

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

1010 RICHARDS STREET

P. O. BOX 3469

HONOLULU, HAWAII 96801

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT ON

KAIMUKI BUSINESS PLAZA
3615 Harding Avenue
Honolulu, Hawaii

Registration No. 1572

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: March 1, 1985

Expired: April 1, 1986

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON SEPTEMBER 27, 1983 AND INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 25, 1985. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KAIMUKI BUSINESS PLAZA is a fee simple commercial and office condominium project consisting of a 5-story building containing forty-three (43) office and commercial condominium units. There will be eighteen (18) outdoor parking stalls and twenty-seven (27) covered parking stalls which shall be designated as limited common elements.

2. Since the issuance of the Commission's Third Supplementary Public Report on June 19, 1984, on KAIMUKI BUSINESS PLAZA, Registration No. 1572, the Developer has submitted additional information required for this report.
3. The Developer has filed all documents and exhibits deemed necessary by the Commission for the issuance of a Final Public Report.
4. Promotional or advertising materials have been submitted pursuant to the rules and regulations promulgated by the Commission.
5. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Owners and a copy of the Floor Plans) have been recorded at the Bureau of Conveyances of the State of Hawaii. The Declaration of Horizontal Property Regime has been recorded in Liber 17435, at Page 648. The By-Laws have been recorded in Liber 17435, at Page 679. Condominium Map No. 890 has been designated to the Project. The said Declaration has been amended by Amendment to Kaimuki Business Plaza Declaration of Horizontal Property Regime dated November 29, 1983 and recorded in Liber 17484, at Page 94. A Second Amendment to the Kaimuki Business Plaza Declaration of Horizontal Property Regime dated February 23, 1984 has been recorded in Liber 17752, at Page 587. A Third Amendment to Kaimuki Business Plaza Declaration of Horizontal Property Regime dated May 31, 1984 has been recorded in Liber 17967, at Page 170. A Fourth Amendment to Kaimuki Business Plaza Declaration of Horizontal Property Regime dated November 27, 1984 has been recorded in Liber 18310, at Page 511.
6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations of the State of Hawaii Real Estate Commission which relate to Horizontal Property Regime.
7. This Final Public Report automatically expires thirteen (13) months after date of issuance, on March 1, 1985, unless a fourth Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of this report.
8. This Final Public Report is made a part of the registration of the KAIMUKI BUSINESS PLAZA condominium project, Registration No. 1572. The Developer is responsible for placing a copy of the Final Public Report (white paper stock) and attached Disclosure Abstract in the hands of all

purchasers and prospective purchasers and securing a signed receipt therefor.

KAIMUKI BUSINESS PLAZA WAS REGISTERED AS A CONDOMINIUM AND THE REAL ESTATE COMMISSION ISSUED A PRELIMINARY PUBLIC REPORT NO. 1572 ON OCTOBER 27, 1983, A SUPPLEMENTARY PUBLIC REPORT ON DECEMBER 8, 1983, A SECOND SUPPLEMENTARY PUBLIC REPORT ON MARCH 28, 1984, AND A THIRD SUPPLEMENTARY PUBLIC REPORT ON JUNE 19, 1984. THIS FINAL PUBLIC REPORT AMENDS AND SUPERCEDES IN ITS ENTIRETY ALL INFORMATION PROVIDED IN THE PRELIMINARY, FIRST, SECOND AND THIRD SUPPLEMENTARY PUBLIC REPORTS, AND THIS FINAL PUBLIC REPORT IS DEEMED COMPLETE IN ITSELF. The Developer is required to provide a copy of the Preliminary Public Report, the First, Second and Third Supplementary Public Reports upon request of a prospective purchaser.

NAME OF PROJECT: KAIMUKI BUSINESS PLAZA

LOCATION: The land submitted to the Horizontal Property Regime, approximately 15,000 square feet, is situated at 3615 Harding Avenue, Honolulu, City and County of Honolulu, State of Hawaii.

