUILDING (A,B,& C) PHOTOS

Vertical crack in
eyebrow fascia

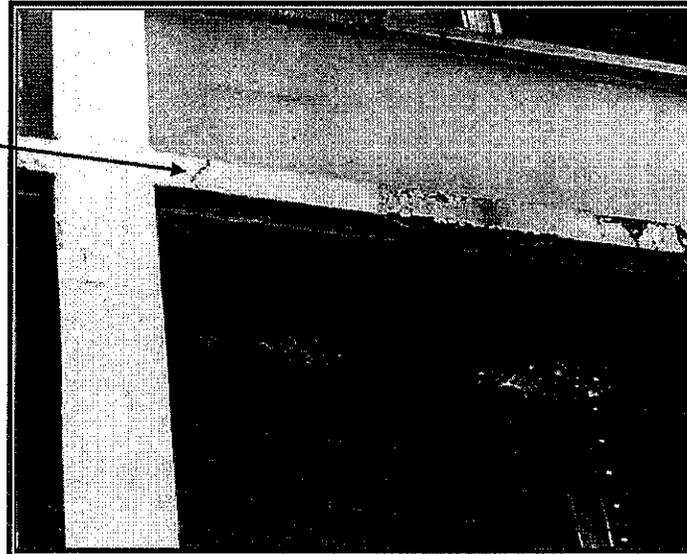


Photo 15. Building B – Makai Elevation @ 2nd Floor

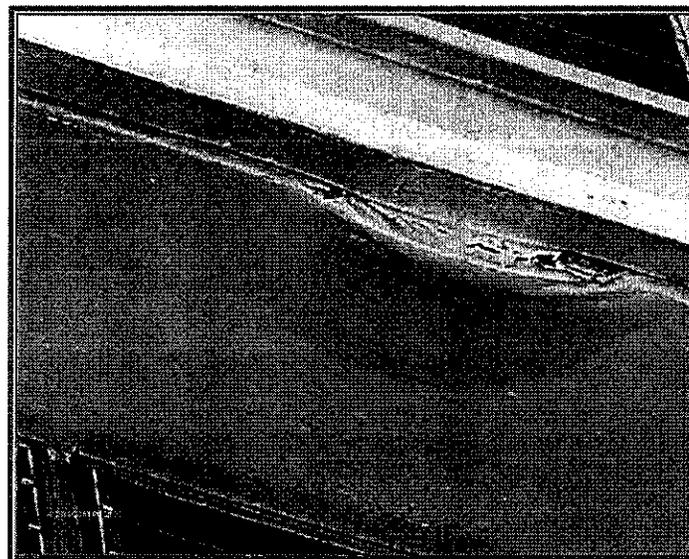


Photo 16. Building B – Makai Elevation @ 4th Floor



EXTERIOR BUILDING (A,B,& C) PHOTOS



Photo 17. Building B Makai Elevation "Eyebrow" Cracking

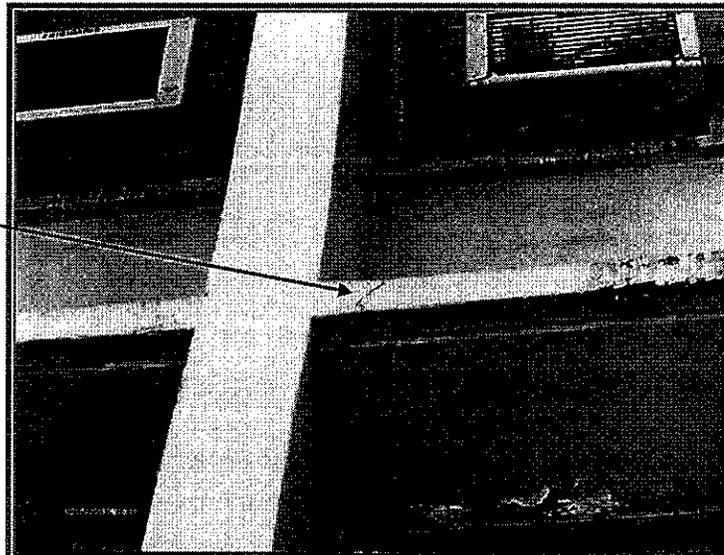
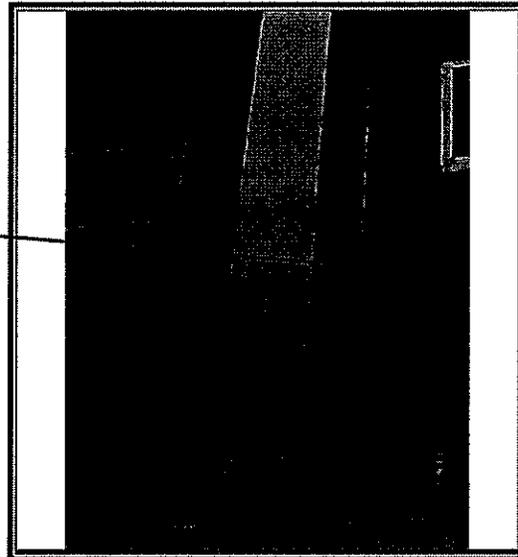


