

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

CONDOMINIUM PROJECT NAME	HAWAIIANA GARDENS
Project Address	1819 and 1821 Lipeepee Street Honolulu, Hawaii 96815
Registration Number	6854 (conversion)
Effective Date of Report	<b>December 28, 2011</b>
Developer(s)	MICROWAVE, 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.

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*This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.*

## SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

Since the issuance of the Developer's Public Report which occurred on September 3, 2009, the following changes were made:

1. The Declaration of Condominium Property Regime and the Bylaws of the Association of Unit Owners were amended. The amendments include:
  - a) Deletion of the Buy Back rights in favor of the Developer.
  - b) Updating the schedule for parking assignments.
  - c) Giving the Developer the right to appoint one member of the Board of Directors so long as the Developer owns at least one unit in the Project.
2. The real estate broker for the Project has changed. It is now East Oahu Realty.
3. The management company for the Project has changed. It is now Certified Hawaii.
4. The maintenance fee budget has been updated.
5. The Sales Contract has been revised.
6. The pre-sale requirement has been removed.
7. The House Rules have been revised by adding additional parking restrictions.

## SPECIAL NOTICE

\* Conversion. This is a conversion of units and buildings that were constructed around 1950. All sales will be in "as-is" - "where-is" condition. Developer is not required to make any repairs.

\*Joint Development. This Project is subject to a Joint Development Agreement with the adjacent The Watermark Project Condominium (now known as the 1551 Ala Wai condominium project). See page 18a, Section G.

\*Parking. A unit may or may not be sold with an assigned parking stall. See page 18b, Section K and Exhibit "B", Limited Common Elements.

## TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report.....	1
General Information On Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units .....	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions .....	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters .....	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions .....	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer .....	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS .....	10
3.1 Declaration of Condominium Property Regime .....	10
3.2 Bylaws of the Association of Unit Owners .....	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements .....	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be Included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner .....	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties .....	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

## TABLE OF CONTENTS

		Page
5.6	Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance .....	14
	5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance.....	14
	5.6.2 Purchaser Deposits Will Be Disbursed Before Closing.....	14
5.7	Rights Under the Sales Contract .....	16
5.8	Purchaser's Right to Cancel or Rescind a Sales Contract .....	16
	5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract.....	17
	5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed.....	17
	5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	17
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.....		18
EXHIBIT A: Description of Units		
EXHIBIT B: Common Elements and Limited Common Elements		
EXHIBIT C: Encumbrances Against Title		
EXHIBIT D: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements		
EXHIBIT E: Developer's Reserved Rights		
EXHIBIT F: Summary of Sales Contract		
EXHIBIT G: Summary of Escrow Agreement		
EXHIBIT H: Statement from Architect		
EXHIBIT I: City and County of Honolulu, Department of Planning and Permitting Letter dated March 10, 2009		

## **General Information On Condominiums**

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

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

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

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

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

## **Operation of the Condominium Project**

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

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

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

**1. THE CONDOMINIUM PROJECT**

**1.1 The Underlying Land**

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	1819 and 1821 Lipeepee Street Honolulu, Hawaii 96815
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 2-6-011-037 and 036 (1/3rd interest in Roadway)
Tax Map Key is expected to change because	Addition of CPR Nos.
Land Area	16,899 square feet (7,654 Roadway)
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

**1.2 Buildings and Other Improvements**

Number of Buildings	3
Floors Per Building	3 (1 for electrical building)
Number of New Building(s)	0
Number of Converted Building(s)	3
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	CMU walls with poured concrete floors, wood, and other allied building materials

**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
One Bedroom	36	1/1	445 sq. ft.			445 sq. ft.
See Exhibit <u>    A    </u> .						

36	<b>Total Number of Units</b>
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Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

**1.4 Parking Stalls**

Total Parking Stall in the Project:	32 (14 are on the adjacent lot)
Number of Guest Stalls in the Project:	See Exhibit "B"
Number of Parking Stalls Assigned to Each Unit:	See Exhibit "B"
Attach Exhibit B _____ 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.	
See Exhibit "B"	

**1.5 Boundaries of the Units**

Boundaries of the unit:
See page 18a, Section G.

**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):
Generally, alterations to Units are permitted only with the prior approval of the Project's Board of Directors. All purchasers should review the restrictions, requirements and conditions for Unit alterations which are contained in Section 19.0 of the Declaration.

**1.7 Common Interest**

<b>Common Interest:</b> 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 B _____.
As follows:

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

<input type="checkbox"/>	Swimming pool
<input checked="" type="checkbox"/>	Laundry Area      Developer may initiate a web service for laundry.
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

**1.9 Common Elements**

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

Described in Exhibit B.

Described as follows:

Common Element	Number
Elevators	0
Stairways	4
Trash Chutes	0

**1.10 Limited Common Elements**

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

Described in Exhibit B.

Described as follows:

**1.11 Special Use Restrictions**

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

<input checked="" type="checkbox"/>	Pets: Only if allowed by the House Rules.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Timesharing and vacation rentals are not permitted.
<input type="checkbox"/>	There are no special use restrictions.

**1.12 Encumbrances Against Title**

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

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

Date of the title report: November 16, 2011

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	36	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Apartment Precinct
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Other (Specify):		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code			There were no variances granted, however see page 18 regarding other permits issued.	

