



**REAL ESTATE COMMISSION
STATE OF HAWAII**
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on
546 ILIMANO STREET
KAILUA, HAWAII

Registration No. 1791

Issued: September 12, 1986
Expires: October 12, 1986

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 25, 19 86 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission. ~~This report must be read together with -----~~
- SUPPLEMENTARY:**
(pink) Changes information contained in the
 [] Prelim. Public Report dated _____
 [] Final Public Report dated _____
 [] Supp. Public Report dated _____
- And [] Supersedes all prior public reports
 [] Must be read together with _____

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

N/A

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Separate Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
EXHIBIT A: Amendment of Declaration	
EXHIBIT B: Permitted Alterations to Apartments	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Common Interest	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Construction Warranties	
EXHIBIT H: Summary of the Provisions of the Sales Contract	
EXHIBIT I: Summary of the Provisions of the Escrow Agreement	
EXHIBIT J:	

Appendix I: People Connected with the Project

Attached only if there are additions or changes to information contained in the body of the report.

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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

Common elements are the areas of the condominium other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominiums, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. Each apartment 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 control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely 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 buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer: Individual apartments and the underlying land will be in fee simple.

Type of Project:

1. New Construction Conversion
 Both New Construction and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
Dwelling A	1	4/3	1,640 sq. ft.	171 sq. ft.
Dwelling B	1	7/4	2,313 sq. ft.	332 sq. ft.
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: <u>2 carports containing</u>	<u>4</u>
<u>2 regular parking stalls each</u>	<u>4</u>
Total Parking Stalls	<u>4</u>

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Richard P. Saunders, Jr. and Edwina J. Saunders
Name
Business Address
Phone: [Redacted] (Business)

Names of officers or general partners of developers who are corporations or partnerships:
N/A

Real Estate Sales Agent:
Name
Business Address
Phone: (Business)

Escrow: First American Title Company of Hawaii, Inc.
Name
200 S. King Street
Business Address
Honolulu, Hawaii 96813
Phone: 524-4050 (Business)

Managing Agent: Richard P. Saunders, Jr.
Name
Business Address
Phone: [Redacted] (Business)

Attorney for Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Horizontal Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium.

The Declaration for this condominium is:

Proposed
 Recorded – Bureau of Conveyances – Book 19716 Page 453
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

Proposed
 Recorded – Bureau of Conveyances – Map No. 1024
 Filed – Land Court – File Plan No. _____

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded – Bureau of Conveyances – Book 19716 Page 472
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

- D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted

Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are recorded or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>75%</u>
House Rules	—	<u>N/A</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

SEE ATTACHED EXHIBIT "A"

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the underlying land will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners) either (1) remove or dispose of the building and other improvements; or (2) convey the building and improvements to the lessor at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Other:

For Subleaseholds:

Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled Foreclosed.

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Land Area: 9,329 square feet Zoning: R-4
Tax Map Key: First Division 4-4-30-21

Fee Owner: Richard P. Saunders, Jr. and
name Edwina J. Saunders
[REDACTED]
address
[REDACTED]

Sublessor: _____
name

address

C. Buildings and Other Improvements:

1. New Construction Conversion of Existing Building
 Both New Construction and Conversion

2. Buildings: 2 Floors Per Building: 2

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other:	_____		_____

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium include but are not limited to:

- Pets: N/A
 Number of Occupants: N/A
 Other: _____

6. Interior (fill in appropriate numbers):

Total Apartments 2

Elevators _____ Stairways 2 Trash Chutes _____

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
Dwelling A	<u>1</u>	<u>4/3</u>	<u>1640 sq. ft</u>	<u>171 sq. ft</u>
Dwelling B	<u>1</u>	<u>7/4</u>	<u>2313 sq. ft</u>	<u>332 sq. ft</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining floor area may have been used.

Boundaries of Each Apartment:

One (1) freehold estate is hereby designated in each of the two (2) Apartments contained in the Project, within the outside surfaces of the exterior walls and roof and the bottom surfaces of the footing and foundations of each Dwelling.