Photo 18. Building B - Makai Elevation @ 2nd Floor



EXTERIOR BUILDING (A,B,& C) PHOTO



**Photo 19. Building B – Makai Elevation
Vertical Cracking (Col. Line 4)**

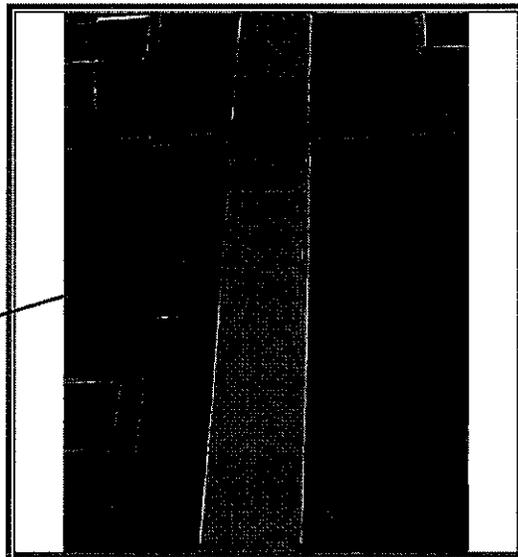


Photo 20. Building B – Makai Elevation



EXTERIOR BUILDING (A,B,& C) PHOTOS

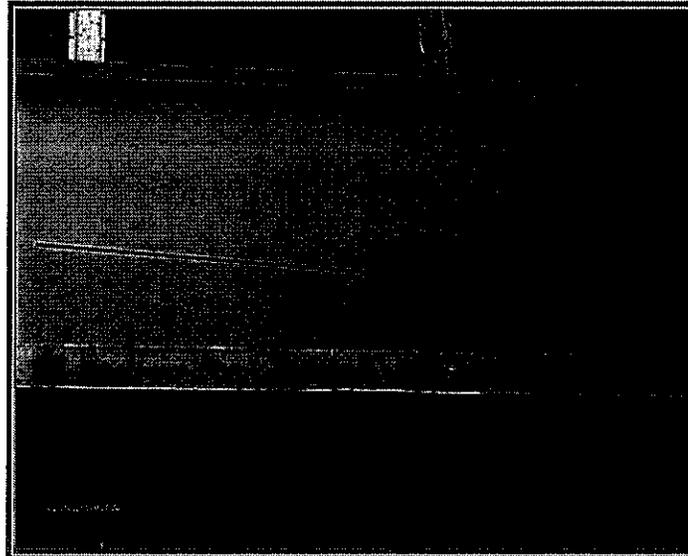


Photo 21. Building CMU Window Sill Wall

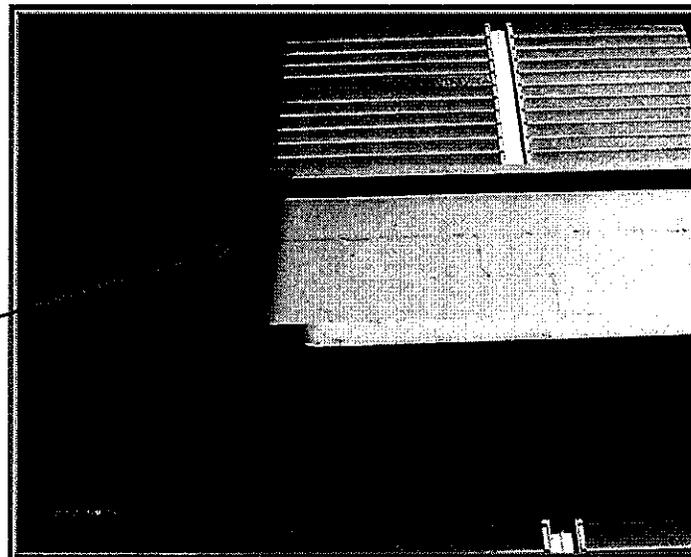


Photo 22. Building CMU Window Sill Wall



EXTERIOR BUILDING (A,B,& C) PHOTOS

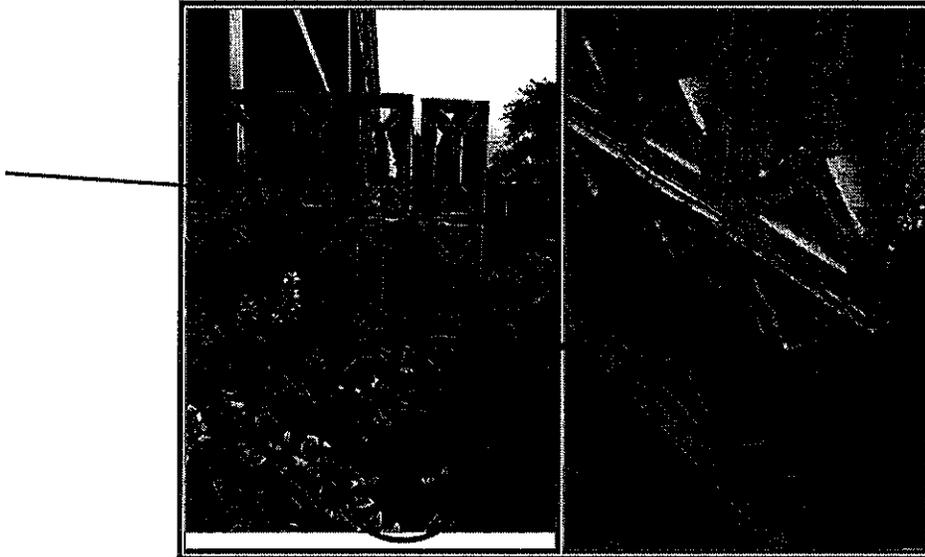


Photo 23. Building C – Screen Wall Crack

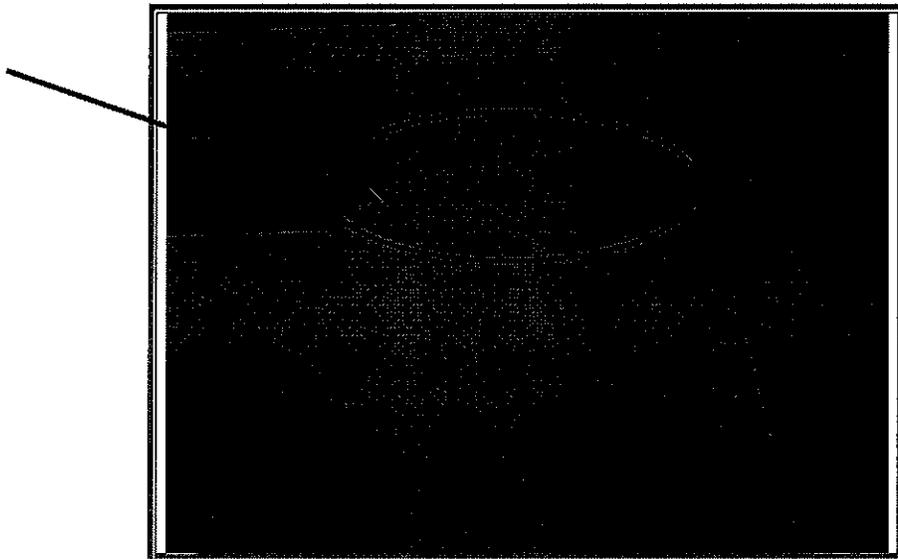


Photo 24. Building C – Ext. Wall Crack



EXTERIOR BUILDING (A,B,& C) PHOTOS

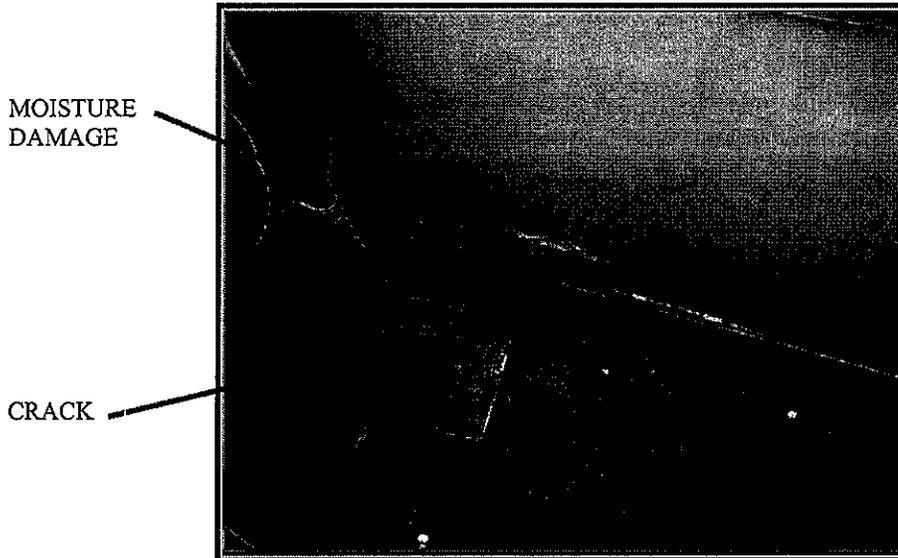


Photo 25. Building B – Mauka Side

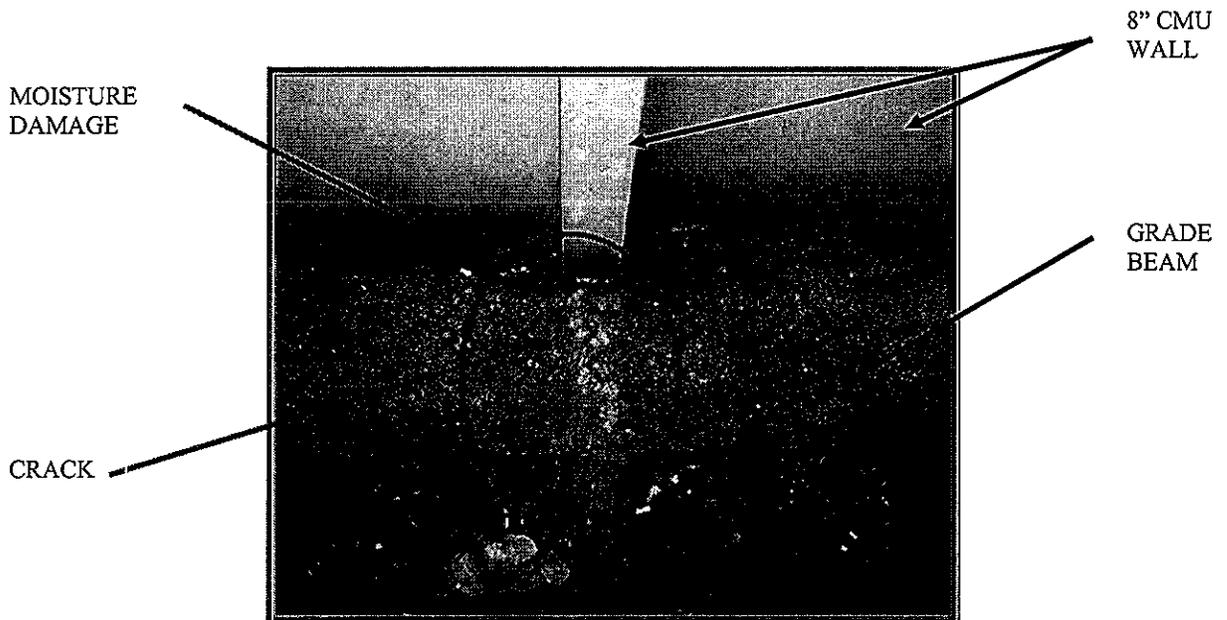


Photo 26. Building B – Mauka Side



EXTERIOR BUILDING (A,B,& C) PHOTOS