TAX MAP KEY: First Division 3-2-14-12

ZONING: B-2

DEVELOPER: DEVELCO CORPORATION, a Hawaii corporation, whose principal place of business and post office address is Suite 606, 820 Mililani Street, Honolulu, Hawaii 96813 (telephone number 524-4633; Clark B. Morgan is President of the firm).

ATTORNEY REPRESENTING DEVELOPER: ROY M. KODANI, ESQ., Suite 2550, Pacific Tower, 1001 Bishop Street, Honolulu, Hawaii 96813, telephone number 533-3888.

DESCRIPTION OF THE PROJECT: The Declaration of Horizontal Property Regime and amendments thereto reflect a single five (5) story building containing a total of 43 fee simple units in an office and commercial condominium project constructed primarily of post tension concrete floors, solid extension walls at each end, precast spandrel sections and solar bronze glass, more particularly described as follows:

The building contains forty-three (43) office and commercial units with a basement. The basement contains seventeen (17) parking stalls, elevators, stairways and an electrical room. There will be eighteen (18) parking stalls, loading zone, planting areas and refuse areas outside the building. On the ground floor will be three (3) office/commercial units, stairways, elevators, entry, vestibule, walkways, ten (10) parking stalls and driveways. The second, third, fourth and fifth floors (designated "Second Floor", "Third Floor", "Fourth Floor" and "Fifth Floor", respectively on said Condominium Map) each has ten (10) office and commercial units, a men's room, a women's room, a janitorial room, stairways, corridor and the

elevators. The building will be serviced by two (2) elevators. The location and approximate size of all of the units, as shown on the Condominium Map, are described below.

Each unit is designated as a separate freehold estate consisting of the spaces within the perimeter walls of each of the forty-three (43) units, more particularly shown on the aforementioned Condominium Map.

There are ten types of units. Each unit is loft space without interior partitions. The six unit types differ only in square footage. The design plans for the units are shown on the Condominium Map.

The units in the building are located as shown on said Condominium Map, are numbered and are on the floor designated with the net floor area as follows:

(a) Ground Floor Space:

Unit 101, containing 754 square feet (net)
Unit 102, containing 650 square feet (net)
Unit 103, containing 650 square feet (net)

(b) Second Floor:

Unit 201, containing 406 square feet (net)
Unit 202, containing 406 square feet (net)
Unit 203, containing 709 Square feet (net)
Unit 204, containing 709 Square feet (net)
Unit 205, containing 702 square feet (net)
Unit 206, containing 649 square feet (net)
Unit 207, containing 661 square feet (net)
Unit 208, containing 599 square feet (net)
Unit 209, containing 542 square feet (net)
Unit 210, containing 520 square feet (net)

(c) Third Floor:

Unit 301, containing 406 square feet (net)
Unit 302, containing 406 square feet (net)
Unit 303, containing 709 Square feet (net)
Unit 304, containing 709 Square feet (net)
Unit 305, containing 702 square feet (net)
Unit 306, containing 649 square feet (net)
Unit 307, containing 661 square feet (net)
Unit 308, containing 599 square feet (net)
Unit 309, containing 542 square feet (net)
Unit 310, containing 520 square feet (net)

(d) Fourth Floor:

Unit 401, containing 406 square feet (net)
Unit 402, containing 406 square feet (net)
Unit 403, containing 709 Square feet (net)
Unit 404, containing 709 Square feet (net)
Unit 405, containing 702 square feet (net)
Unit 406, containing 649 square feet (net)

Unit 407, containing 661 square feet (net)
Unit 408, containing 599 square feet (net)
Unit 409, containing 542 square feet (net)
Unit 410, containing 520 square feet (net)

(e) Fifth Floor:

Unit 501, containing 406 square feet (net)
Unit 502, containing 406 square feet (net)
Unit 503, containing 709 Square feet (net)
Unit 504, containing 709 Square feet (net)
Unit 505, containing 702 square feet (net)
Unit 506, containing 649 square feet (net)
Unit 507, containing 661 square feet (net)
Unit 508, containing 599 square feet (net)
Unit 509, containing 542 square feet (net)
Unit 510, containing 520 square feet (net)

Each of the units has access to two (2) elevators and two (2) stairways leading to upper floors of the building at both ends of the building and to the ground floor, which in turn leads to Harding Avenue. Units on the second, third, fourth and fifth floors have an access to a corridor which leads to the elevators and stairways, as mentioned hereinabove.

