

Reviewed and Approved by Executive Director: 
June 7, 2023

FOR ACTION

I. REQUEST

Consider Authorizing the Executive Director to Waive HCDA’s First Option to Purchase Rycroft Terrace Unit 513 and Defer the Payment of Shared Equity Due to the Unit Owner’s Death, pursuant to Hawaii Administrative Rules (HAR) §15-22-188.

II. BACKGROUND

Rycroft Terrace Unit 513 is governed by HAR §15-22, (2005 Rules). The regulated term is ten (10) years from the date of recordation in the State of Hawaii Bureau of Conveyances. The date of recordation was October 2, 2014; and the regulated term will end on October 2, 2024.

The owner of Rycroft Terrace Unit 513 died on December 8, 2022, as confirmed by a letter from the City and County of Honolulu Department of the Medical Examiner dated December 11, 2022.

The subject reserved housing unit was not part of the owner’s will or trust and was subsequently placed into probate upon the unit owner’s death. Following probate, title to the unit will be transferred from the deceased unit owner, which triggers HCDA’s first option to purchase the unit and the payment of shared equity since the unit is still within its regulated term.

Rycroft Terrace Unit 513 is a 304 square foot studio unit with no assigned parking stall. The buyback price pursuant to the 2005 Rules is \$157,480. The unit was appraised at \$191,000 in a certified appraisal dated February 23, 2023, presuming all reserved housing requirements and restrictions were lifted. The appraisal is attached hereto as Exhibit A.

The equity sharing payment owed to the HCDA for Rycroft Terrace Unit 513 is \$33,520.

III. DISCUSSION

First Option to Purchase

The HCDA originally chose to exercise its first option to purchase Rycroft Terrace Unit 513. The unit owner beneficiaries agreed to the HCDA’s buyback terms and conditions contained in a letter dated March 10, 2023 and attached hereto as Exhibit B.

However, upon further analysis and the anticipated costs to rehabilitate the unit to a marketable condition, HCDA staff determined repurchasing Rycroft Terrace Unit 513 was not financially feasible. The unit owner’s beneficiaries are now seeking other

options, such as transferring the unit to another family member, renting the unit, or selling the unit at market.

Equity Sharing

If the Authority waives its option to purchase or “buy back” the unit, payment of shared equity will become due under HAR §15-22-187(a)(1) Equity sharing requirements.

HAR §15-22-188(b) Deferral or waiver of certain conditions on transfer, allows for the deferral of shared equity on a case-by-case basis if any of the following are met:

- (1) The waiver will not result in speculation;
- (2) Where fiscal management will not allow repurchase of the unit; or
- (3) Where such waiver will allow permanent financing by other mortgage lenders.

As previously noted, HCDA staff determined it is not financially feasible for the HCDA to repurchase the unit, therefore, HAR §15-22-188(b)(2) applies, and the Authority may defer the payment of shared equity until the unit is sold. Moreover, requiring the payment of shared equity now may result in financial hardship for the unit owner’s family if they choose to keep the unit.

The HCDA is in the process of procuring qualified non-profit housing trusts who may be able to purchase Reserved Housing units on HCDA’s behalf in the future.


IV. RECOMMENDATION


It is recommended that the Board Authorize the Executive Director to Waive HCDA’s First Option to Purchase Rycroft Terrace Unit 513 and Defer the Payment of Shared Equity Due to the Unit Owner’s Death, pursuant to HAR §15-22-188, and undertake all tasks necessary to effectuate the purpose(s) of this For Action.

Attachments:

Exhibit A – Appraisal for Rycroft Terrace Unit 513 Dated February 23, 2023

Exhibit B – Acknowledgment of Buyback Terms and Conditions Dated March 10, 2023

Prepared By: Lindsey Doi, Asset Manager 

Reviewed By: Craig Nakamoto, Executive Director 

INDIVIDUAL CONDO UNIT APPRAISAL REPORT

File No.: 22-23018022

Property Address: 1550 Rycroft St	Unit #: 513	City: Honolulu	State: HI
Zip Code: 96814	County: Honolulu	Legal Description: Not provided	
Assessor's Parcel #: (1)2-3-018-022, CPR: 141			
Tax Year: 2022	R.E. Taxes: \$ 300	Special Assessments: \$ 0	Borrower (if applicable): Aryn Nakaoka
Current Owner of Record: Richard K. Shinoki		Occupant: <input type="checkbox"/> Owner <input type="checkbox"/> Tenant (Market Rent) <input type="checkbox"/> Tenant (Regulated Rent) <input checked="" type="checkbox"/> Vacant	
Project Type: <input checked="" type="checkbox"/> Condominium <input type="checkbox"/> Other (describe)		HOA: \$ 252 <input type="checkbox"/> per year <input checked="" type="checkbox"/> per month	
Market Area Name: Holiday Mart/Pawaa		Map Reference: (1)2-3-018-022	Census Tract: 0036.03
Project Name: Rycroft Terrace		Phase: -	