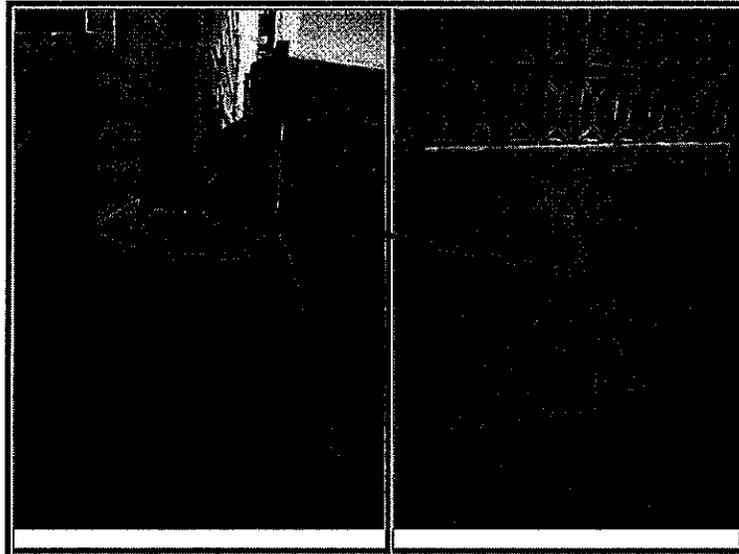


Photo 27. Building C – Side Walk Crack

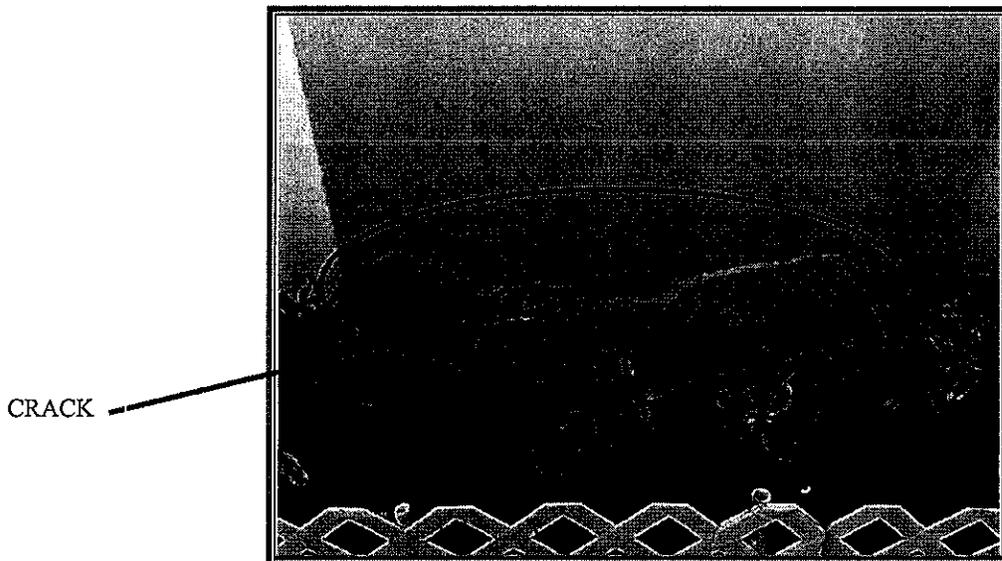


Photo 28. Building Wall Crack



INTERIOR BUILDING PHOTOS

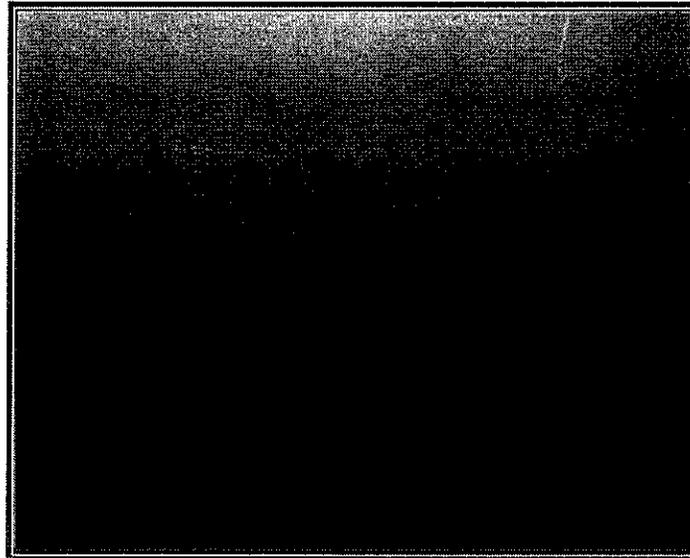


Photo 29. Unit 309 – Bathroom Ceiling



Photo 30. Unit 308 – Bathroom Ceiling



INTERIOR BUILDING PHOTOS



Photo 31. Unit 109 – Bathroom Ceiling

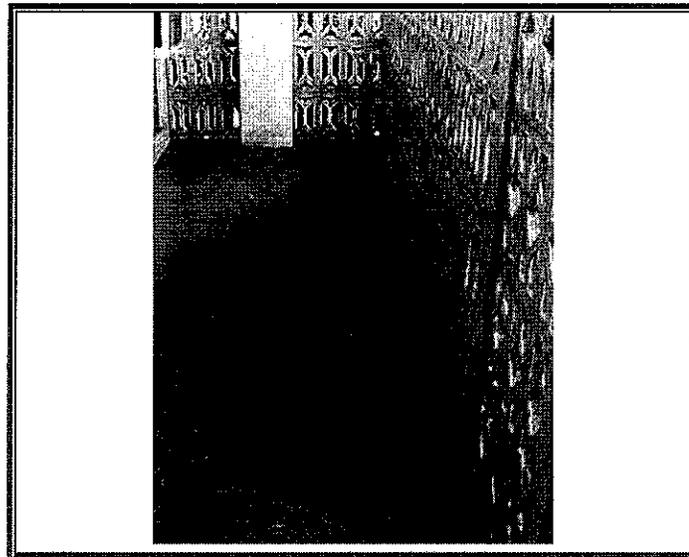


Photo 32. Unit 101 – Lanai



INTERIOR BUILDING PHOTOS

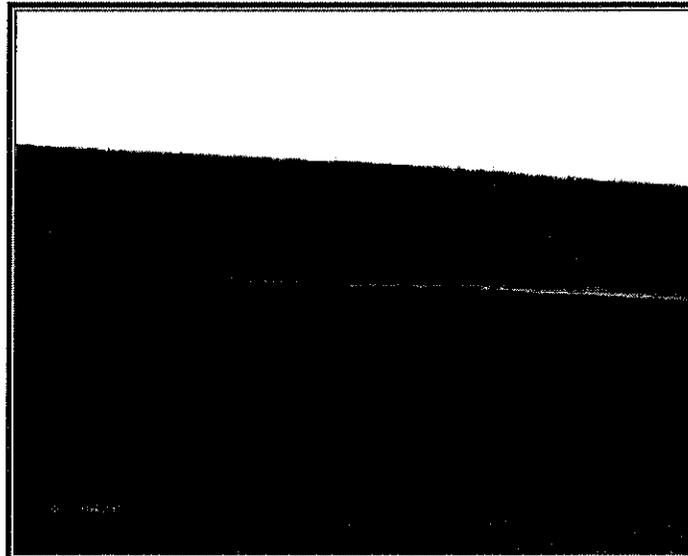


Photo 33. Eyebrow Crack above Unit 101



PAVILLION PHOTOS

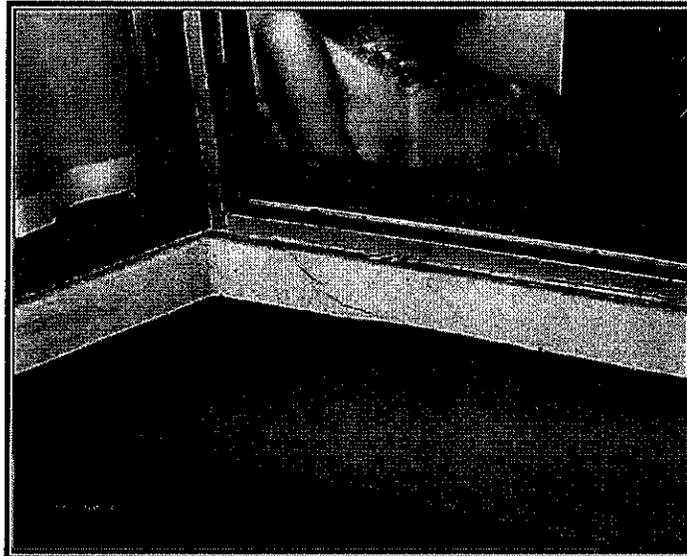


Photo 34. Pavillion A Facia Crack

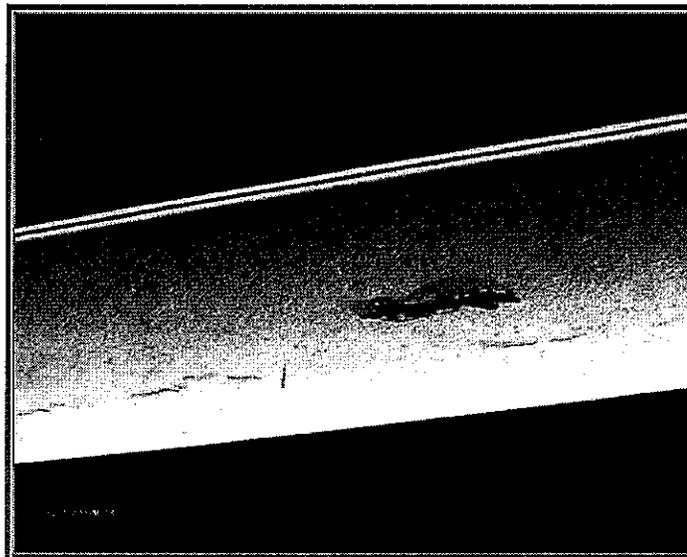


Photo 35. Pavillion A Eave



PAVILLION PHOTOS



Photo 36. Pavillion A Interior - Ceiling

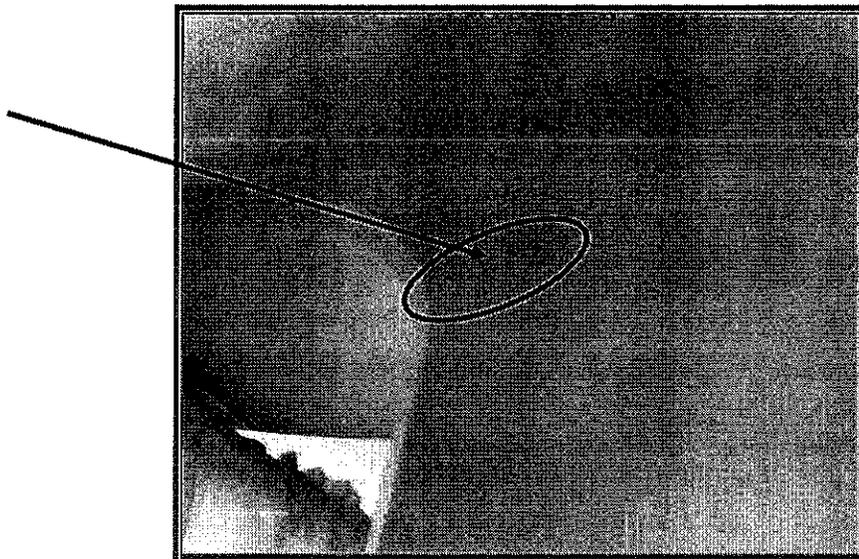


Photo 37. Pavillion A Interior



PARKING STRUCTURE PHOTOS