The respective units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, floors and ceilings surrounding each unit or any pipes, wires, conduits or other utility lines running through such unit which are utilized for or serve more than one unit, the same being deemed common elements as hereinafter provided. Each unit shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, windows and window frames, door and door frames, floor and ceilings, and, where applicable, the built-in fixtures within the unit.

COMMON ELEMENTS: The common elements consist of all parts of the Property other than the units, including, without limitation, the following:

- A. The land submitted to the Horizontal Property Regime in fee simple;
- B. All foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, vestibule, entry halls, stairs, stairways, fire escapes, walkways, entrances and exits of said building;
- C. All yards, grounds, landscaping, refuse areas, planter boxes, mailboxes;
- D. The parking areas, storage spaces, ramps and loading zone;

- E. Mechanical room and the space for the use of the janitors and other persons employed for the operation of the property;
- F. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one unit for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any;
- G. The elevators, tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use;
- H. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called and designated as "limited common elements", are set aside and reserved for the exclusive use of certain units, and such units shall have appurtenant thereto an exclusive easement for the use of such limited common elements. Each unit shall have appurtenant to it for its exclusive use the parking space(s) as designated on Exhibit "A" attached hereto.

INTEREST TO BE CONVEYED TO PURCHASER: The percentage of undivided interest in the common elements appurtenant to each unit for all purposes, including voting and allocation of common profits and expenses, shall be as follows:

<u>Units</u>	<u>Percentage (each unit)</u>
101	2.938
102, 103	2.533
201, 202, 301, 302, 401, 402, 501, 502	1.582
203, 204, 303, 304, 403, 404, 503, 504	2.762
205, 305, 405, 505	2.735
206, 306, 406, 506	2.529
207, 307, 407, 507	2.575
208, 308, 408, 508	2.334
209, 309, 409, 509	2.112
210, 310, 410, 510	2.026

Such interest is hereby defined and referred to herein as the "common interest". The aggregate common interest in the common elements of the units is allocated between them on the basis of their interior floor area ratio. The undivided interest in the common areas and facilities and the title to the respective units to be conveyed shall not be separated or separately conveyed and each said undivided interest shall be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance may refer only to one or other of the interests.

NOTE: Utilities used in each unit will be separately metered for each unit but all utilities used for common elements will be provided on a common meter basis.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Project and each of the units are intended and restricted as to use, and shall be used only for permitted purposes under applicable laws, and governmental rules, regulations and ordinances, including without limitation, commercial, office, wholesale, retail, or rental purposes. The ground floor unit may be used as a restaurant, save and except that the definition of a restaurant shall exclude a drive-in food operation. The parking stalls may only be used as parking spaces for motor vehicles. The By-Laws of the Association provide, in part, that no drapery, furniture, material or personal property of any kind or nature whatsoever shall be placed, affixed or installed in any unit in such a manner that the same is visible from outside the building. Only Flexalum No. 542 Nutmeg 1" aluminum mini-blinds shall be installed in any unit, provided that if any other blinds are installed, all units shall uniformly install said blinds.

The decision to install any other blinds is vested in the Board and shall be at the discretion of the Board.

The Association shall have the power to enact resolutions, rules and regulations, and to amend and repeal the same from time to time, reasonably restricting and regulating the use of the units and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of this Declaration, the By-Laws, House Rules which may be adopted from time to time, all applicable laws, and all governmental rules and regulations.

OWNERSHIP OF LAND: A Commitment for Title Insurance dated January 21, 1985 issued by T.I. of Hawaii, Inc. reveals that ownership of fee simple title is vested in Develco Corporation, a Hawaii corporation.