**1.14 Other Zoning Compliance Matters**

Conforming/Non-Conforming Uses, Structures and Lots			
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>			
	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>In accordance with Section 24-4.110(a)(1) of the Land Use Ordinance, City and County of Honolulu, a structure can be rebuilt to its former condition if permitted by the Building Code and commenced within 2 years.</p>			

**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input checked="" type="checkbox"/> <b>Applicable</b></p> <p><input type="checkbox"/> <b>Not Applicable</b></p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>All structural components and mechanical and electrical installations material to the use and enjoyment of the units are in good condition commensurate with its age which is based solely on the statement of the Architect attached as Exhibit H.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>No statement is made as to useful life.</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><b>Verified Statement from a County Official</b></p>	
<p>Regarding any converted structures in the project, attached as Exhibit <u>  1  </u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p>	

**1.16 Project in Agricultural District**

<p>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 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 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

<p><b>2.1 Developer(s)</b></p>	<p>Name: MICROWAVE, LLC a Hawaii limited liability company</p> <p>Business Address: 3939 Old Pali Road Honolulu, Hawaii 96817</p> <p>Business Phone Number : (808) 306-9472 (D. Walden) E-mail Address: djwalden@hawaii.rr.com (D. Walden)</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>Members:</p> <p>Donna Walden Brian Sakamaki Giampaolo Boschetti</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: East Oahu Realty Business Address: 6600 Kalaniana'ole Highway, #114 Honolulu, Hawaii 96825</p> <p>Business Phone Number: (808) 256-1876 E-mail Address:</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Certified Management, Inc., dba Certified Hawaii Business Address: 3179 Koapaka Street Honolulu, Hawaii 96819</p> <p>Business Phone Number: (808) 836-0911</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Michael H. Sakai Business Address: 201 Merchant Street, Suite 902 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 531-4171</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

#### 3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	June 09, 2009	3866908

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	June 23, 2009 / July 30, 2009	3873051 / 3886730
Land Court	June 14, 2010 / Nov. 7, 2011	3972149 / 4112149
Land Court	Nov. 25, 2011 / Dec. 22, 2011	4117102 / T-8026362

#### 3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	June 9, 2009	3866909

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	November 7, 2011	4112150

#### 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	2004
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map:	

**3.4 House Rules**

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.		
The House Rules for this project:		
Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/>	Adopted June 1, 2009 and
Developer does not plan to adopt House Rules	<input type="checkbox"/>	amended eff. Nov. 7, 2011

**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 "E" attached hereto.

#### 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 D 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 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 type="checkbox"/>	Other (specify)

## 5. SALES DOCUMENTS

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

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>F</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: June 1, 2009 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>G</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.

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	A contract could be terminated upon which event all deposits would be returned to the purchaser.

### 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
Appliances: None, unless the appliances are new, in which case any manufacturer's warranty would be assigned to the purchaser.



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

<p>Status of Construction:</p> <p style="text-align: center;">Building completed in 1950.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

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

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

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

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

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
<input type="checkbox"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

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

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

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

## 5.7 Rights Under the Sales Contract

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

1.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:  Joint Development Agreement, Transfer of Density Rights Agreement and Declaration of Condominium Property Regime for The Watermark condominium project.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

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

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

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

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

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

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

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

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

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

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

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

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

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

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

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

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

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

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

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

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

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

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

A. **ASBESTOS DISCLOSURE.** Purchaser is aware that asbestos materials are hazardous to ones health particularly if asbestos fibers 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. Purchaser is aware that Purchaser should make appropriate inquiry into the possible existence of asbestos on the Property and in the Unit. Structures having "popcorn" or "cottage cheese" type ceilings may contain asbestos fibers or asbestos-containing material. Such ceilings should not be disturbed since it could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors. The Developer discloses that it does not have an assessment or inspections relating to "asbestos".

B. **LEAD WARNING STATEMENT.** Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazard is recommended prior to purchase". The Developer discloses that it does not have an assessment or inspections relating to lead-based paint.

C. **HAZARDOUS MATERIALS** The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the units or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutant, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the units, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the unit or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered. As disclosed in Addendum "C" of the Sales Contract, there were Underground Storage Tanks that were removed. Please see said Addendum "C" for additional information.

**6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT  
(cont)**

D. REAL ESTATE BROKER/SALESPERSON. DONNA WALDEN is a licensed Real Estate Salesperson (RS-23320). Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that DONNA WALDEN is a current and active Hawaii-licensed real estate salesperson. Further, she has a principal interest in the Development. Pursuant to section 16-99-11(c), HAR "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

E. BOUNDARIES OF UNITS. The respective Units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the floors and ceilings surrounding each Unit or any pipes, wires, conduits or other utility or service lines running through a Unit which are utilized for or serves more than one Unit, the same being deemed common elements. Each Unit shall be deemed to include all the walls, windows, window and door screens, doors (including all hardware), and partitions (including the framing for the interior walls) which are not load bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein. All plumbing (including any shower pan), electrical and mechanical components, which services only the Unit, shall be deemed a part of the Unit (even if such components are located in a common wall or area).

F. DEVELOPER NOT ORIGINAL BUILDER. The Project and Buildings were constructed on or around 1950 and Developer was not the original owner, developer or builder of the Buildings, Units and Project. Concrete cracks may be expected because of concrete shrinkage. Any prospective Purchaser hereby releases Developer from any damages resulting from any existing or future concrete cracks in the Buildings and Unit. Further, the electrical wiring in the Unit was installed when the Project was originally constructed in 1950. Accordingly, there may be small appliances or other usages that are customarily used today that were not used in 1950 such as window air conditioning units, blow dryers, irons, etc. The use of such appliances have been known to trip one or more fuses within the Units in the Project.