The purpose of this appraisal is to develop an opinion of: <input checked="" type="checkbox"/> Market Value (as defined), or <input type="checkbox"/> other type of value (describe)	This report reflects the following value (if not Current, see comments): <input checked="" type="checkbox"/> Current (the Inspection Date is the Effective Date) <input type="checkbox"/> Retrospective <input type="checkbox"/> Prospective
Approaches developed for this appraisal: <input checked="" type="checkbox"/> Sales Comparison Approach <input type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach (See Reconciliation Comments and Scope of Work)	
Property Rights Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Leased Fee <input type="checkbox"/> Other (describe)	
Intended Use: To determine an opinion of current fair market value of the subject property.	
Intended User(s) (by name or type): Aryn Nakaoka	
Client: Aryn Nakaoka	Address: c/o 1550 Rycroft St., Apt. 513, Honolulu, HI 96814
Appraiser: Corey Okamura	Address: P.O. Box 10627, Honolulu, HI 96816

Location:	<input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Predominant Occupancy	Condominium Housing	Present Land Use	Change in Land Use
Built up:	<input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	<input checked="" type="checkbox"/> Owner	PRICE	One-Unit 5%	<input checked="" type="checkbox"/> Not Likely
Growth rate:	<input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	<input type="checkbox"/> Tenant	AGE	2-4 Unit 10%	<input type="checkbox"/> Likely * <input type="checkbox"/> In Process *
Property values:	<input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	<input checked="" type="checkbox"/> Vacant (0-5%)	170 Low 2	Multi-Unit 70%	* To: _____
Demand/supply:	<input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	<input type="checkbox"/> Vacant (>5%)	785 High 75	Comm'l 15%	
Marketing time:	<input checked="" type="checkbox"/> Under 3 Mos. <input type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.		325 Pred 45	%	

Market Area Boundaries, Description, and Market Conditions (including support for the above characteristics and trends): The subject project is located in the Holiday Mart/Pawaa area of Honolulu. South King Street to the north; Kalakaua Avenue to the east; Ala Moana Blvd. to the south; Pensacola Street to the west. Schools, shopping, recreational areas, and public transportation are located within a one mile radius. No apparent adverse conditions affecting the marketability of properties noted in the subject neighborhood. General market prices for properties similar to the subject within the subject's neighborhood have remained relatively stable over the past year. The estimated exposure time for the subject property would be approximately 30 to 90 days.

Zoning Classification: A-3	Description: High-density apartment	Zoning Compliance: <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (grandfathered) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning
Ground Rent (if applicable) \$ _____ / _____	Comments: _____	

Highest & Best Use as improved (or as proposed per plans & specifications): Present use, or Other use (explain) _____

Actual Use as of Effective Date: Condominium **Use as appraised in this report:** Condominium

Summary of Highest & Best Use: The neighborhood is generally built-up with commercial and residential type of improvements. This is expected to continue. The subject appears to be compatible with the surrounding area, thus the current use is assumed to be the highest and best use as improved.

	Public	Other	Provider/Description	Off-site Improvements	Type	Public	Private	Density	Average/Typical
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Street	Asphalt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Size	Average/Typical
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Curb/Gutter	Concrete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Topography	Level
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Sidewalk	Concrete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	View	Immediate area
Sanitary Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Street Lights	Over-head	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Storm Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Alley	None	<input type="checkbox"/>	<input type="checkbox"/>		

Other site elements: Inside Lot Corner Lot Cul de Sac Underground Utilities Other (describe)

FEMA Spec'l Flood Hazard Area Yes No **FEMA Flood Zone** X **FEMA Map #** 15003C0362G **FEMA Map Date** 1/19/2011

Site Comments: No apparent easements or encroachments were noted on the subject's site.