Permitted Alterations to Apartments:

SEE ATTACHED EXHIBIT "B"

7. Parking Stalls:

	<u>Number of Stalls</u>
Assigned Stalls (For Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Other: 2 carports containing each	_____ 4
2 regular parking stalls	_____
Total Parking Stalls	_____ 4

Each apartment will have the exclusive use of at least _____ parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	_____ 4	_____	_____
Number of open stalls	_____	_____	_____

Commercial parking garage permitted on condominium.

Exhibit _____ contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities: N/A

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Swimming pool | <input type="checkbox"/> Storage Area |
| <input type="checkbox"/> Recreation Area | <input type="checkbox"/> Laundry Area |
| <input type="checkbox"/> Tennis Court | <input type="checkbox"/> Trash Chute |
| <input type="checkbox"/> Other: _____ | |
| _____ | |

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

The following describes the condition of the houses:

1. The structure appears to be in good condition and no structural defects are noticed.
2. The electrical and mechanical systems and the plumbing system appear to be functioning properly with no major deficiencies noted.

Both dwellings at present are structurally sound and appear to be in good condition with no major defects.

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

There is compliance with Building Code and Municipal Regulations.

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot (for conversions only)

	<u>Conforming</u>	<u>Non-Conforming</u>	
		<u>Legal</u>	<u>Illegal</u>
Uses	<u> x </u>	_____	_____
Structures	<u> x </u>	_____	_____
Lot	<u> x </u>	_____	_____

If a variance has been granted or if uses, improvements, or lot are either legal non-conforming or illegal non-conforming, buyer should consult with county zoning authorities as to possible limitations which may apply.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit C describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments. The limited common elements and the apartment which may use them are:

described in Exhibit D

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit E describes the common interests for each apartment.

J. Status of Construction and Estimated Completion Date

The Project consisting of Dwelling A and Dwelling B are completed. A letter from the City Building Department dated May 7, 1986 to the Developer indicates that Dwelling A was built in 1984 and Dwelling B was constructed in 1960.

K. Project Phases:

The developer has has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed with the Real Estate Commission:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit H contains a summary of the provisions of the sales contract.

Escrow Agreement dated _____

Exhibit I contains a summary of the provisions of the escrow agreement.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the reports were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
6. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

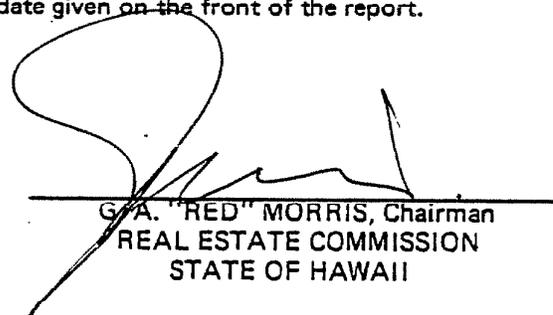
This Public Report is a part of Registration No. 1791 filed with the Real Estate Commission on August 25, 1986.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock white paper stock pink paper stock

Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.



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

Separate Disclosure Abstract on this condominium:

Required Not Required — disclosures covered in this report

Distribution:

Department of Finance, City & County of Honolulu
Bureau of Conveyances
Planning Department, City & County of Honolulu
Federal Housing Administration
Escrow Agent

EXHIBIT "A"

AMENDMENT OF DECLARATION.

(a) Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Dwelling Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such owners or by the proper officers of the Association. Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Bureau of Conveyances of the State of Hawaii of a conveyance of a Dwelling, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Dwelling purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Dwelling as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number. In case of a modification or amendment to the By-Laws, this Declaration shall be amended to set forth such modification or amendment pursuant to such percentage vote as required by the By-Laws which rendered the modification or amendment thereof effective.

(b) Right to make any change prior to any conveyance of a Dwelling.

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS

Changes to Dwellings. Notwithstanding anything to the contrary contained in this Declaration:

Each Dwelling Owner, with the consent of any holder of any mortgage affecting the Owner's Dwelling, shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all liens affecting his Dwelling, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Dwelling or portions thereof or to make improvements upon the Dwelling Lot to which the Dwelling is appurtenant (collectively, the foregoing are referred to "changes") subject to the following conditions:

(i) All building plans for any such changes shall be prepared by a licensed architect or professional engineer and conform with County building or zoning laws and other applicable City and County ordinances.