G. JOINT DEVELOPMENT AGREEMENT; WATERMARK PARKING. This Project and all the Units are subject to a Joint Development Agreement which affects this Project and the Watermark Project, which is located adjacent to this Project. Amongst other things the Joint Development Agreement causes the land of this Project and the land of the Watermark Project to be treated as one zoning lot which then allowed the unused floor area or density attributable to this Project to be used for the construction and development of the Watermark Project. This means that this Project and all Units contained therein may not be altered, renovated, or re-constructed in any manner which would increase the amount of density of this Project as it presently exist today. These restrictions and other covenants are contained in a Density Rights Agreement (as defined in the Declaration). A Special District (Major) Permit 2004/SDD-76 ("Special District Permit") was issued by the Department of Planning and Permitting, City and County of Honolulu ("DPP") for the development of the Watermark Project. Amongst other things the Special District Permit required the Watermark Project developer to construct the 14 stalls on the adjacent property ("Watermark Parking") for this Project. The Watermark Parking is shown on the Condominium Map and is referred to as the "Parcel 37 Parking Area" in the Watermark Declaration. Buyer understands that the Watermark Parking is not located on land that is a part of this Project. Such parking is located on land that is a part of the Watermark Property. Presently the Watermark Parking is a limited common element that is appurtenant to the sole commercial Unit in the Watermark Project. The Watermark Declaration contains restrictions for the use of the Watermark Parking for this Project. There are numerous rights reserved in the Watermark Declaration in favor of the developer of that project so the ownership structure of the Watermark Parking is subject to change. The Watermark Declaration will be made available for review by Developer's Broker. (The name of The Watermark was changed to 1551 Ala Wai).

H. NO WARRANTIES OR REPRESENTATIONS. The Developer is not making any representation or warranty about the Unit, its furnishing and appliances, any electrical, plumbing or mechanical component of the Unit, and the Project. A purchaser must conduct his or her own inspection of the Unit, its appliances, and all other features of the Unit and the Project. THE DEVELOPER IS NOT OBLIGATED TO MAKE ANY REPAIRS TO ANY PART OF THE UNIT OR PROJECT.

I. DECLARATION OF CONDOMINIUM PROPERTY REGIME. The amendments to the Declaration described in Section 3.1 exclude amendments which were made to assign specific parking stalls. See Exhibit "C".

J. SHARED ROADWAY. The access to this Project is via a shared roadway which is also described as Lot 8 consisting of approximately 7,654 square feet (Tax Map Key No. 2-6-11-36)(the "Roadway"). This Project (and through its Association of Unit Owners) is the owner of an undivided 1/3<sup>rd</sup> interest in the Roadway. Developer discloses the following with regard to the Roadway:

1) The other owners of the Roadway are: (i) The Association of Unit Owners of the Marina Gardens condominium project (1/3<sup>rd</sup>); (ii) The Association of Unit Owners of 1515 Ala Wai (formerly known as The Watermark)(1/6<sup>th</sup>); and six individuals (1/6<sup>th</sup>) (collectively the "Other Roadway Owners").

2) There is no maintenance agreement between this Project and the Other Roadway Owners. However the Developer or an affiliate will contract and pay for the repaving of the Roadway. During the construction work there may be times that access to the Project and parking will be limited. This type of work will also cause noise, dust, odors, and other disturbances and inconveniences. The contractor will be providing a one year warranty for labor and materials. This will be assigned to the Association. Other future repairs or matters which concern the Roadway may or could require the approval of the Other Roadway Owners (and to seek their contribution or share of expenses associated with the future work). There are no assurances of whether or not such consent could be obtained or whether or not one or all of the Other Roadway Owners will contribute their share of costs and expenses.

3) Water has been known to pond on various parts of the Roadway and it is unknown whether the contemplated repairs will alleviate or affect this condition.

4) At present the residents of the 1515 Ala Wai condominium project (formerly The Watermark) do not utilize the Roadway for access to their project.

5) The current liability and hazard insurance coverage for the Project does not extend to its 1/3rd interest in the Roadway. An estimate to obtain such coverage is \$308.00 per year. However the current insurance company would also require all of the Other Roadway Owners to have similar general liability coverage and each would name all other owners as additional insureds on such policies. It is not known whether it will be possible to satisfy these insurance requirements for liability coverage.

K. PARKING ASSIGNMENTS. Not every unit in this Project will have an assigned parking stall. If a unit will be sold with a parking stall that assignment will be made at the time of sale. Some of the units have already been sold with a parking stall. The most current parking assignment schedule is contained in Exhibit "B" attached hereto. Please note that one of the units has the bulk of the parking stalls assigned to it. This is only for the Developer's inventory control. As and when units are sold with a parking stall the information in Exhibit "B" will change and the Developer has the right to change the parking stall assignments from time to time. However, once a parking stall is assigned as part of a sale of a unit that assignment cannot be changed without the unit owner's consent and agreement.

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.

MICROWAVE, LLC

\_\_\_\_\_  
Printed Name of Developer

By: Donna Walden  
Duly Authorized Signatory\*

December 01, 2011  
Date

Donna Walden - Member

\_\_\_\_\_  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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



## EXHIBIT "A"

### Description of Units

A. One Bedroom Unit. There are thirty-six (36) one bedroom units. Each of these units consists of a living/dining/kitchen area, one bedroom and one bathroom. The approximate net living area of the typical one bedroom unit is 445 square feet. The bathroom wall adjacent to the bedroom closet is built at an angle.