INDIVIDUAL CONDO UNIT APPRAISAL REPORT

File No.: 22-23018022

Data source(s) for project information <u>Condominium public report; Hawaii TMK Service, Inc. Condo Guide; management company.</u>									
Project Description <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input checked="" type="checkbox"/> Other (describe) <u>Low-rise</u>									
General Description of Project					Subject Phase		If Project Completed		If Project Incomplete
# of Stories	<u>5</u>	Exterior Walls	<u>Concrete</u>	Units	<u>167</u>	Phases	<u>1</u>	Planned Phases	
# of Elevators	<u>2</u>	Roof Surface	<u>Concrete</u>	Units Completed	<u>167</u>	Units	<u>414</u>	Planned Units	
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Und.Cons.		Total # Parking	<u>162</u>	Units For Sale	<u>3</u>	Units for Sale	<u>3</u>	Units for Sale	
Design (Style)	<u>Low-rise</u>	Ratio (spaces/unit)	<u>0.97:1</u>	Units Sold	<u>167</u>	Units Sold	<u>414</u>	Units Sold	
Actual Age (Yrs.)	<u>60</u>	Parking Type(s)	<u>Stalls</u>	Units Rented	<u>15</u>	Units Rented	<u>15</u>	Units Rented	
Effective Age (Yrs.)	<u>30</u>	Guest Parking	<u>0</u>	Owner Occup. Units	<u>152</u>	Owner Occup. Units	<u>152</u>	Owner Occup. Units	
Project Primary Occupancy <input checked="" type="checkbox"/> Principal Residence <input type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Tenant									
Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Management Group: <input type="checkbox"/> Homeowners' Association <input type="checkbox"/> Developer <input checked="" type="checkbox"/> Management Agent (name of management agent or company): <u>Hawaiiana Management Company, Ltd.</u>									
Was the project created by the conversion of existing building(s) into a condominium? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and date of conversion.									
Converted from hotel use in 2014.									
Are CC&Rs applicable? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Have the documents been reviewed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Comments: <u>Not provided.</u>									
Project Comments (condition, quality of construction, completion status, etc.): <u>The condition and quality of construction is rated as average/typical.</u>									
Common Elements and Recreational Facilities: <u>Swimming pool.</u>									
Summary of condominium project budget analysis for the current year (if analyzed):					<u>The appraiser was not provided a copy of the budget, nor is he qualified to analyze such a report.</u>				
Other fees for the use of the project facilities (other than regular HOA charges): <u>None.</u>									
Compared to other competitive projects of similar quality and design, the subject unit charge appears <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Low (If High or Low, describe)									
Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe and explain the effect on value and marketability. <u>See Supplemental Addendum regarding possible "regulated term," "equity sharing requirements," and "HCDA buyback restrictions." The appraiser is unable to determine if the subject unit is currently encumbered by such requirements and/or restrictions. This appraisal is of the subject unit "as-if" unaffected by said requirements/restrictions.</u>									
Unit Charge: \$ <u>252</u> per month X 12 = \$ <u>3,024.00</u> per year. Annual assessment charge per year per SF of GLA = \$ <u>9.95</u>									
Utilities included in the Unit Charge: <input type="checkbox"/> None <input type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Cable <input type="checkbox"/> Other									
Source(s) used for physical characteristics of property: <input checked="" type="checkbox"/> New Inspection <input type="checkbox"/> Previous Appraisal Files <input type="checkbox"/> MLS <input checked="" type="checkbox"/> Assessment and Tax Records <input type="checkbox"/> Prior Inspection									
<input type="checkbox"/> Property Owner <input type="checkbox"/> Other (describe) <u>Data Source for Gross Living Area Tax records;condo public report</u>									
General Description			Exterior Description		Foundation		Basement		Heating
Floor Location	<u>5</u>	Foundation	<u>Concrete</u>	Slab	<u>Concrete</u>	Area Sq. Ft.		Type	
# of Levels	<u>1</u>	Exterior Walls	<u>Concrete</u>	Crawl Space	<u>None</u>	% Finished		Fuel	
Design (Style)	<u>Low-rise</u>	Roof Surface	<u>Concrete</u>	Basement	<u>None</u>	Ceiling			
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed		Gutters & Dwnspts.	<u>None</u>	Sump Pump	<input type="checkbox"/>	Walls		Cooling	
<input type="checkbox"/> Under Construction		Window Type	<u>Jalousies</u>	Dampness	<input type="checkbox"/>	Floor		Central	
Actual Age (Yrs.)	<u>60</u>	Storm/Screens	<u>Screens</u>	Settlement	<u>None noted</u>	Outside Entry		Other	
Effective Age (Yrs.)	<u>25</u>			Infestation	<u>None noted</u>				

PROJECT INFORMATION

PROJECT ANALYSIS

UNIT IMPROVEMENTS



INDIVIDUAL CONDO UNIT APPRAISAL REPORT

File No.: 22-23018022

SALES COMPARISON APPROACH TO VALUE (if developed) The Sales Comparison Approach was not developed for this appraisal.

FEATURE		SUBJECT		COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3		
Address		1550 Rycroft St Apt 513 Honolulu, HI 96814		1550 Rycroft St Apt 419 Honolulu, HI 96814			750 Amana St Apt 809 Honolulu, HI 96814			1650 Kanunu St Apt 409 Honolulu, HI 96814		
Project		Rycroft Terrace		Rycroft Terrace			Holiday Village			Holiday Manor		
Phase		-		-			-			-		
Proximity to Subject				Less than 0.01 miles			0.15 miles SW			0.16 miles SE		
Sale Price		\$		\$ 195,000			\$ 232,000			\$ 185,000		
Sale Price/GLA		\$/sq.ft.		\$ 641.45 /sq.ft.			\$ 729.56 /sq.ft.			\$ 511.05 /sq.ft.		
Data Source(s)		Tax records		MLS 202128678			MLS 202221442			MLS 202226311		
Verification Source(s)		Inspection		tax records			tax records			tax records		
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION			DESCRIPTION			DESCRIPTION		
				+(-) \$ Adjust.			+(-) \$ Adjust.			+(-) \$ Adjust.		
Sales or Financing Concessions				Cash None			Cash None			N/A; pending N/A; pending		
Date of Sale/Time				04/2022			01/2023			N/A; pending		
Rights Appraised		Fee Simple		Fee Simple			Fee Simple			Fee Simple		
Location		Pawaa/Holiday Mart		Pawaa/Holiday Mart			Pawaa/Holiday Mart			Pawaa/Holiday Mart		
HOA Fees (\$/Month)		252		252			395			367		
Common Elements and Recreational Facilities		Pool		Pool			Pool			Pool		
Floor Location		5		4			8			4		
				+1,000			-3,000			+1,000		
View		Immediate area		Immediate area			City			-10,000 Immediate area		
Design (Style)		Low-rise		Low-rise			High-rise			0 High-rise		
Quality of Construction		Average		Average			Average			Average		
Age		60		60			56			0 57		
Condition		Fair		Average(-)			Average			-10,000 Fair		
Above Grade		Total Bdrms Baths		Total Bdrms Baths			Total Bdrms Baths			Total Bdrms Baths		
Room Count		2 0 1.0		2 0 1.0			2 0 1.0			2 0 1.0		
Gross Living Area		304 sq.ft.		304 sq.ft.			318 sq.ft.			362 sq.ft.		
Basement & Finished Rooms Below Grade		Osf		Osf			Osf			Osf		
Functional Utility		Adequate		Adequate			Adequate			Adequate		
Heating/Cooling		Wall a/c		Wall a/c			Wall a/c			None		
Energy Efficient Items		None		None			None			None		
Parking		0		None			None			None		
Porch/Patio/Deck		None		None			Balcony 52 sf			-1,600 None		
Net Adjustment (Total)				<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -4,000			<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -24,600			<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -4,600		
Adjusted Sale Price of Comparables				\$ 191,000			\$ 207,400			\$ 180,400		
Summary of Sales Comparison Approach Comps 1, 2, & 3 were given consideration according to their similarities to the subject property. Comp 1 is the most recent sale from the subject's project. Per agent, no equity-sharing or buyback restrictions. Comp 2 is a recent studio sale from a nearby comparable project; with no parking (like subject). Comp 3 is a pending listing of a studio unit from a nearby comparable project; with no parking and similar condition.												
Indicated Value by Sales Comparison Approach \$ 191,000												