Photo 38. Parking Structure

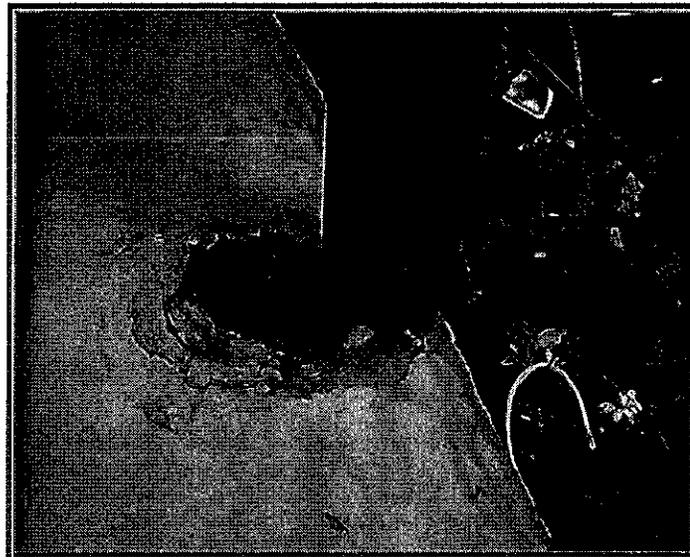


Photo 39. Parking Structure – Fence Post



PARKING STRUCTURE PHOTOS



Photo 40. Parking Structure – Fence Post Repair



Photo 41. Parking Structure



PARKING STRUCTURE PHOTOS

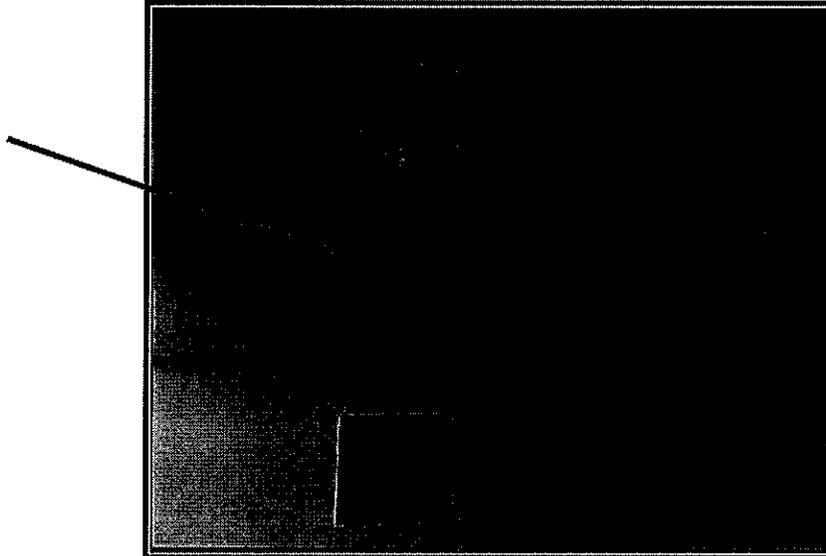


Photo 42. Parking Structure – Wall Cracking

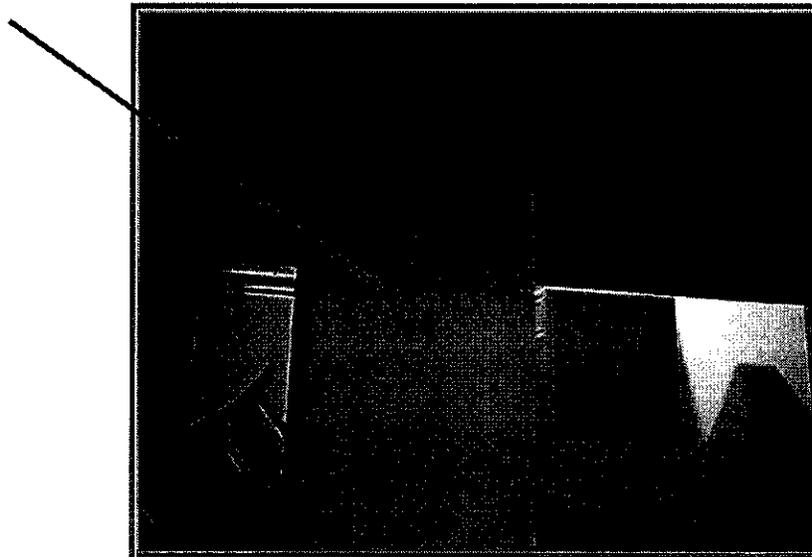


Photo 43. Parking Structure – Column Crack



PARKING STRUCTURE PHOTOS



Photo 44. Parking Structure – Minor Spalls

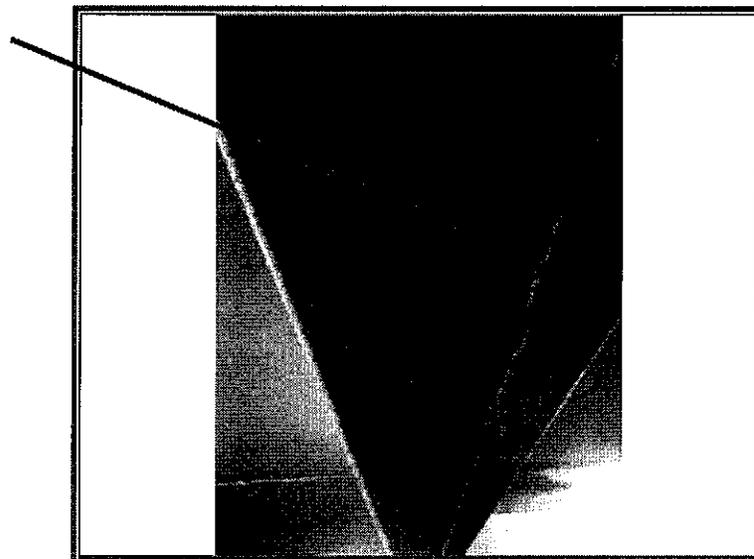


Photo 45. Parking Structure –Girder Spalls

EXHIBIT L-6

ARCHITECT'S REPORT

September 16, 2013

Mr. Barry D. Kaplan
HIH Terrace Operating Company, LLC
932 University Avenue, Suite 105
Honolulu Hawaii 96826-3241

Subject: Rycroft Terrace CPR – Structural Due Diligence Assessment
1550 Rycroft Street, Honolulu, HI 96814
TMK: 2-3-018:022

Dear Mr. Kaplan:

A cursory visual only observation visit was conducted of the Apartment units at the Pagoda Terrace Hotel at 1550 Rycroft Street, Honolulu, Hawaii, TMK: 2-3-18:22 on July 5, 2012. The Owner did not furnish the team with any final construction or approved permitted plans. There were no approved-stamped Building Department File copy, as-built Construction documents, change orders, soils report, engineering calcs, specification and basis of design. No permitted plans for alteration or renovation of either apartment areas or common areas were reported. There were no plans received of the commercial areas. This report covers that which was observed in a sampling of typical apartments, and assumes that the general observations made are pertinent to the building as a whole. No record of alterations, additions, or renovations were reported, but should have also been approved by Building Permits.