B. Floor Area. The floor area of a unit is the net living area and is measured from the interior surface of the unit's perimeter walls, without any deduction for interior walls, vents, and flues. Because there are differences in the methodology that professionals use in determining and measuring living area other professionals may end up with a different area or computation of the same space. The foregoing is not a representation or warranty of what the unit is comprised of or its size. If there are any differences between the foregoing descriptions and the Condominium Map, the Condominium Map shall control. The Condominium Map is also not a representation or warranty of the improvements that exist for the Project. Because variations can occur during construction of a unit or Building, there may be slight variations (dimensions, location of interior walls, etc.) from one unit to the next although they should be substantially the same.

C. Upgrades. The Developer reserves the right to renovate and/or upgrade the flooring, cabinets, appliances and fixtures in the units; provided that it is done prior to the sale of a unit. Such upgrades may also include new windows, window coverings, screens and paint. Developer may elect not to make any upgrades or improvements to a unit(s).

## EXHIBIT "B"

### Common Elements

The common elements of the Project and which the units have immediate access to include:

- A. The land described herein in fee simple which includes a 1/3rd interest in Roadway Parcel 036.
- B. The foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load bearing walls of each unit, roof, exterior walls, unfinished ceilings, stairs, stairways, laundry room and area, trash enclosure, if any, walkways around the Buildings, Electrical Building, driveways, and landscaped areas.
- C. All pipes, wires, conduits, ducting, vents, or other utility or service lines, piping, ducts running through one unit which are utilized for or serves more than one unit, all fire safety systems (including any portion which extends into each unit, if any) and any other central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project, whether originally installed as a part of the Project or subsequently installed by the Association or the Developer for the Project.
- D. Any and all other structures, apparatus and installations of common use, and all other parts of the Project necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use.
- E. All limited common elements described below.
- F. Upon the quitclaim assignment or transfer of the Watermark Parking by the Developer to the Association, such Watermark Parking shall be a common element of the Project. There are no assurances that such assignment and transfer will occur.

### Limited Common Elements

The land area delineated and designated in the Condominium Map as limited common elements are limited common elements of a unit and consist of the following:

- A. Mailboxes. The mailbox assigned to a unit shall be limited to the use of such unit. Each unit shall at all times have at least one mailbox appurtenant to it. The Developer shall determine the initial numbering and assignment scheme for the mailboxes. Developer reserves the right to change the assignments in the event the units are re-numbered.
- B. Parking; Developer's Reserved Rights. Only selected units in the Project shall have the use of a parking stall. The initial parking stall assignments are set forth in Exhibit "1" attached hereto and made a part hereof (13 of the 18 stalls have been assigned to Unit 102 in Building 1819). Only the 18 parking stalls located on the Project site may be initially assigned (provided however the handicapped ("HDCP") stall shall either be retained as visitor parking for a HDCP person or may be assigned, on a limited basis, to a HDCP resident, as determined initially by the Developer and thereafter by the Board of the Association). The Developer may assign a stall to other units as such units are sold. Each assigned parking stall is hereby designated as a limited common element appurtenant to and for the exclusive use of the unit to which it was assigned, the location of each parking stall being shown on the Condominium Map. Until a unit is sold, the Developer reserves the right to redesignate or reassign a parking stall to another or different unit and to reconfigure the parking stall locations and dimensions provided that in no event may there be less than 18 stalls. There may be slight variations in the dimensions of the various parking stalls. Developer may also install

one or more bicycle racks in the Project. These rights continue during the Reserved Right Period so long as a parking stall has not been assigned and sold with a unit.

C. Watermark Parking; Developer's Reserved Rights. In accordance with a Joint Development Agreement and Transfer of Density Rights Agreement (the recording information for these instruments are further described in Exhibit "C" attached hereto - copies of said instruments will be provided to each purchaser), certain building and other rights were transferred to the adjacent The Watermark condominium project (now known as the "1551 Ala Wai" condominium project). In consideration of the foregoing the Watermark Parking was developed and made available for the use of occupants of this Project. The Watermark Parking is established by and covered in the Declaration of Condominium Property Regime and the Condominium Map of The Watermark (collectively the "Watermark Project Documents", said Declaration being further described in Section 6.2 of the Declaration). The Developer is reserving all rights, benefits, use rights, and presently is assuming all financial liabilities, obligations and responsibilities in connection with the Watermark Parking. However, the Developer shall do one or more of the following with regard to the Watermark Parking:

- (1) One or more parking stalls may be leased or rented by the Developer on a month to month or longer term basis to tenants and/or owners of units in this Project;
- (2) One or more parking stalls may by quitclaim assignment be transferred and/or assigned to the Association of Unit Owners of Hawaiiana Gardens and upon such assignment, the management, operation and financial liabilities of such stalls shall be the responsibility of the Association;
- (3) One or more parking stalls may be assigned by the Developer as a limited common element appurtenant to a unit in the Project, which assignment and designation shall be made by an amendment to this Declaration and the Unit Deed used to convey the same to a unit owner; or
- (4) Such other action not otherwise prohibited by or in contravention of the Joint Development Agreement, Transfer of Density Rights Agreement, and/or the Watermark Project Documents. So long as Developer remains in control of the Watermark Parking, it has the right to consent to, agree with, any and all changes to the Watermark Project Documents as it relates to the Watermark Parking and the Office Unit.

These rights continue during the Reserved Right Period so long as a parking stall has not been assigned and sold with a unit or transferred and assigned to the Association.

Section 24.0 of the Declaration provides that the Developers' Reserved Right Period terminates on December 31, 2020.

D. Other. All common elements of the Project which are rationally related to less than all of the units shall be limited to the use of such unit or units to which the same are related and shall be deemed limited common elements of such units.