SALES COMPARISON APPROACH



INDIVIDUAL CONDO UNIT APPRAISAL REPORT

File No.: 22-23018022

COST APPROACH TO VALUE (if developed) The Cost Approach was not developed for this appraisal.

Summary of Cost Approach:

Indicated Value by: Sales Comparison Approach \$ 191,000 **Cost Approach (if developed) \$** **Income Approach (if developed) \$**

Final Reconciliation Subject to Statement of Assumptions and Limiting Conditions, and Appraiser's Certification. The Sales Comparison Analysis was given full consideration since market comparables similar to the subject were found and it best indicates what a prudently informed purchaser is willing to pay in the open market.

This appraisal is made "as is", subject to completion per plans and specifications on the basis of a Hypothetical Condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a Hypothetical Condition that the repairs or alterations have been completed, subject to the following required inspection based on the Extraordinary Assumption that the condition or deficiency does not require alteration or repair: _____

This report is also subject to other Hypothetical Conditions and/or Extraordinary Assumptions as specified in the attached addenda.


Based on the degree of inspection of the subject property, as indicated below, defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the real property that is the subject of this report is: \$ 191,000 **, as of:** 02/23/2023 **, which is the effective date of this appraisal. If indicated above, this Opinion of Value is subject to Hypothetical Conditions and/or Extraordinary Assumptions included in this report. See attached addenda.**

A true and complete copy of this report contains 15 pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

Attached Exhibits:

<input type="checkbox"/> Scope of Work	<input type="checkbox"/> Limiting Cond./Certifications	<input checked="" type="checkbox"/> Narrative Addendum	<input checked="" type="checkbox"/> Photograph Addenda	<input type="checkbox"/> Sketch Addendum
<input checked="" type="checkbox"/> Map Addenda	<input type="checkbox"/> Additional Sales	<input type="checkbox"/> Additional Rentals	<input checked="" type="checkbox"/> Flood Addendum	<input type="checkbox"/> Hypothetical Conditions
<input type="checkbox"/> Extraordinary Assumptions	<input type="checkbox"/> Budget Analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Client Contact: <u>Aryn Nakaoka</u>	Client Name: <u>Aryn Nakaoka</u>
E-Mail: <u>aryn@nakaokas.com</u>	Address: <u>c/o 1550 Rycroft St., Apt. 513, Honolulu, HI 96814</u>

<p>APPRAISER</p>  <p>Appraiser Name: <u>Corey Okamura</u> Company: <u>Okamura Appraisals, LLC</u> Phone: <u>(808) 384-8182</u> Fax: <u>N/A</u> E-Mail: <u>okamuraappraisals@hawaii.rr.com</u> Date of Report (Signature): <u>03/07/2023</u> License or Certification #: <u>CRA-570</u> State: <u>HI</u> Designation: <u>Certified Residential Appraiser</u> Expiration Date of License or Certification: <u>12/31/2023</u> Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: <u>02/23/2023</u></p>	<p>SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)</p> <p>Supervisory or Co-Appraiser Name: _____ Company: _____ Phone: _____ Fax: _____ E-Mail: _____ Date of Report (Signature): _____ License or Certification #: _____ State: _____ Designation: _____ Expiration Date of License or Certification: _____ Inspection of Subject: <input type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: _____</p>
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Supplemental Addendum

File No. 22-23018022

Borrower	Aryn Nakaoka				
Property Address	1550 Rycroft St				
City	Honolulu	County	Honolulu	State	HI
				Zip Code	96814
Lender/Client	Individual Client				

SCOPE OF APPRAISAL:

The appraiser only performed a visual inspection of the accessible areas of the subject property. The complete visual inspection of the subject property is **NOT** intended to be at the same level as that of a professional home inspector. The inspection process **DID NOT** include a visual inspection of the unobservable areas, such as the attic, crawl space, or roof. The visual inspection was for the purpose of understanding the physical characteristics of the property as would be observed by the typical buyer and seller.

INTENDED USE OF THE APPRAISAL:

The intended use of this appraisal report was for the sole purpose of assisting our client, **Aryn Nakaoka**, in determining an opinion of market value of the subject property.

INTENDED USER OF THE APPRAISAL:

The Intended User of this appraisal report is the **Client**. The Intended Use is to evaluate the property that is the subject of this appraisal for **estate purposes**; subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.

HIGHEST AND BEST USE:

Highest and best use may be defined as taken from the American Institute of Real Estate Appraisers, The Dictionary of Real Estate Appraisal, "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity." In establishing the highest and best use of the subject site, the appraiser gives consideration to its possible uses, its legal and physically permissible uses, and financially feasible uses.