(ii) The value of the Dwelling after such changes shall not be less than the value before such changes.

(iii) Any change will be made within the Dwelling Lot to which the Dwelling is appurtenant, and no change will reduce the distance between improvements placed on each Dwelling to less than what it was originally as shown on the Condominium Map.

(iv) All such changes shall be at the expense of the Dwelling owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other owners' use of his Dwelling Lot.

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

(vi) Prior to commencement of the construction of a change, and as a condition thereto, the Dwelling owner making such change shall give reasonable assurance to the Association of the owner's financial ability to complete and to pay for the change.

(vii) The owner of the changed Dwelling shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Dwelling affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project;

(viii) The owner of any changed Dwelling shall have the right and duty without the consent or joinder of any other person to apply for a building permit and any other permit from Governmental Authorities and public utilities to effect any change and to amend this Declaration and the Condominium Map to reflect any such changes. If required by the Act, then promptly upon completion of such changes, the owner of the changed Dwelling shall duly record any amendment to this Declaration with the Bureau of Conveyances of the State of Hawaii, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Dwelling owners and all future Dwelling Owners and their mortgagees, by accepting an interest in a Dwelling, shall be deemed to have given each Dwelling owner a Power of Attorney to execute applications for a building or other permit as aforesaid and any amendment to the Declaration solely for the purpose of describing the changes to his respective Dwelling. Each Dwelling Owner shall hereafter have a Power of Attorney from all the other Dwelling owners to execute such amendment to the Declaration or to make applications as aforesaid. This Power of Attorney shall be deemed coupled with each Owner's interest in his Dwelling (including his common interest) and shall be irrevocable.

(ix) Each and every conveyance, lease and mortgage or other lien made or created on any Dwelling and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Lot shall reserve to all Dwelling Owners the rights set forth in this paragraph.

EXHIBIT "C"

COMMON ELEMENTS

One freehold estate is hereby also designated in all the remaining portions of the Project, herein called "common elements", including specifically but not limited to:

1. Said land in fee simple;
2. All other portions of the Land and improvements not specifically heretofore designated as Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Horizontal Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS.

Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Dwelling, and each Dwelling shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne immediately by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

The site of each Dwelling, called herewith a "Dwelling Lot", consisting of the land beneath and immediately adjacent thereto, as shown and delineated as "limited exclusive common area" on said Condominium Map. Each limited common letter has the same letter designation as the Dwelling to which it is appurtenant.

EXHIBIT "E"

COMMON INTEREST

The percentage of undivided interest in the Common Elements appurtenant to Dwelling A shall be 33% and to Dwelling B shall be 67%. Each Dwelling shall have said percentage in all common profits and expenses of the Project and for all other purposes, including voting on all matters requiring action by the Dwelling Lot owners.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that are due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. That certain mortgage dated June 15, 1984, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17974, Page 218, in favor of Honolulu Federal Savings and Loan Association, assigned to Crossland Savings by instrument dated October 24, 1985, and recorded in said Bureau in Liber 19187, Page 376.
3. That certain mortgage recorded in said Bureau in Liber 18688, Page 154, in favor of First Interstate Bank of Hawaii.
4. Terms and provisions of that certain Affidavit pursuant to Chapter 18, R.O.H. 1978, as amended, dated February 29, 1984, recorded in said Bureau in Liber 17718, Page 775.
5. Mineral and metallic mine rights reserved to the State of Hawaii.
6. Lease No. 4851, Kaneohe Ranch et. als, Lessor and James Harrison Cockett et. vx., as Lessee, debt March 10, 1961, recorded in Liber 4060, Page 260, as amended and extended by instrument dated December 27, 1965, recorded in Liber 5226, Page 90 (the interest of the Lessor and the Lessee is now held by the Developer).
7. Condominium File Plan No. 1024 filed in the Bureau of Conveyances of the State of Hawaii.
8. The restrictions, covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Horizontal Property Regime dated July 14, 1986, recorded in said Bureau in Liber 19716 Page 453.
9. The restrictions, covenants, agreements, obligations, conditions and other provisions set forth in By-Laws of the Association of Apartment Owners of 546 Ilimano Street dated July 14, 1986, recorded in said Bureau in Liber 19716 Page 472.