EXHIBIT "C"

Encumbrances Against Title

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. Designation of Easement "A" (10 feet wide) for utility purposes, as shown on Map 1 of Land Court Application No. 1561, set forth by Land Court Decree 1782 filed May 23, 1956.
3. Grant in favor of the Hawaiian Electric Company, Limited, now known as Hawaiian Electric Company, Inc., and Hawaiian Telephone Company, now known as Hawaiian Telcom, Inc., dated September 6, 1957, granting an easement for utility purposes, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 209104.
4. AS TO PARCEL FIRST:
  - a. Right-of-way for underground utility purposes including sewer, under and within said Easement "A", as set forth by Land Court Decree 1782 filed May 23, 1956.
  - b. Designation of Easement "C" as shown on Map 1 of Land Court Application No. 1561, set forth by Land Court Decree 1782 filed May 23, 1956, in favor of the owners of Lot 6 of said Application, for an easement for parking tenants' cars.

NOTE: Deletion of Easement "C" as shown on Subdivision Map prepared by James R. Thompson, Licenced Professional Land Surveyor with Walter P. Thompson, Inc., dated March 9, 2009, approved by the City and County of Honolulu, Department of Planning and Permitting, on May 8, 2009 (File No. 2009/SUB-47) was not filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

5. AS TO PARCELS SECOND AND FOURTH:
  - a. Right-of-way for underground utility purposes including sewer, under and within said Easement "A", as set forth by Land Court Decree 1782 filed May 23, 1956.
  - b. Rights of others who may own undivided interest(s), or have easement or access rights, in said parcel.

6. AS TO PARCEL THIRD:
  - a. Right-of-way for underground utility purposes including sewer, under and within said Easement "A", as set forth by Land Court Decree 1782 filed May 23, 1956.
  - b. Designation of Easement "D" as shown on Map 1 of Land Court Application No. 1561, set forth by Land Court Decree 1782 filed May 23, 1956, in favor of the owners of Lot 4 of said Application, for an exclusive easement for so long as said Lot 4, independent of other lands may be owned by the owners of said Lot 4, is operated for hotel and Unit purposes, for parking of cars of tenants, in the building on said Lot 4 on Easement "D" on Lot 6, subject to the obligation of the owners of said Lot 4 to pay all taxes, assessments and levies of whatsoever nature on the area embraced by said Easement "D" and to maintain said area as an open parking lot, free from any structure, hedges, walls, posts, roofing, etc., and to pay all costs and expenses of such maintenance.

NOTE: Deletion of Easement "D" as shown on Subdivision Map prepared by James R. Thompson, Licenced Professional Land Surveyor with Walter P. Thompson, Inc.,

dated March 9, 2009, approved by the City and County of Honolulu, Department of Planning and Permitting, on May 8, 2009 (File No. 2009/SUB-47) was not filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

7. JOINT DEVELOPMENT AGREEMENT. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO) dated December 21, 2004, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 2005-007344 and also filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3216906.

8. TRANSFER OF DENSITY RIGHTS AGREEMENT. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Transfer of Density Rights; Declaration of Restrictive Covenants; Agreements; and Grant of Power of Attorney, dated January 7, 2005, filed in said Office, as Document No. 3216909, and also recorded in said Bureau, as Document No. 2005-007347.

9. Encroachments as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated February 23, 2005.

10. Mortgage dated January 11, 2007, in favor of First Hawaiian Bank, a Hawaii corporation, filed in said Office, as Document No. 3543777.

11. Absolute Assignment of Rentals and Lessor's Interest in Leases dated January 11, 2007, in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2007-011005.

12. Financing Statement in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2007-011006.

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Declaration of Condominium Property Regime for "Hawaiiana Gardens" Condominium Project dated June 1, 2009, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3866908.

Condominium Map No. 2004 and any amendments thereto.

Said Declaration was amended by the following instruments:

<u>DATED:</u>	<u>DOCUMENT NO.:</u>	
June 23, 2009	3873051	
July 30, 2009	3886730	
June 14, 2010	3972149	
June 14, 2010	3972150	(Parking P3)
August 9, 2010	3987932	(Parking P11)
August 5, 2010	3990245	(Parking P13)
September 2, 2010	4002422	(Parking P6)
September 30, 2010	4004331	(Parking P5)
November 7, 2011	4112149	
November 25, 2011	4117102	
December 22, 2011	T-8026362	

14. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Bylaws of the Association of Unit Owners dated May 1, 2009 and June 1, 2009, filed in said Office, as Document No. 3866909, as amended by instrument dated November 7, 2011, filed in said Office, as Document No. 4112150.

15. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

16. As to Unit 101 in Building 1819 Only:

a. The terms and provisions contained in the Agreement of Sale dated September 30, 2010, filed in said Office, as Document No. 4004332.

b. The terms and provisions contained in the following:

a. Vendee's Consent and Agreement dated September 6, 2011, filed in said Office, as Document No. 4097654.

c. Mortgage, Security Agreement, Fixture Filing and Finance Statement (Vendor's Interest in Agreement of Sale), dated September 2, 2011, in favor of First Hawaiian Bank, a Hawaii corporation, filed in said Office, as Document No. 4097661.

d. Vendee's Consent and Agreement dated September 8, 2011, filed in said Office, as Document No. 4097662 and 4097663.

e. Financing Statement in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2011-148163.

f. The terms and provisions contained in the Amendment of Security Instruments, Cross-Collateral and Cross-Default Agreement dated September 2, 2011, filed in said Office as Document No. 4099867 and recorded in said Bureau, as Document No. 2011-155722.