Highest and best use **as improved**: The neighborhood is generally built-up with residential type of improvements. This is expected to continue. The subject appears to be compatible with the surrounding area, thus the current use is assumed to be the highest and best use as improved.

Highest and best use **as vacant** would be to improve with improvements consistent with current zoning codes and with the neighborhood and its trends.

HAZARDOUS MATERIAL DISCLOSURE:

In this appraisal report, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, asbestos, and/or existence of toxic materials, which may or may not be present on the property, was not observed by the appraiser; nor does the appraiser have knowledge of identifying the existence of such toxic materials on or in the property. The existence of urea-formaldehyde foam insulation, asbestos, or other potentially hazardous material may have an effect on the value of the property.

ADDITIONAL PROFESSIONAL INSPECTIONS:

This appraisal has **not** been prepared for the purpose of certifying the integrity of the subject property's structure, electrical or mechanical systems, plumbing, and/or the soundness of geological and soil conditions. This appraisal has **not** been prepared to determine possible termite infestation, the existence of possible hazardous materials, and/or any other conditions which may adversely affect the marketability of the subject property. Although due diligence was exercised in preparing this appraisal report, the appraiser is **not** a professional termite inspector, home inspector, structural engineer, soils or geological engineer, and/or construction contractor, nor should he be construed as one. Additional inspections by these professionals, or professionals in related fields may be recommended, and the final estimate of value may be presented, "subject to" their findings.

HCDA EQUITY SHARING REQUIREMENTS:

Per condominium public report, at time of original project sales, some units located within Rycroft Terrace were sold subject to a "Regulated Term" of ten years commencing on the date of recordation. If a residential unit owner wishes to sell his/her unit during the regulated term, the HCDA or a governmental agency approved by the HCDA shall have the first option to purchase the unit at a purchase price calculated in accordance with the Mauka Area Rules (HCDA Buyback Restrictions). SEE CONDOMINIUM PUBLIC REPORT (found at DCCA) for details. **Since the appraiser is unable to determine if the subject unit is currently encumbered by such requirements, this appraisal is of the subject unit "as-if unaffected" by said buyback/shared-equity requirements.**

COMMENTS TO THE SALES COMPARISON APPROACH:

Floor location was adjusted at \$1,000/floor; living area was adjusted at \$100/sf; wall a/c was adjusted at \$200. Condition adjustments include upgrades; thus may vary from Comp to Comp.

GROSS LIVING AREA (GLA) ADJUSTMENTS VS. PRICE-PER-SQUARE FOOT:

Price per square foot is not a good indicator of market value for a few reasons. First, price per square foot includes **ALL** characteristics of the property. Lot size, topography, view, site improvements, dwelling size, construction quality, condition, upgrades, room count, accessory structures, lanais, decks, on-site improvements, and overall appeal. With price per square foot, **all** of these features are reduced to **one** number. Second, as the size of the lot and dwelling goes up, the price per square foot goes down. This is called the "Law of diminishing Returns." The more square footage you add, the less value you get per square foot. Due to the limited supply of developed or developable residential zoned land on Oahu, land value has typically represented a large portion (**40%-50% or more**) of the total property value within this community. **Price per square foot includes land value**; gross living area (GLA) adjustments address the living area of the respective dwelling only.

ALL adjustments within this appraisal report, including GLA adjustments are market-based and adequately support.

LINE ADJUSTMENT FOR SELLER OF FINANCING CONCESSIONS:

Per Fannie Mae, "Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment." Also, "No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions." Therefore, adjustments made to comparable sales utilized in this appraisal report (if any) represent the appraiser's opinion of the estimated market reaction to said concessions.

Supplemental Addendum

File No. 22-23018022

Borrower	Aryn Nakaoka						
Property Address	1550 Rycroft St						
City	Honolulu	County	Honolulu	State	HI	Zip Code	96814
Lender/Client	Individual Client						

PRIOR SERVICES:

I have performed NO services, as an appraiser or in any other capacity, regarding the subject property that is the subject of this appraisal report within the three-year period immediately preceding acceptance of this assignment.

ADDITIONAL COMMENTS:

Based on our market research, examination of data, experience and knowledge in appraising properties of this type, we estimate the exposure time (i.e., length of time the subject property would require to be exposed for sale in the open market to sell at the market value concluded in this analysis as of the date of valuation) would be approximately **30 to 90 days**.