The design and construction seen are similar to that found in masonry and concrete non fire-rated construction apartment buildings in Honolulu's urban core. There are design elements that are "grand-fathered" and do not meet the requirements of the current Building code. Changes are made to the Building Code because experience has shown a need to respond to health and safety impacts. In some cases, building owners should consider up-grading to the current standard immediately if health, safety, or welfare is compromised. An example would be the opening in guardrails (currently 4" maximum) and the height of the top rail (currently 3'-6" high). In other cases, the size of alteration and renovation projects will require that the current standard be instituted.

Since the building was constructed, the building codes have been amended and other governmental regulations have been added or changed. The fire sensor and alarm system is one area where even when not mandatory, the latest requirements should be presented to the AOA by the property management for their decision to upgrade the safety provision or not. Recurring Fire Department inspection should be requested and fire evacuation drills held periodically.

The visual only observation visit did not include invasive or destructive testing, so the extent of damage or deterioration if any were not able to be substantiated. There were

no maintenance records or repair records provided. No evidence of flooding was reported by staff. The existence of lead paint, asbestos, environmental toxic material, dirty air quality and other problems was not observable. To address these items would require the retaining of specialty inspectors, and this is rarely done without damage or injury being obvious to the residents and the property managers. The decision to increase the level of inspections and testing is a management decision of the building owners.

There are a few inspections that are readily available and commonly retained by management. Preventative maintenance is generally accepted to be cost effective to running to failure and undertaking repair at higher cost. These areas are roofing, weatherstripping, caulking, flashing, protective coating, termite protection, gasketing, a/c maintenance, concrete spalling, corrosion control and clean-up of algae growth on walkways, servicing roof drains and keeping storm drains clean and clear. Added areas of concern are accessibility, environmental toxic waste, asbestos, indoor air quality, lead paints, mold, and other harmful matters that go beyond architectural due diligence.

Management effort must enforce the clear lighted exit path and visibility of exit signs from all directions. Safety of occupants require attention be given to access by non-occupants and guests.

No storage is allowed under the stair unless fire rated construction separates the space from the rest of the building. There was no gas mower and flammables seen improperly stored on the site visit. Storage of flammables that is usually found on a project of this size should be kept in a UL- listed cabinet. Ensure that flammables and used rags are not stored outside the cabinets and that the area is adequately ventilated to prevent spontaneous combustion. Storage of chemicals must be per manufacturer recommendation and out of reach of the public.

Observations in two apartments found the following concerns:

- Apartment entry door at corridor must have 20 minutes fire resistance and label visible. None seen.
- Electrical convenience outlets in the kitchen and bathroom that are within 6' of a water source must be GFIC. This seem to be provided, but not tested.
- Electrical outlets at all areas near water source must be GFIC. Apt 117 and apt 222 did not have this at kitchen counter.
- Range must have fire resistant finish on the surrounding wall, such as ceramic tile, plastic laminate, and sheet metal, unless wall is masonry or concrete, as was the case here. Apt 117 and Apt 222 did not have fire-resistive splash behind range.
- If a wall cabinet exists above the range, minimum 24" clear height must be provided between the burner top and a metal range hood above. Apt 222 did not have this provided.
- Bedroom windows must be sized for fire escape. Minimum clear height = 24". Minimum clear width = 20". Minimum net clear 5.7 SF. The finished sill height is

44" maximum. Glass jalousie is acceptable if the above sizes are met. Apt 101 existing windows had a sill height of 58" (too high).

- Water damage was not seen but any water infiltration damage must be addressed for toxicity and further problems. Caulking at doors and windows require maintenance.
- The electrical outlet in any light fixture in the bathroom must be GFI. Convenience outlets at lavatories must be GFI.
- Washer and Dryer are not designed for in the individual apartments and will exceed power provided to each unit added. An Engineer design, permit and report for conditions to be followed will be required.
- Portable dishwasher drain into system that are not designed for every apartment to possess a unit, and should not be added.
- Toilet water closet must be in a space with 30" clear with minimum 24" clear in front of the water closet. In Apt 101 this was not provided
- Shower surround must be hard impervious surface to height of 6'.
- Ceiling height must be 7'-6" minimum with projections not lower than 6'-6" high. Bathrooms and halls may be 7'-0" high.
- All rooms (except toilet with toilet exhaust) must have minimum 10% light and 5% ventilation area in exterior wall based on floor area of the room.
- Wall openings and Lanai guardrail must be 42" high. Current maximum opening in the guardrail is 4" maximum. At the time of construction the opening maximum may have been as large as 6" which may be a safety hazard, so remedy is recommended.
- Door threshold too high, should be ¾" max. Apt 117 had a drop of 4".
- Fire extinguisher not seen in proximity of range within each unit. Not seen.
- Electrical panels must have 3' clear in front, and not used as storage space. Apts were seen to have panels in small closets without required service clearances.
- UL-approved hard wire smoke detector required just inside each bedroom door. A smoke detector is required outside in the hallway or room outside the bedroom doors which is not currently provided if installed away from bedroom door.
- Glass in door to lanai and for shower must have safety glass. Current code requires that the safety glass be labeled.
- Windows with sill lower than 3'-6" must have a guardrail at 3'-6" high if open below on the exterior.
- If the individual tenants put up various lattice and grills onto the guardrail and lanai opening, improperly designed these may constitute attractive nuisance as children may climb onto them and fall over the guardrail.
- If window a/c units are added without condensate drain, the water on the concrete slab could contribute to spalling or wood rot to wood. Drainage line for a/c window units are recommended. If additional window a/c unit are added then the power furnished to each unit will be exceeded.
- Termite damage of wood doors and cabinets not seen, termite treatment and periodic inspection recommended.
- Acoustical spray on the ceiling and any floor tile smaller than 12' square should be tested to ensure that it does not contain asbestos.

- Both the unit entry door and lanai door must have landings and have max ¾" inch drops at the threshold.
- Sound transmission properties were not observed.
- Gas service not provided. I provide the flue must be located away from windows.
- Toilet exhaust seems weak.
- Entry doors should be equipped with visibility lens and restricted opening latch to enable screening visitors. Dead-bolts locksets should have fire-exit provision.
- Floors of toilet should be water-proof.
- Apt 117 has grabrails, ramps and other provisions that do not comply with accessibility guidelines of the ADA.