17. Mortgage, Security Agreement, Fixture Filing and Financing Statement (Second Mortgage - Exhibit A-1) (Vendor's Interest in Agreement of Sale - Exhibit A-2) Securing Adjustable Interest Rate Loan dated September 2, 2011, in favor of First Hawaiian Bank, a Hawaii corporation, filed in said Office, as Document No. 4097653.

18. The terms and provisions contained in the Absolute Assignment of Rentals and Lessor's Interest in Leases and Rents dated September 2, 2011, in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2011-148160.

19. Financing Statement in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2011-148161.

20. The terms and provisions contained in the Amendment of Security Instruments, Cross-Collateral and Cross-Default Agreement dated September 2, 2011, in favor of First Hawaiian Bank, filed in said Office as Document No. 4099869 and recorded in said Bureau, as Document No. 2011-155722.

21. County Civil Fine Lien dated November 15, 2011, by the Department of Planning and Permitting, City and County of Honolulu, State of Hawaii, filed in said Office, as Document No. 4111587.

NOTE: This has been released and satisfied by a Release of County Civil Fine Lien filed as Document No. 4114133.

22. Any unrecorded leases and matters arising from or affecting the same, if any.

23. For Real Property Taxes that may be due and owing reference is made to the Real Property Tax Department, County and County of Honolulu.

**EXHIBIT "1"**

<u>UNIT NO.</u>	<u>COMMON INTEREST (%)</u>	<u>PARKING STALL NO.</u>
<b><u>Building 1819 (1819 Lipeepee Street)</u></b> (see below) **		
101	2.7778	P5
102	2.7778	P1, P2, P4, P7, P8, P9, P10, P12, P14, P15, P16, P17, P18
103	2.7778	
104	2.7778	
105	2.7778	
106	2.7778	
201	2.7778	
202	2.7778	P3
203	2.7778	
204	2.7778	
205	2.7778	
206	2.7778	
301	2.7778	P6
302	2.7778	
303	2.7778	
304	2.7778	
305	2.7778	
306	2.7778	
<b><u>Building 1821 (1821 Lipeepee Street)</u></b>		
101	2.7778	
102	2.7778	
103	2.7778	
104	2.7778	
105	2.7778	
106	2.7778	
201	2.7778	
202	2.7778	
203	2.7778	
204	2.7778	
205	2.7777	
206	2.7777	
301	2.7777	P11
302	2.7777	
303	2.7777	
304	2.7777	
305	2.7777	
306	<u>2.7777</u>	P13
	100.0000% *	

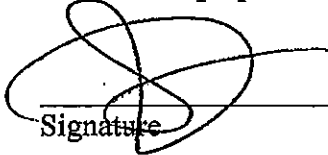
\* The percentage interest on 8 units had to be reduced by 0.0001 in order to bring the total to 100.0000%  
\*\*Parking: The above is just the initial assignment. The Declarant may assign stalls to other units at a later date by amendment to this Declaration, or with the initial conveyance of a Unit.



**EXHIBIT "D"**

**MANAGEMENT AGENT CERTIFICATION**

I, Tom A. Flaerke, as agent for/and/or employed by Certified Management, Inc., dba Certified Hawaii, the condominium managing agent for Microwave, LLC, the developer, for the Hawaiiiana Gardens condominium project, hereby certify that the estimates of initial maintenance fee assessments and maintenance fee disbursements attached hereto were prepared in accordance with generally accepted accounting principles.

  
\_\_\_\_\_  
Signature

2/2/11  
\_\_\_\_\_  
Date

*SPECIAL NOTICE: Pursuant to 514B-148.7(b). Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserve 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. Said reserve amount will be adjusted after a reserve study is computed.*

Project: Hawaiiiana Gardens



Project No: \_\_\_\_\_

Hawaiiana Gardens

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS  
(for all budget input)

Approved budget to be effective on: January 1, 2012  
(First Month of Fiscal Year)

Prepared By: Ikaika Pestana

Revised Date: 09/06/11

		2011 Budget	Actual Monthly Average	Proposed 2012 Budget	Approved 2012 Budget
TOTAL PROPERTY MANAGEMENT		-	-	750	-
LEGAL					
70900-00-000	Legal Fees - General			50	
TOTAL LEGAL		-	-	50	-
OTHER PROFESSIONAL FEES					
71100-00-764	Accounting Fees - Audit/Tax			38	
71100-00-990	Professional Fees, Reserve Study			17	
TOTAL OTHER PROFESSIONAL FEES		-	-	55	-
ELECTRICITY					
71200-00-000	Electricity-General			200	
TOTAL ELECTRICITY		-	-	200	-
WATER					
71300-00-000	Water-General			650	
TOTAL WATER		-	-	650	-
SEWER					
71350-00-000	Sewer-General			2,100	
TOTAL SEWER		-	-	2,100	-
EXTERMINATION					
71700-00-000	Exterminating, General			75	
TOTAL EXTERMINATION		-	-	75	-
RUBBISH REMOVAL					
71800-00-770	Rubbish Removal Contract			250	
TOTAL RUBBISH REMOVAL		-	-	250	-
REPAIRS & MAINTENANCE					
72100-00-717	R&M, Plumbing			50	
72100-00-771	R&M, Supplies			95	
72100-00-774	R&M, Grounds			100	
72100-00-803	R&M, Buildings			75	
72100-00-814	R&M, Tree Trimming Contract			92	
TOTAL MAINTENANCE		-	-	412	-
TAXES					

Project No: \_\_\_\_\_ Hawaiiana Gardens

**SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS**  
 (for all budget input)

Approved budget to be effective on: January 1, 2012  
 (First Month of Fiscal Year)