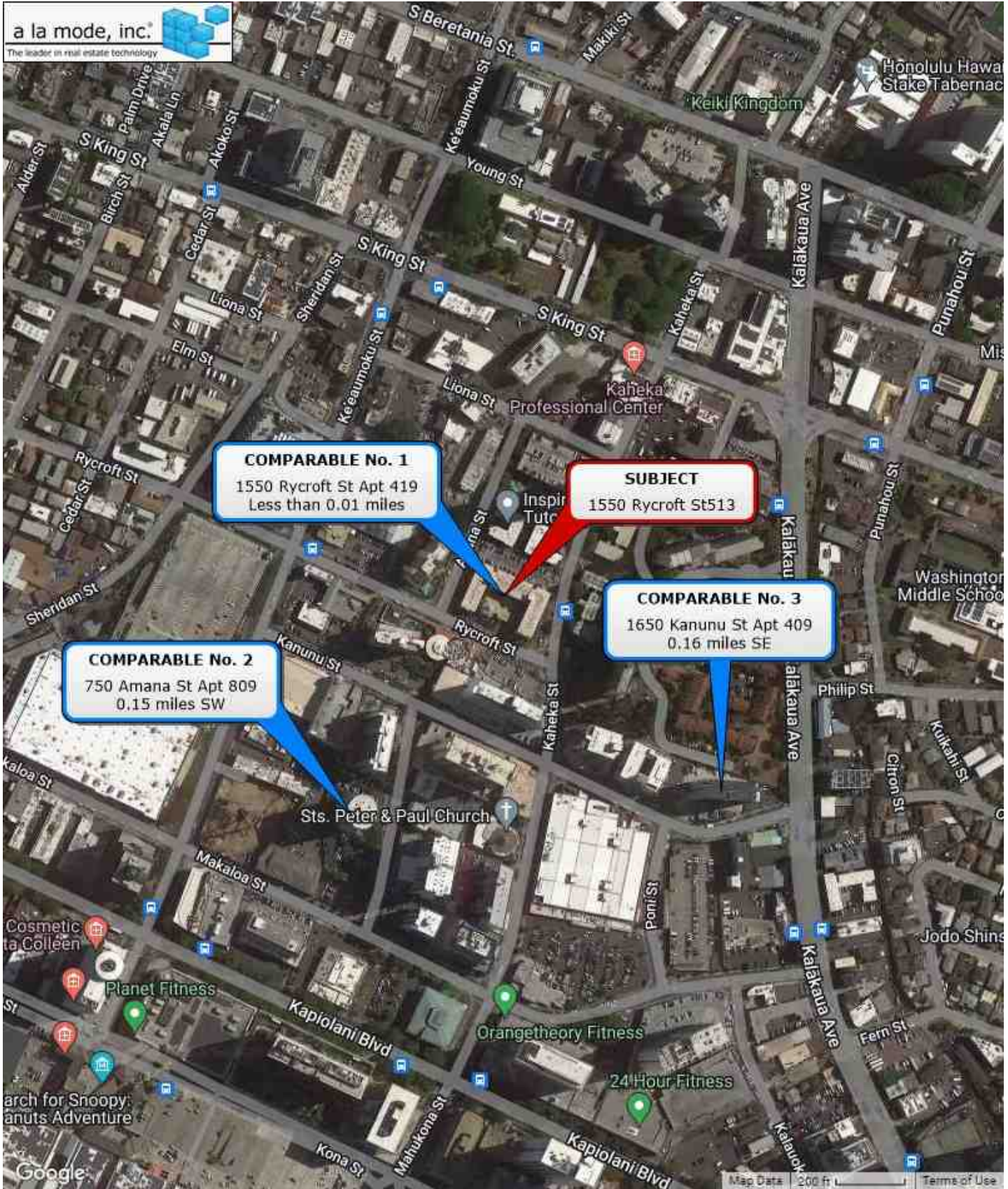
The subject unit is located in a substantial condominium project. The assignment of this appraisal report was to value the individual unit, not the entire project. Due to physical and economic limitations, the cost estimation of the individual unit was deemed unfeasible, thus the Cost Approach was not utilized.

Any personal property involved in the transaction has been excluded from the valuation of the real property. Should there be a transaction which includes personal property of sufficient value to affect the market value of the property, an appropriate adjustment will be made in the Sales Comparison Analysis.

Due to the limited supply of developed or developable residential zoned land on Oahu, land value has typically represented a large portion (35% or more) of the total property value within this community.

Comparable Sales Map

Borrower	Aryn Nakaoka						
Property Address	1550 Rycroft St						
City	Honolulu	County	Honolulu	State	HI	Zip Code	96814
Lender/Client	Individual Client						



Subject Photo Page

Borrower	Aryn Nakaoka			
Property Address	1550 Rycroft St			
City	Honolulu	County Honolulu	State HI	Zip Code 96814
Lender/Client	Individual Client			



Subject building

1550 Rycroft St Apt 513
 Sales Price
 Gross Living Area 304
 Total Rooms 2
 Total Bedrooms 0
 Total Bathrooms 1.0
 Location Pawaa/Holiday Mart
 View Immediate area
 Site
 Quality Average
 Age 60



Subject building



Street scene

Subject Photo Page

Borrower	Aryn Nakaoka						
Property Address	1550 Rycroft St						
City	Honolulu	County	Honolulu	State	HI	Zip Code	96814
Lender/Client	Individual Client						

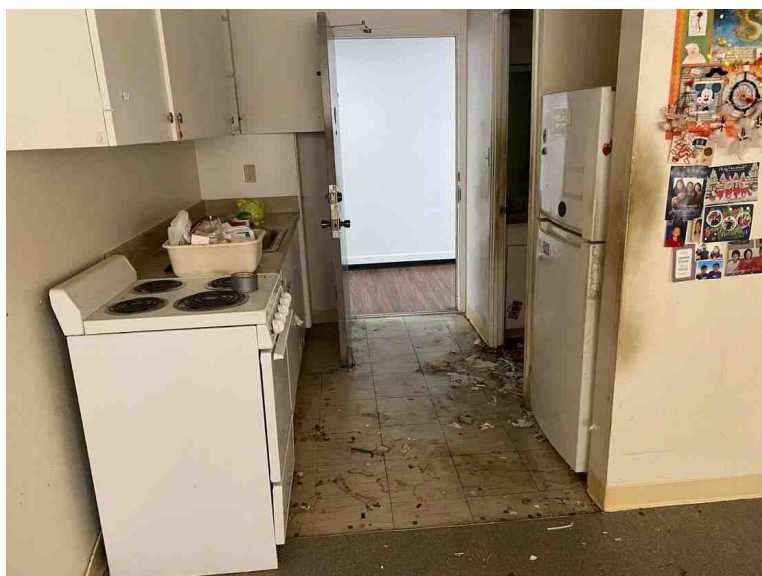


Subject interior

1550 Rycroft St Apt 513
Sales Price
Gross Living Area 304
Total Rooms 2
Total Bedrooms 0
Total Bathrooms 1.0
Location Pawaa/Holiday Mart
View Immediate area
Site
Quality Average
Age 60