EXHIBIT "G"

CONSTRUCTION WARRANTIES

Building and Other Improvements and Appliances

The parties understand that Dwelling B was previously constructed several years earlier. The Seller is selling Dwelling B together with the appliances and other personal property in "as is" condition. The parties understand that the Seller is giving no warranties to Purchaser with respect to the construction, materials, or workmanship of Dwelling B. The Seller is transferring the appliances and the electrical and plumbing fixtures in normal working condition consistent with their age. The Purchaser understands that execution, delivery and recordation of the Purchaser's Apartment Deed shall constitute the Purchaser's acceptance of the Apartment and the condition thereof including the personal property therein. Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartment. Except as to the foregoing, the Purchaser understands that said Dwelling B is now being sold in "as is" condition. This means that the Seller shall not correct any defects in the Apartment or anything installed or contained therein. The existence of any defect in the apartment or anything installed or contained therein shall not excuse the Purchaser's obligation to perform all of his obligations under this contract.

The Purchaser understands and agrees that the Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the project, the apartment or anything installed or contained therein. The apartment will be deemed to be sold "as is", and the Seller will not be liable to the Buyer for any construction or other defects, including any latent or hidden defects in the project, the apartment or anything installed or contained therein. This means that the Purchaser will not have the right to file any lawsuit for damages against the Seller for any defects later discovered by the Purchaser.

With respect to Dwelling A, Seller is giving a warranty for one year with respect to the construction, materials and workmanship thereof.

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartment. The Purchaser understands that execution, delivery and recordation of the Purchaser's Apartment Deed shall constitute the Purchaser's acceptance of the Apartment and the condition thereof including the personal property therein. Except as to the foregoing, Seller disclaims any warranty, expressed or implied.

EXHIBIT "H"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the following furnishings and appliances: disposal, range, oven, refrigerator, water heater, draperies, carpeting (except in kitchen, bathrooms and entry).

2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

a. up to 5% of the total purchase price upon execution of the Sales Contract;

b. That portion of the purchase price to be paid by way of a mortgage loan is to be paid on the closing date; and

c. The balance of the purchase price is to be paid to escrow by purchaser on the closing date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing all escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, the cost of any required title insurance, and appraisal fees and any obligations of purchaser to his mortgage lender. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract, which is expected to occur within 90 days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by

Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph 16); (b) Purchaser defaults under the Sales Contract (paragraph 5,2); or (c) Purchaser dies prior to Closing Date (paragraph 5.1). If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Purchaser does not act within the thirty (30) day period, or if the Apartment is conveyed to the Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraph 6.1).

b. The Purchaser may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 7.1).

c. Purchaser fails to qualify for permanent financing (paragraph 16).

EXHIBIT "I"

SUMMARY OF THE PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and First American Title Company of Hawaii, Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract, promptly after request for return by Seller. No refund will be made at the Buyer's request unless Seller gives their written approval.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not to exceed \$50.00 to compensate it for services rendered if the cancellation occurs prior to Buyer's right to cancel under Section 514A-62. Thereafter, the cancellation fee shall be \$250.00, plus Escrow's out of pocket costs.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) the purchaser has received a copy of the Final Report (and all other Public Reports then issued) and executed and returned the Final Report Receipt and Notice of Right to Cancel, as required by Section 514A-62 of the Hawaii Revised Statutes;

(c) either the purchaser has waived his right to cancel the Sales Contract by so indicating on the Final Report Receipt and Notice of Right to Cancel, or thirty (30) days have elapsed since the purchaser received a copy of the Final Report;

(d) Seller's attorney notifies Escrow in writing that all of the requirements of Sections 514A-39, 514A-62 and 514A-65 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied;

(e) purchaser's Conveyance Document has been recorded or filed for record; and

(f) Escrow has received evidence (such as title insurance) satisfactory to Escrow that forty-five (45) days have elapsed since the filing of the affidavit of publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and that Seller has cancelled the Purchaser's Sales Contract. Escrow then will notify the Purchaser by registered mail that Seller has cancelled the Sales Contract. After ten days following such notice, Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.