Prepared By: Ikaika Pestana

Revised Date: 09/06/11

	2011 Budget	Actual Monthly Average	Proposed 2012 Budget	Approved 2012 Budget
72500-00-790 General Excise Tax			3	
<b>TOTAL TAXES</b>	-	-	3	-
<b>INSURANCE</b>				
72700-00-065 Commercial Package Policy			750	
72700-00-071 Umbrella			75	
72700-00-072 Directors & Officers			50	
<b>TOTAL INSURANCE</b>	-	-	875	-
<b>TOTAL OPERATING EXPENSES</b>	-	-	7,299	-
<b>TOTAL NON-OPERATING EXPENSES</b>	-	-	-	-
<b>TOTAL EXPENSES</b>	-	-	7,299	-

<b>NET INCOME BEFORE RESERVE FUND TRANSFERS</b>	-	-	1,665	-
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**OPERATING RESERVE FUND TRANSFERS:**

11500-00-001 Operating reserve bank account 1			50	
<b>TOTAL TRANSFERS TO OP RESERVES</b>	-	-	50	-

**REPLACEMENT RESERVE FUND TRANSFERS:**

<b>TRANSFER FROM RESERVES</b>				
36290-00-900 From Reserve - General Fund			83	
37290-00-499 <b>TOTAL TRANSFER FROM RESERVES</b>	-	-	83	-

**TRANSFER TO RESERVES**

36290-00-900 To Reserve - General Fund			1,698	
37290-00-799 <b>TOTAL TRANSFER TO RESERVES</b>	-	-	1,698	-

<b>NET RESERVE FUND TRANSFERS (Replacement and Operating)</b>	-	-	(1,665)	-
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<b>NET INCOME AFTER RESERVE FUND TRANSFERS</b>	-	-	-	-
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PROJECT NUMBER: 0

MAINTENANCE FEE ANALYSIS FOR: Marina Gardens

Approved budget to be effective on: January 1, 2012

Prepared By: Ikaika Pestana

Board Approved Date: \_\_\_\_\_

Unit Type	PerCent Common Interest	Number Of Units	Maint Fee Per Unit	Total Maint Fee (Unit Type)	Other Fees Per Unit	Special Assess Per Unit	Total Spc Assess (Unit Type)	Total Amount Per Unit
1.00	2.777778	36	249.00	8,964.00	-	-	-	249.00
<b>TOTALS</b>	<u>100.0000%</u>	<u>36</u>		<u>8,964.00</u>	-	-	-	

EXHIBIT "E"

Developer's Reserved Rights

The following is what is contained in Section 24.0 of the Declaration:

The Developer shall have the right to execute, acknowledge, process and record any and all instruments necessary or appropriate for the purposes of carrying out the provisions and exercising the rights, powers and privileges granted by Section 24.0 of the Declaration, and including but not limited to the provisions of Sections 4.0C, 4.1, 4.4A, 4.4B, 4.4D, 6.0D, 6.1, 18.1, 18.2, and 29.0 (collectively the "Reserved Rights"), all as the true and lawful attorney-in-fact of the respective owners of units in this Project and also the Association of Unit Owners, and the Board of Directors, if applicable or necessary in furtherance of the foregoing. The grant of the power of attorney is coupled with an interest and shall be irrevocable. If not previously exercised, the Reserved Rights shall terminate on **December 31, 2020**. The Developer shall not be required to obtain the consent or joinder of any person, including the Association, the Board of Directors, any unit owner, or any mortgagee of a unit owner. The Reserved Rights include making an amendment to the Declaration, Bylaws of the Association, and Condominium Map that may be necessary or desirable to correct any typographical error, to comply with any request of an institutional lender for the Project, or title insurer, or to comply with the requirements of Chapter 514B, Hawaii Revised Statutes. Developer is authorized to execute any consent, joinder, approval, or any other instrument on behalf of each unit owner, the Association, and Board of Directors in furtherance of the foregoing. The Reserved Rights include consenting to or making any changes to the Watermark Project Documents or any instruments or documents relating thereto, including those described in Section 6.2 hereof.

In exercising the foregoing Reserved Rights, the Developer may at any time file and process to final approval an application for building permits, grant easements, terminate easements, file Land Court applications and amendments, execute and file instruments and documents, record amendments, deeds, or other instruments necessary or appropriate to carry out any of the foregoing.

Each and every owner acquiring an interest in a unit in the Project consents to the Reserved Rights contained in this Section 24.0 and the amendments to the Declaration, the Bylaws and the Condominium Map and the filing thereof.

## EXHIBIT "F"

### Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the Unit and other terms and conditions under which a Purchaser will agree to buy an Unit in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, Bylaws, Condominium Map, House Rules, or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
  - a. substantially and materially impairs the use and enjoyment of the Unit;
  - b. substantially and materially alters the arrangement of the rooms or usable space of an Unit or building;
  - c. renders unenforceable a purchasers' loan commitment;
  - d. increases the purchaser's share of common expenses or maintenance fees;
  - e. reduces the obligations of Developer of common expenses on unsold Units.
5. Provides that the Developer is selling the Units in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the Units and Project.
6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.
7. Provides that the closing cost shall be paid as follows:
  - a. By purchaser: title insurance, drafting of any note and mortgage, drafting of Unit deed, purchaser notary fees, recording fees, all escrow fees, and also a start fee for common expenses, if any.
  - b. By Developer: Developer notary fees.
8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser shall be entitled to a return of all deposits without any interest.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

The Sales Contract contains various other provisions which purchaser should become acquainted with. If there is a conflict between the terms of this summary and the Sales Contract, the latter shall control.