ENCUMBRANCES AGAINST TITLE: Said Commitment for Title Insurance dated January 21, 1985 reveals the following encumbrances:

1. Any taxes that are due and owing; reference is made to the Department of Finance, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Grant dated January 23, 1957, recorded on February 5, 1957 in Book 3220, Page 101, in favor of THE HAWAIIAN ELECTRIC COMPANY, LIMITED, a Hawaii corporation and HAWAIIAN TELEPHONE COMPANY, also a Hawaii corporation, granting a perpetual right and easement for utility purposes.
4. Mortgage, Security Agreement and Financing Statement dated June 25, 1984, recorded on July 3, 1984 in Book 17991 Page 741, made by DEVELCO CORPORATION, a Hawaii corporation, as Mortgagor, OHANA HOLDING, INC., a Hawaii corporation, "Co-Maker", to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF AMERICA, a federal savings and loan association, as Mortgagee.
5. Condominium Map No. 890, filed on November 4, 1983, as amended.
6. The covenants, agreements, obligations, conditions and other provisions set forth in Declaration of Horizontal Property Regime dated September 27, 1983, recorded on November 4, 1983 in Book 17435 Page 648, and the By-Laws recorded in Book 17435 Page 679, to which reference is hereby made; as amended by instrument dated November 29, 1983 and recorded in Book 17484, at Page 94, as amended by instrument dated February 23, 1984 and recorded in Book 17752, at Page 587, as amended by instrument dated May 31, 1984 and recorded in Book 17967, at Page 170, as amended by instrument dated November 27, 1984 and recorded in Book 18310, at Page 511.
7. Financing statement recorded on July 3, 1984 in Book 17991, at Page 1776.

PURCHASE MONEY HANDLING: An executed copy of the Escrow Agreement dated July 7, 1983 by and between First Hawaiian Bank, as Escrow, and 3615 Associates, as Seller, and as amended by Amendment to Escrow Agreement dated April 6, 1984, has been submitted to the Real Estate Commission as part of this registration, and has been found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, particularly with Sections 514A-37, 514A-39, 514A-40, 514A-63 and 514A-65; said Escrow Agreement has been assigned by 3615 Associates, as Assignor, to DEVELCO CORPORATION, as Assignee, by that certain Assignment of Contract Rights and Obligations dated May 31, 1984, a copy of which Assignment has been submitted to the Real Estate Commission.

The executed Escrow Agreement states in part:

1. Upon proper authorization by Seller's Lender, Escrow could disburse all payments toward the

development of the project, including the funds of Buyers placed in escrow.

2. In the event of any cancellation of reservation or sales agreements, Escrow has a right to receive a fee from the Buyer an amount no less than \$15 and not more than \$50. Any balance of Buyer's refund shall be without interest.

Among other provisions, the Sales Contract provides:

"Buyer acknowledges that this sale is a "pre-sale", that is, a sale of a condominium unit in a project to be built and completed and expressly agrees that the description of the Unit as contained in the Declaration and the Real Estate Commission's Public Report(s) is intended to be sufficient. The Unit is therefore being purchased with reliance solely on the description contained herein, in the Declaration and the Public Report(s) and on the Condominium Map, which Condominium Map will be on file at the Real Estate Commission and at the Bureau of Conveyances of the State of Hawaii prior to the issuance of the Final Public Report.

If any governmental body or agency having jurisdiction over the Project should enact or adopt any law, ordinance, rule or regulation, including without limitation a zoning change required by referendum or otherwise or any other use or building regulation, which would prevent the construction of the Project or materially and adversely increase the cost of the Project, and if the effective date of such law, ordinance, rule or regulation (hereinafter called "new law") should fall within the period from the date hereof to the date of closing of Buyer's Unit, then Seller shall have the following rights accruing as of the enactment or adoption date of the new law which must be exercised within ninety (90) days of such date: (1) to bear such increased cost, in which event Buyer shall waive any rights that he may have to rescind this Sales Contract and shall be limited solely to his rescission rights set forth in Chapter 514A, Hawaii Revised Statutes, as amended; or (2) to rescind this Sales Contract if the new law prevents the construction of the Project. Upon the rescission of this Sales Contract pursuant to the foregoing provisions, Buyer shall be entitled to a refund of all moneys paid by him hereunder without any interest earned thereon, and less any expenses and costs incurred by Seller and Escrow in this transaction. The parties shall then be released from all obligations and liability hereunder.