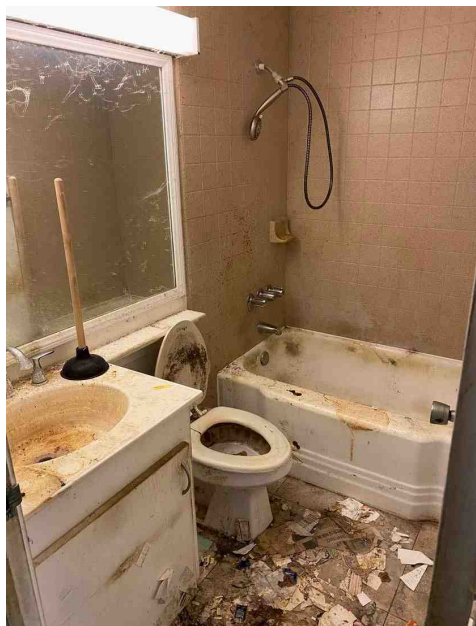
Interior



Kitchen

Subject Photo Page

Borrower	Aryn Nakaoka				
Property Address	1550 Rycroft St				
City	Honolulu	County	Honolulu	State	HI Zip Code 96814
Lender/Client	Individual Client				



Bathroom

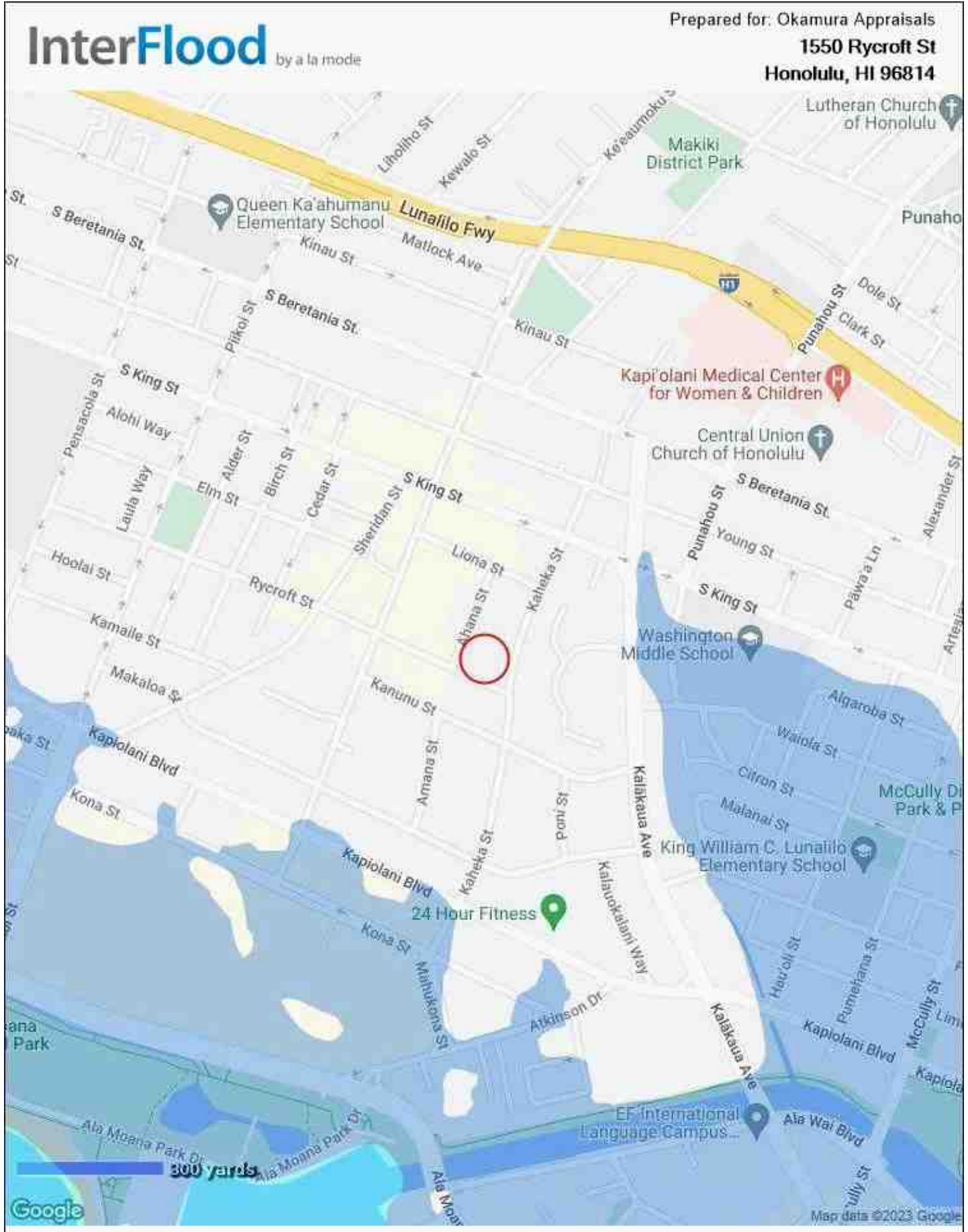
1550 Rycroft St Apt 513
Sales Price
Gross Living Area 304
Total Rooms 2
Total Bedrooms 0
Total Bathrooms 1.0
Location Pawaa/Holiday Mart
View Immediate area
Site
Quality Average
Age 60