There are no ADA and FHA compliant apartments in the building. Occupants and guest may not be able to access the building from the sidewalk or the parking area.

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

- Parking stalls may not have the 22' clear in front as required by the zoning code and maneuvering aprons may be too small. The driveways to streets may not meet C&C Standards.
- There are no loading stalls.
- There are no guest parking stalls.
- Guardrails at upper parking deck is 2'-6" high. Should be 3'-6".
- Ramps from sidewalk to building are too steep, do not meet ADA.
- There is no ADA compliant or van-accessible parking stall. ADA signs will be required.
- ADA accessible route, ADA provisions are not provided.
- Exit signs are not provided.
- Exit lighting and signs on emergency battery or generator power is not provided.
- Elevators are not ADA.
- Proper exhaust ventilation of dryers must be provided. Clearances to windows are mandatory.
- The outlet at the washer area should be GFIC.
- Stair must have required 44" clear width. Handrails should be between 34" to 38" high above the nosing. Handrails do not meet code requirement for height and do not meet ADA requirements for design.
- Exit doors must be 20 minute fire resistive and both door and frame labeled, provided with smoke gasket and draft protection, be self-closing.
- The stair enclosure door must be 90 minute fire resistive and both door and frame labeled, be self-closing and properly labeled with exit sign.
- Handrail height was okay at 36" high but did not extend past the last riser and exceeded the spacing or projection from the wall.
- Handrails are required on both sides of stair.
- All open stairway should have a guardrail and handrails.
- Stairs should have handrails on both sides with extension 12" past the last riser on top and bottom. Not provided.

- Landings of 36" in the direction of travel are required at top and bottom stairs. The existing landings are not too short.
- Variance on the height of risers exceed that allowed by code. This is a tripping hazard.
- The guardrail at the upper floor exit balconies and rear lanais are 2'-6" high (should be 42" high guardrails) and has larger than 4" openings that children could fall through.
- The roof does not need scuppers but needs drain slopes to be maintained.
- Pipe insulation may have asbestos.
- No roof insulation. Future reroofing will require insulation to meet latest energy codes. Roofing needs inspection for wear.
- The roof access door must have a lock at ladder.
- Parking close to adjoining residential area require fire separation protection.
- The parking area puddles in heavy rain.
- The surrounding streets do not have a storm drain system and flooding may occur in a major storm.
- The perimeter fence should be of permanent material.
- Paving cracks should be epoxy sealed.
- Roof should be checked for leaks.
- Driveway need to meet County standard. The street frontage has sidewalks.
- Dumpster space not provided. If City requires one in the future a pad must be constructed.
- Site drainage is a problem at the outlet points. Flooding is possible in the parking lot. Swales are required to have drainage flow out of the parking lot.
- FHC need to have glass ports to see fire hose and fire extinguisher, and their inspection record tags.
- Fire alarm pull box need red paint.
- The fire alarm bell may not be adequate for end units to hear alarm.
- Public walkway guardrails should be corrosion treated. Connection points to slab should be inspected.
- Cracks in public walkways must be repaired to prevent spalling and tripping.
- Parking stalls do not have maneuvering space on the lot, as required by the zoning code, and require backing out into Street which is riskier.
- Electric meters in the parking area must have 3' clearance from the panel to parking stall.
- Paint and sealant on building needs inspection for wear.
- FHC in parking area cannot be blocked by parking stall.
- Pool fence and access gate locks must be 4'-6" high. The two mauka gates are 4'-5" and the lock s are at 4'-4" – too low. The two makai gates locks are 4'-2" high –too low.

The building will require a design study if all apartments are allowed to have additional window type a/c and/or washer-dryer. The roof will have to be insulated, and all glass windows and lanai doors must have insulating properties. The power would have to be increased to each apartment and sub-metered to allow proper charging for electrical usage. Condensate drain must be provided.

The above cursory visual only site observation report covers Architectural concerns only. Separate reports for Civil Engineering, Structural Engineering, Mechanical Engineering, and Electrical Engineering were made, but none have been cross-coordinated or evaluated.

Destructive testing, laboratory testing, checks of approved permits, un-permitted work, zoning and special design district requirements, design review, cost studies, civil engineering, site drainage and flooding, foundation and soils engineering, underground utilities and systems, property line encroachments, environmental quality, indoor air quality, water infiltration, mold, asbestos, lead paint, other toxic material, shoreline requirements, setback measurements, height requirements, street frontage and sidewalk improvements, pool and water safety, landscape features, roofing, termite, and traffic safety are not included. Any certifications required by governmental agencies are authored by other and shall not raise the level of visual observation on the site visit. Observations are to the best of our knowledge. Compliance to latest codes and grandfathered status must be ruled on by the Building Department. ADA and FHA are Owner's decisions beyond our control and should be investigated by experts in the respective fields.

The building has been well maintained and suits the intended use very well. As the building ages, increased maintenance and replacement costs should be expected.



Eliezer Y. Aczon
E. Y. Aczon Architects

EXHIBIT L-7

EXECUTIVE SUMMARY - PHASE 1 ENVIRONMENTAL SITE ASSESSMENT

1.0 EXECUTIVE SUMMARY

This report presents the results of a Phase I Environmental Site Assessment (ESA) performed by EnviroServices & Training Center, LLC (ETC) in conformance with the scope and limitations of the American Society for Testing and Materials (ASTM) Practice E-1527-05. This Phase I ESA was completed for Hawaiian Island Development Co., Inc. (Client) for the Subject Property located at 1550 Rycroft Street, Honolulu, Hawaii and is identified as Tax Map Key (TMK) identification number TMK (1) 2-3-18: Parcel 22. Review of tax records indicated the Subject Property is currently owned by BP Bishop Trust Estate.

The Subject Property consists of approximately 1.4 acres of improved land located in Honolulu, Hawaii on the southern portion of the island of Oahu (Appendix I, Figure 1). The Subject Property currently contains a five-story building and a two-story parking garage. The Subject Property is collectively known as the Pagoda Terrace property. The first floor of the terrace building consists of the pool area, guest rooms, office space and storage areas.

Visual observation for the use and/or storage of hazardous materials and hazardous waste was performed on November 30, 2010. No evidence of the generation, storage or disposal of hazardous waste was observed on the Subject Property. In addition, no evidence of spills or releases was observed on the Subject Property. Petroleum staining was observed on the concrete groundcover of the parking areas; however, it appeared typical of a parking lot and was deemed a *de minimis* condition. In addition, although the fluorescent light ballasts observed throughout the structure may contain PCBs, such ballasts were not observed to be leaking and are considered a *de minimis* condition. A visual inspection for the presence of underground storage tanks (USTs) or aboveground storage tanks (ASTs) was also conducted. With the exception of two water tanks, no visual evidence (i.e. vent or fill pipes, dispensers, etc.) of the presence of USTs or ASTs were observed.