If the development of the Project is delayed due to the adoption or enactment of any new law, or due to any governmental restrictions or regulations, or if said delay is caused by fire, earthquake, acts of God, the elements, war or civil disturbances, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or any other event, matters or conditions beyond the control of Seller, including any litigation or threat of litigation concerning

the Project, and Seller determines that increases in development and construction costs have or will occur because of such delay, then and in any such event, Seller may increase the Total Purchase Price for the Unit by an amount not in excess of the Unit's proportionate share (approximately based on the percentage common interest specified for Buyer's Unit) of the total amount of such increases in development costs, and Buyer hereby acknowledges that this Contract will be deemed to be amended to incorporate the increased Total Purchase Price (the "New Price") upon Seller's giving notice, as provided herein, of the amount of the New Price, and Buyer shall be deemed to have approved and accepted this Contract, as amended, with the New Price and hereby agrees to pay such New Price; provided, however, upon receipt of the notice from the Seller of the amount of the New Price, Buyer shall have thirty (30) days from the date of the notice to cancel this Contract by written notice to Seller and upon such notice to receive a refund of deposits. If notice of cancellation is not received from Buyer within said thirty (30) day period, Buyer shall be bound to fulfill all of Buyer's obligations pursuant to the terms of this Contract as amended with the New Price and as follows. This Contract will be deemed to have been also amended so as to increase Payment B and Payment C set forth on Page 1 by the respective new amount for such payment to be set forth in the notice from Seller. Buyer will, within thirty (30) days of the date of the notice from Seller, provide evidence to Seller that Buyer's mortgage loan commitment has been revised in accordance with the increase. If at the time of the date of the notice from Seller, Buyer has already paid Payment B or C, then Buyer will, within such thirty (30) day period, pay to Seller the increase in the amount of Payment B or C."

Additionally, the Sales Contract provides that: (a) the Buyer's rights in the Sales Contract are subject and subordinate to the lien of any mortgage placed on the project; (b) Seller makes no warranties, express or implied, regarding the apartment, common elements or any part of the project as to its merchantability, fitness for a particular use or workmanship in its construction, except that Seller warrants to Buyer to exercise best effort to correct all legitimate defects or damages listed by Buyer; (c) Seller can cancel the Sales Contract and refund all monies deposited in Escrow, plus any interest which may have accrued on the monies paid by the Buyer, in the event a sufficient number of units is not sold by a predetermined date.

It is incumbent upon purchasers and the prospective purchasers to read with care the Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of units are placed in trust, as well as the retention and disbursement of said trust fund.

ALTERATION OF UNITS: The Declaration provides that apartment owners may make alterations or additions within the owner's unit or appurtenant limited common elements provided such alterations and additions are made with the

written approval of holder(s) of mortgage(s), the Board of Directors and such other unit owner(s) directly affected and without an amendment to the Declaration or filing of a complete set of plans. Any changes affecting the layout, location, description or area of the unit or limited common element which differ from the descriptions set forth in the Declaration or as depicted in the Condominium Map, requires an amendment to the Declaration or Condominium Map, or both, in addition to the written approval of the Board of Directors, holder(s) of mortgage(s) and affected apartment owner(s).

PROGRAM OF FINANCING: The Developer reports that construction financing for the Project has been secured from First Federal Savings and Loan Association of America.

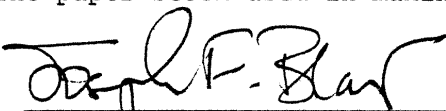
MANAGEMENT OF PROJECT: The By-Laws provide that the operation of the project shall be conducted by the Association of Owners under the direction of the Board of Directors, and a managing agent. The Developer has selected Develco Management Corporation whose place of business and mailing address is Suite 606, 820 Mililani Street, Honolulu, Hawaii 96813 as the initial managing agent.