View

Flood Map

Borrower	Aryn Nakaoka				
Property Address	1550 Rycroft St				
City	Honolulu	County	Honolulu	State	HI
Lender/Client	Individual Client				
				Zip Code	96814



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: 15003C0362G
 Zone: **X**
 Map Date: **January 19, 2011**
 FIPS: 15003

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

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Appraisers License

License Number
[REDACTED]

Expiration date
12/31/2023



STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
CERTIFIED RESIDENTIAL APPRAISER

COREY H OKAMURA
%OKAMURA APPRAISALS LLC P O BOX

[REDACTED]



SIGNATURE OF LICENSEE

E&O



COREOKA-01

INGKA1

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/2/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Pyramid Insurance Centre, Ltd. Honolulu Branch 420 Waiakamilo Road, Suite 411 Honolulu, HI 96817	CONTACT NAME: Janet Hirai PHONE (A/C, No, Ext): [REDACTED] E-MAIL ADDRESS: [REDACTED]
	INSURER(S) AFFORDING COVERAGE INSURER A: Great American Assurance Company [REDACTED]
INSURED Corey H. Okamura [REDACTED]	INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Errors and Omissions			[REDACTED]	8/13/2022	8/13/2023	AGGREGATE 1,000,000
A	Errors and Omissions			[REDACTED]	8/13/2022	8/13/2023	PER CLAIM 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 *** PROOF OF INSURANCE ***

CERTIFICATE HOLDER COREY H. OKAMURA [REDACTED]	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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ACORD 25 (2016/03)

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**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

JOSH GREEN, M.D.
GOVERNOR

CHASON ISHII
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

March 10, 2023

Ms. Aryn Nakaoka
1550 Rycroft Street, Unit No. 513
Honolulu, Hawaii 96814

Dear Ms. Nakaoka:

Re: Acknowledgment of Buyback Terms and Conditions for 1550 Rycroft Street, Unit No. 513, Honolulu, Hawaii 96814 (TMK 1-2-1-018:022)

In response to your request received on March 7, 2023, the Hawaii Community Development Authority (HCDA) will be exercising its option to purchase your Reserved Housing Unit, pursuant to Hawaii Administrative Rules (HAR) §15-22-186(c)(1).

The HCDA received a certified appraisal for 1550 Rycroft Street, Unit 513 on March 7, 2023. As of February 23, 2023, the appraised amount was \$191,000.00.

Provided below is the calculation of the purchase price pursuant to HAR §15-22-186(c)(1)(A) & (B), along with a direct citation of the applicable rule.

§15-22-186(c)(1) If an owner wishes to transfer title to the reserved housing unit, the authority or a governmental agency approved by the authority shall have the first option to purchase the unit at a sales price based on the lower of:

(A) The current fair market value of the reserved housing unit less the authority's share of the equity in the unit as determined by section 15-22-187 of this chapter; or

Calculation

Current fair market value ¹	\$191,000.00
- Shared equity ²	(\$33,520.00)
Purchase Price	<u>\$157,480.00</u>

¹ As listed in the February 23, 2023 Appraisal of 1550 Rycroft Street, Unit 513

² As listed in the Unit Deed/ Unilateral Declaration of Restrictive Covenants for Unit Designated as Reserved Housing Unit

Ms. Nakaoka
Acknowledgment of Buyback Terms and Conditions for 1550 Rycroft Terrace Street, Unit No. 513
March 10, 2023

(B) *The original sales price of the reserved housing unit adjusted proportionately to the change in median income computed from the date of the purchase to the date of the sale.*

Calculation

Original sales price	\$152,480.00
x Change in median income ³	137.197%
Purchase Price	<u>\$209,197.99</u>

Pursuant to HAR §15-22-186(c)(1), the purchase price for 1550 Rycroft Street, Unit 513 is: **\$157,480.00**.

Please acknowledge that you would like to proceed with buyback at the aforementioned purchase price by signing below and providing the appropriate information.

Please return this form to our office no later than thirty (30) days from the date of this letter.

Should you have any questions, please contact Lindsey Doi, Asset Manager, at (808) 594-0328.

Sincerely,




Craig K. Nakamoto
Executive Director

Attachments

2022 HCDA Reserved Housing Income Limits
2014 HCDA Reserved Housing Income Limits

Contents of the above letter and attachments are acknowledged this 16 day of April, 2023

By: 
Aryn Nakaoka
Owner

Seller or Agent's Contact Information:

Name: Aryn Nakaoka

Phone: 808 233 9326

³ Change in median income is calculated by dividing the current qualifying median income by the qualifying median income at the time of purchase (\$79,300/\$57,800). 2022 and 2014 Reserved Housing Income Limits (Honolulu County) are attached.