The Subject Property was not listed in any of the government databases by the contracted database search. The contracted database search identified one (1) Federal CERCLIS NFRAP site, forty-eight (48) State-Equivalent CERCLIS and NPL sites, forty-four (44) LUST sites, two (2) VRP sites, and thirty-six (36) Orphan sites within the specified radii. Based on these findings, ETC requested and reviewed select facility files from the Hawaii Department of Health (DOH) Solid and Hazardous Waste Branch (SHWB) and DOH Hazard Evaluation and Emergency Response (HEER) Office. File review findings indicate that none of the database-identified facilities are considered a significant concern for the Subject Property.

In summary, ETC performed a Phase I ESA in conformance with the scope and limitations of ASTM Practice E1527-05 on the Subject Property. This assessment has revealed no evidence of recognized environmental conditions in connection with the Subject Property:

2.0 INTRODUCTION

EnviroServices & Training Center, LLC (ETC) was contracted Hawaiian Island Development Co., Inc. (Client) to complete a Phase I Environmental Site Assessment (ESA) for the Subject Property located at 1550 Rycroft Street, Honolulu, Hawaii. The Subject Property is identified as TMK identification number (1) 2-3-18: Parcel 22.

This Phase I ESA was performed in accordance with the ASTM International Standard E1527-05 entitled *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process* (referred to herein as the ASTM Practice). The ASTM Practice is intended for use by parties who wish to assess the environmental condition of commercial real estate with respect to contaminants within the scope of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and petroleum products. As such, the ASTM Practice was designed to satisfy "all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practice" as defined in 42 United States Code (U.S.C.) §9601(35)(B).

2.1 Background

Under CERCLA, persons may be held liable for cleaning up hazardous substances at properties that they either currently own or operate, or owned or operated at the time of disposal. Strict liability in the context of CERCLA means that a potentially responsible party may be liable for environmental contamination based solely on property ownership and without regard to fault or negligence.

In 1986, the Superfund Amendments and Reauthorization Act (SARA) amended CERCLA by creating an "innocent landowner" defense to CERCLA liability for those persons who could successfully demonstrate, among other requirements, that they "did not know and had no reason to know" prior to purchasing the property that any hazardous substance that is the subject of a release or threatened release was disposed of on, in, or at the property. Such persons, to demonstrate that they had "no reason to know" must have undertaken, prior to, or on the date of acquisition of the property, "all appropriate inquiries" into the previous ownership and uses of the property consistent with good commercial or customary standards and practices.

The Small Business Liability Relief and Brownfields Revitalization Act (referred to as "the Brownfields Amendments") was enacted in January 2002 to amend CERCLA. These amendments included providing funds to assess and clean up brownfields sites, clarifying CERCLA liability provisions for certain landowners, and providing funding to enhance state and tribal cleanup programs.

Subtitle B of Title II of the Brownfields Amendments revised CERCLA, clarifying the requirements necessary to establish the innocent landowner defense. The Brownfields Amendments also added protections from CERCLA liability for “bona fide prospective purchasers” and “contiguous property owners” who meet certain statutory requirements. Each of the CERCLA liability provisions for innocent landowners, bona fide prospective purchasers, and contiguous property owners (referred to collectively as “landowner liability protections,” or LLPs) requires that, among other requirements, persons claiming the liability protections conduct all appropriate inquiries into prior ownership and use of a property prior to or on the date a person acquires a property.

A key provision of the Brownfields Amendments was to finalize regulations setting federal standards for the conduct of all appropriate inquiries. Such federal standards were promulgated in the *Standards and Practices for All Appropriate Inquiries, Final Rule, 40 CFR Part 312*, referred to as the AAI Final Rule.

Section 312.11 of the AAI Final Rule indicates that the ASTM International Standard E1527-05, entitled *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*, may be used to comply with the requirements set forth in Sections 312.23 through 312.31 of the AAI Final Rule. Therefore, this Phase I ESA was performed in conformance with the ASTM International Standard E1527-05.

2.2 Purpose

The purpose and goal of this Phase I ESA is to conduct an inquiry designed to identify recognized environmental conditions in connection with the Subject Property, to the extent feasible pursuant to the process described in the ASTM Practice. The term recognized environmental condition (REC) is defined as:

“The presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include *de minimis* conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not recognized environmental conditions.”

2.3 Scope of Services

The scope of work included the following:

- Development of a site description for the Subject Property including site background, physical characteristics and historical site conditions;
- Evaluation of user provided information including but not limited to environmental liens, activity and use limitations, specialized knowledge, valuation reduction of environmental issues, and other information pertaining to the property;
- Evaluation of information in programs such as NPL, CERCLIS, FINDS, ERNS, RCRA notifiers, and other governmental information systems within specific radii of the property to identify sites that would have the potential to impact the property;
- Visual evaluation of current site conditions (as applicable) including compliance with appropriate regulations as they pertain to the presence of facility storage tanks, drums, and containers; and transformers and other electrical equipment potentially containing PCBs;
- Visual evaluation of the adjacent properties to identify high-risk neighbors and the potential for a chemical to migrate onto the property; and
- Interviews with owner(s), site manager(s), occupant(s), local government official(s), and/or other individuals with past and prior use history of the property.

2.4 Significant Assumptions

This Phase I ESA is limited by the availability of information at the time of the assessment. Interviews were conducted and interviewee's responses were assumed to be answered in good faith, to the extent of his/her actual knowledge. In addition, since no hydrogeological data was available for the Subject Property, the groundwater was assumed to flow in the direction of the surface topography of the Subject Property and surrounding areas.

2.5 Conditions and Limitations

ETC has completed this Phase I ESA for the Subject Property in accordance with the scope and limitations of ASTM Practice E1527-05. ETC's findings and conclusions contained herein are professional opinions based solely upon visual observations, interviews, and interpretation of the historical information and documents available to ETC at the time this Phase I ESA was conducted. Opinions stated in this report do not apply to changes that may have occurred after the services were performed.

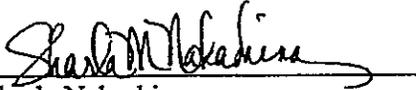
ETC has performed specified services for this project with the degree of care, skill and diligence ordinarily exercised by professional consultants performing the same or similar services. No other warranty, guarantee, or representation, expressed or implied, is included or intended; unless otherwise specifically agreed to in writing by ETC and their Client.

2.6 User Reliance

This report is intended for the sole use of ETC's Client ("User"), exclusively for the project site indicated. ETC's Client may use and release this report, including making and retaining copies, provided such use is limited to the particular site and project for which this report is provided. However, the services performed may not be appropriate for satisfying the needs of other users. Release of this report to third-parties will be at the sole risk of Client and/or said user, and ETC shall not be liable for any claims or damages resulting from or connected with such release or any third party's use or reuse of this report.

2.7 Environmental Professional Certification

We declare that, to the best of our professional knowledge and belief, we meet the definition of *Environmental Professional* as defined in §312.10 of 40 CFR 312. We have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the Subject Property. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.



Sharla Nakashima
Environmental Professional
EnviroServices & Training Center, LLC

December 17, 2010