STATUS OF PROJECT: The Developer advises that construction commenced July, 1984 and shall be completed by about August, 1985.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted by the Developer on September 27, 1983 and additional information submitted as of February 25, 1985.

THIS FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 1572, filed with the Commission on September 27, 1983.

This report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be white.


for G. A. "RED" MORRIS, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF FINANCE, CITY AND COUNTY OF HONOLULU
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY AND COUNTY OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

Registration No. 1572

Dated: March 1, 1985

EXHIBIT "A"

Parking Stall Designations

<u>Stall No (s).</u>	<u>Appurtenant to Unit</u>
Upper Level	
1	101
2	201
3	102
4	103
5	506
6	508
7	509
8	406
9	407
10	408
11	409
12	410
13	309
14	308
15	307
16	306
17	206
18	207
19	208
20	209
21	210
22	202
23	310
24	205
25	401

<u>Stall No (s).</u>	<u>Appurtenant to Unit</u>
Upper Level	
26	501
27	403
28	205
Lower Level	
1	402
2	502
3	503
4	504
5	505
6	303
7	304
8	305
9	507
10	205
11	204
12	203
13	404
14	405
15	301
16	302
17	510

DEVELOPER'S DISCLOSURE ABSTRACT

Name and Address of Project:

Name: KAIMUKI BUSINESS PLAZA
Address: 3615 Harding Avenue
Honolulu, Hawaii 96816

Name, Address and Telephone Number of Developer:

Developer: Develco Corporation
Suite 606
820 Mililani Street
Honolulu, Hawaii 96813
Tel. No. 524-4633

Breakdown of Maintenance Fees:

The breakdown of the monthly maintenance fees, the monthly and annual estimated costs, and the start-up fees for the units, as determined by generally accepted accounting principles, is attached hereto as Exhibit "1".

Warranties:


The Developer makes no warranties, express or implied, with respect to the building or improvements, but the warranties received by the Developer from the general contractor for the Project shall be assigned to the benefit of the purchaser. Such assignment includes the one year warranty on all units and common elements commencing on the date of substantial completion of the Project as that term is defined in §507-43 of the Hawaii Revised Statutes, as amended.

The Developer makes no warranties, express or implied, with respect to any other items, including, without limitation, equipment, but the manufacturer's warranties received by the Developer from the seller of the equipment shall be assigned to the purchaser. These warranties will not be identified until the equipment is delivered.

There are no outstanding notices of uncured violations of building codes or other municipal regulations regarding the building or the Project.

DEVELCO CORPORATION

By x


Its Vice-President

KAIMUKI BUSINESS PLAZA
MONTHLY MAINTENANCE FEE SCHEDULE

<u>UNITS</u>	<u>PERCENTAGE INTEREST</u>	<u>MONTHLY MAINTENANCE FEE</u>
101	2.938	\$ 167.76
102	2.533	144.64
103	2.533	144.64
201	1.582	90.33
202	1.582	90.33
203	2.762	157.71
204	2.762	157.71
205	2.735	156.17
206	2.529	144.41
207	2.575	147.03
208	2.334	133.27
209	2.112	120.60
210	2.026	115.68
301	1.582	90.33
302	1.582	90.33
303	2.762	157.71
304	2.762	157.71
305	2.735	156.17
306	2.529	144.41
307	2.575	147.03
308	2.334	133.27
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503	2.762	157.71
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505	2.735	156.17
506	2.529	144.41
507	2.575	147.03
508	2.334	133.27
509	2.112	120.60
510	2.026	115.68
<u>43 units</u>	<u>100.000%</u>	<u>\$5,710.00</u>

KAIMUKI BUSINESS PLAZA

CASH OPERATING BUDGET (February 1984 - January 1985)