## EXHIBIT "G"

### Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is Title Guaranty Escrow Services, Inc. Under the Escrow Agreement dated June 5, 2009, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The Unit deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances, or Office of the Assistant Registrar of the Land Court, State of Hawaii, as the case may be.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the Unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there is a conflict between the terms of this summary and the Escrow Agreement, the latter shall control.

ARCHITECT INSPECTION REPORT  
(conversion)

May 6, 2009

Microwave, LLC  
3939 Old Pali Road  
Honolulu, Hawaii 96817

Re: Project: Hawaiiiana Gardens  
Address: 1819 and 1821 Lipeepee Street  
Honolulu, Hawaii 96815  
TMK: (1) 2-6-011-037 & 036 (roadway)

Submission for Developers Public Report

Gentlemen:

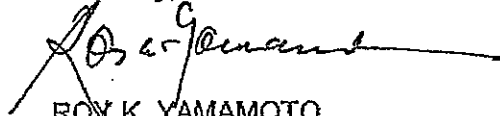
The undersigned, being Registered Professional Architect Number 4649 in the State of Hawaii, hereby declares as follows:

1. I have examined the structures on the above referenced property; and
2. Without invasive examination of covered components, the structures and mechanical, electrical and plumbing components of the units on the condominium map appeared to be in a condition consistent with its age (having been built around 1950); and

No third party purchaser may rely on the information contained in this report. Each prospective purchaser should conduct his or her own professional inspection.

Please feel free to contact me if you should have any questions concerning the foregoing.

Sincerely,



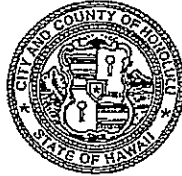
ROY K. YAMAMOTO  
Roy K. Yamamoto Architect AIA, Inc.  
Registered Professional Architect  
No. 4649

EXHIBIT "I"

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

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8000 • FAX: (808) 768-6041  
DEPT. WEB SITE: [www.honolulu.gov](http://www.honolulu.gov) • CITY WEB SITE: [www.honolulu.gov](http://www.honolulu.gov)

MUFI HANNEMANN  
MAYOR



DAVID K. TANOUÉ  
DIRECTOR

ROBERT M. SUMITOMO  
DEPUTY DIRECTOR

2009/ELOG-36(LT)

March 10, 2009

Michael H. Sakai, Esq,  
Attorney at Law  
902 City Financial Tower  
201 Merchant Street  
Honolulu, Hawaii 96813-2977

Dear Mr. Sakai:

Subject: Condominium Conversion Project  
1819 Lipeepee Street  
Tax Map Key: 2-6-011: 037

This is in response to your letter dated January 6, 2009, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two (2) 3-story 18-unit apartment buildings with 23 all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1950 on this 16,899-square-foot Apartment-Precinct-zoned lot.

Investigation also revealed the following:

1. On August 9, 2004, a Conditional Use Permit (File No. 2004/CUP-44) was approved with conditions for a joint development of Tax Map Keys: 2-6-011: 1, 2, 4, 32, 37 & 40. All lots or parcels shall be considered one zoning lot.
2. On December 28, 2004, a Special District Permit (File No. 2004/SDD-76) was approved with conditions for the Ala Wai Gateway Condominium Development which includes a new 38-story 212-unit apartment, a new 6-story parking structure, and two (2) existing 3-story 18-unit apartment buildings with a total of 470 parking spaces.
3. On December 28, 2004, a zoning adjustment (File No. 2004/ZA-57) was approved with conditions to allow an energy-saving rooftop design to extend above the governing district height limit.

4. On June 18, 2008, Park Dedication (File No. 2006/PARK-11) was revised and approved for a new 196-unit multi-family development (The Watermark).
5. On August 17, 2006, a subdivision (File No. 2006/SUB-100) was granted approval for proposed subdivision of Lot 7-A-1 of Land Court Application 1561 into two (2) lots: Lot 7-A-1-A (remainder area) of 7,926 square-feet and Lot 7-A-1-B (corner rounding) of 74 square-feet, designation of Easement 1 (for pedestrian walkway purposes in favor of the City and County of Honolulu) affecting Lot 1, Land Court Consolidation 207, Lot 1, portion Grant 2789 to W.L. Moehonua, and Lots 7-A-1-A and 7-A-2, Land Court Application 1561 and designation of Easement 2 (for water meter purposes in favor of the Board of Water Supply) affecting Lot 1, Land Court Application 1561, Lot 3-A-1, Land Court Application 852 and Lot 1, Land Court Consolidation 207 and designation of the restriction of vehicular access affecting Lots 7-A-1-A and 7-A-2 of Land Court Application 1561, Lot 1, portion Grant 2789 to W.L. Moehonua, and portion of Lot 1 of Land Court Consolidation 207.
6. The existing 3-story apartment building along Lipeepee Street, which encroaches into the required yard setback, is considered a nonconforming structure (spacing).
7. The property owner of TMK: 2-6-011: 037 has one-sixth (1/6) interest in TMK: 2-6-011: 036 for purposes of right-of-way access to Lipeepee Street.

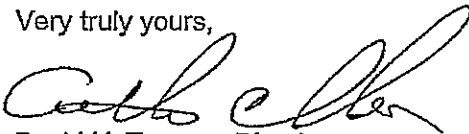
For your information, the Department of Planning and Permitting cannot determine all other legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

No other 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 Mr. Ivan Matsumoto of our Commercial and Multi-Family Code Enforcement Branch at 768-8151.

Very truly yours,

  
David K. Tanoue, Director  
Department of Planning and Permitting

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