<u>RECEIPTS:</u>	<u>MONTHLY</u>	<u>Annual</u>
Maintenance Fee	\$ 5,710.	\$68,520.
<u>DISBURSEMENTS:</u>		
Management & Accounting	1,385.	16,620.
Legal & Audit	100.	1,200.
Telephone (Elevator Emergency Phone)	75.	900.
Janitor & Supplies	600.	7,200.
Water & Sewers	150.	1,800.
Refuse Service	250.	3,000.
Electricity (common area & elevators)	925.	11,100.
Elevator	450.	5,400.
Air Conditioning Maintenance	350.	4,200.
Maintenance Repair & Service*	500.	6,000.
Fire Insurance	80.	960.
Liability Insurance	45.	540.
Reserve Fund (painting, A/C repair, roof, carpet, etc.)	800.	9,600.
	<u>\$ 5,710.</u>	<u>\$68,520.</u>

*Includes window washing quarterly, ground maintenance, plumbing and electrical, etc. for common area.

Electricity will be separately metered to each unit.

The cash operating budget (prorated on a monthly basis) and the estimated monthly cost for each unit is for one year commencing February 1984. The information contained herein is based on data available to us at this time.

We certify that the monthly maintenance fee and the monthly cash operating costs have been based on generally accepted accounting principles.

DEVELCO MANAGEMENT CORPORATION

By Lawrence Levenson
Lawrence Levenson
Account Executive

KAIMUKI BUSINESS PLAZA

START-UP EXPENSES

Inherent to the commencement of any new condominium project are identifiable expenses for which provision for payment should be recognized:

1. To purchase insurance.
2. To purchase necessary equipment and supplies.
3. To provide initial operating capital.
4. Advance payment is required at closing of escrow.

Inasmuch as the funds required cannot be accumulated, experience has indicated the need of a "start-up fund", which when spread over the base of ownership is nominal. Front-end requirements are identified as follows:

1. Insurance.

By purchasing a three-year policy, payable annually, a substantial savings can be realized. Basic insurance will include fire, extended coverage, special extended coverage and inflation guard coverage, and comprehensive general liability and property damage coverage.

2. Equipment.

Custodial equipment and supplies, ground care equipment and supplies.

3. Initial Operating Expenses.

Costs applied to these items are as follows:

Insurance (1st year premium estimate).....	\$1,500.00
Equipment and Supplies Purchase.....	500.00
Initial Operating Expenses.....	500.00
TOTAL:	<u>\$2,500.00</u>

START-UP FEE FOR UNITS

<u>UNITS</u>	<u>PERCENTAGE INTEREST</u>	<u>START-UP FEE</u>
101	2.938	\$ 73.46
102	2.533	63.33
103	2.533	63.33
201	1.582	39.55
202	1.582	39.55
203	2.762	69.05
204	2.762	69.05
205	2.735	68.38

<u>UNITS</u>	<u>PERCENTAGE INTEREST</u>	<u>START-UP FEE</u>
206	2.529	63.22
207	2.575	64.37
208	2.334	58.35
209	2.112	52.80
210	2.026	50.65
301	1.582	39.55
302	1.582	39.55
303	2.762	69.05
304	2.762	69.05
305	2.735	68.38
306	2.529	63.22
307	2.575	64.37
308	2.334	58.35
309	2.112	52.80
310	2.026	50.65
401	1.582	39.55
402	1.582	39.55
403	2.762	69.05
404	2.762	69.05
405	2.735	68.38
406	2.529	63.22
407	2.575	64.37
408	2.334	58.35
409	2.112	52.80
410	2.026	50.65
501	1.582	39.55
502	1.582	39.55
503	2.762	69.05
504	2.762	69.05
505	2.735	68.38
506	2.529	63.22
507	2.575	64.37
508	2.334	58.35
509	2.112	52.80
510	2.026	50.65
<u>43 units</u>	<u>100.000%</u>	<u>\$2,500.00</u>

The start-up fee for each unit purchaser is a one time front-end charge and should be collected at escrow closing. Each of the initial owners should pay this amount to ensure financial solvency of the project.