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

KUNIA TERRACE
94-049 Waipahu Street
Waipahu, Hawaii 96797

Registration No. 1846 (Conversion)

Issued: May 18, 1987
Expires: June 18, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 23, 19 87 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.

X **FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.

[-] ~~Supersedes all prior public reports~~
[-] ~~Must be read together with~~ _____
_____

___ **SUPPLEMENTARY:** (pink) Updates 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 _____
_____

[ ] This report reactivates the _____
public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required [ ] Not Required -- disclosures covered in this report.

FORM: RECO-30 286/986-350W, 150Y, 50P, 1186-400W

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.

No prior reports have been issued by the Commission.

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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 project 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 condominium projects, 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, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. 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.

Some condominium projects are leasehold. This means that the land or the land, building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. 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 participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment 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

(cite to appropriate pages in text of report)

Interest to be Conveyed to Buyer:

A fee simple interest in an apartment and an undivided interest in the common elements.

Type of Project:

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

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
--	41	2/1	702 sq. ft.	N/A

Total Apartments: 41

*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)	41
Guest Stalls	--
Unassigned Stalls	--
Extra Stalls Available for Purchase	--
Other: _____	--
Total Parking Stalls	41

7. Recreational amenities: Swimming Pool

I. OPLE CONNECTED WITH THE PROJECT

Developer: Kunia Terrace, Inc. — Phone: (808) 942-7701 (Business)
Name
94-049 Waipahu Street
Business Address
Waipahu, Hawaii 96796

Names of officers or general partners of developers who are corporations or partnerships:
Peter B. Savio, President
Mary V. Savio, Vice President and Secretary

Real Estate Sales Agent: N/A — Phone: -- (Business)
Name

Business Address

Escrow: Title Guaranty Escrow Services, Inc. — Phone: (808) 521-0211 (Business)
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: Chaney, Brooks & Company — Phone: (808) 544-1600 (Business)
Name
95-390 Kuahelani Avenue
Business Address
Mililani Town, Hawaii 96789

Attorney for Developer: Cades Schutte Fleming & Wright
(Attn: E.R. Brooks and G.N. Kido)
Name
1000 Bishop Street
Business Address
Honolulu, Hawaii 96813

II. CREATION OF THE CONDOMINIUM· CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/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 project.

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded — Bureau of Conveyances — Book 20463 Page 644
[ ] Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

N/A

B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded — Bureau of Conveyance Condo Map No. 1055
[ ] Filed — Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

N/A

C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. 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 project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded — Bureau of Conveyances — Book 20464 Page 001
[ ] Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

N/A

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. 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.

The House Rules for this condominium are:
[ ] Proposed [X] 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 duly adopted and recorded and/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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	–	--

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:

Paragraph 22 of the Declaration provides that, at any time prior to the first recording of an Apartment Deed or Condominium Conveyance Document to a party other than the Developer, the Developer may amend the Declaration (including all exhibits thereto) without the consent or joinder of any purchaser of any of the Apartments, and specifically may amend Exhibit "C" attached thereto to change the designation of the parking stalls.

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:

[X] 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.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

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.

[ ] 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 -- tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often 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: N/A

[ ] 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:**

Address: 94-049 Waipahu Street
Waipahu, Hawaii 96797

Tax Map Key: 9-4-47:24(1) (TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: 39,000 [X] square feet [ ] acre(s)

Zoning: A-2

Fee Owner: Savio Development Co., Inc.
name
931 University Avenue, Suite 301
address
Honolulu, Hawaii 96826

Sublessor: Kunia Terrace, Inc.
name
94-049 Waipahu Street
address
Waipahu, Hawaii 96797

C. **Buildings and Other Improvements:**

1. [ ] New Building(s) [X] Conversion of Existing Building(s)
   [ ] Both New Building(s) and Conversion

2. Buildings: 2 Floors Per Building: 3

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [X] Concrete [X] Hollow Tile [ ] Wood

   [X] Other Masonry

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[X] Residential	41	[ ] Agricultural	
[ ] Timeshare/Hotel		[ ] Recreational	
[ ] 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 project include but are not limited to:

[X] Pets: . No pets are allowed in the Project without the prior approval of the Board of Directors.

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 41

Elevators 0 Stairways 3 Trash Chutes 0

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
--	41	2/1	702 sq. ft.	N/A

*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: The inner decorated or finished surfaces of the walls, floors and ceilings of each apartment.

Permitted Alterations to Apartments: See Exhibit "A" attached hereto and made a part hereof.

7. Parking Stalls:

Total Parking Stalls: 41

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	--	--	--	41	--	--	41
Guest	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
Extra Available for Purchase	--	--	--	--	--	--	--
Other:	--	--	--	--	--	--	--
Total Covered & Open	--		41		--		

Each apartment will have the exclusive use of at least 1 parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

[X] Exhibit "B" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[X] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Other: _____

[X] Storage Area

[X] Laundry Area

[ ] Trash Chute

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

No representations are made by the Developer regarding the condition and expected useful life of structural components or mechanical or electrical installations of the Project.

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

See Exhibit "C" attached hereto and made a part hereof.

10. Conformance to Present Zoning Code

a. [X] 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

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures		X	
Lot	X		

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

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

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

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

   Exhibit "D" 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.

   [ ] There are no limited common elements in this project.

   [X] The limited common elements and the apartments which may use them are:

   [ ] described in Exhibit _____

   [X] as follows:

   (a) The automobile parking stall designated on Exhibit "B" as being appurtenant to the respective apartments.

   (b) One mailbox bearing the number corresponding to the number of the respective apartments.

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.

   [X] Exhibit "E" describes the common interests for each apartment.

   [ ] as follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit "F" describes the encumbrances against the title contained in the title report dated April 7, 1987, issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
1. Mortgage and Assignment of Rentals dated February 14, 1986, executed by Peter B. Savio and Phyllis D. Savio in favor of First Hawaiian Creditcorp, Inc., recorded in said Bureau in Book 19293 at Page 270.	
2. Mortgage and Financing Statement dated October 7, 1981, executed by Kunia Terrace, Inc. in favor of American Savings and Loan Association, recorded in said Bureau in Book 15867 at Page 239.	
3. Absolute Assignment of Rentals and Lessor's Interest in Proprietary Leases dated October 7, 1981, executed by Kunia Terrace, Inc., in favor of American Savings and Loan Association, recorded in said Bureau in Book 15867 at Page 282.	

F. **Management of the Common Elements:** The Association of Apartment 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 managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[X] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] other _____

G. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and 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 to each apartment.

Exhibit "G" contains a schedule of maintenance fees and maintenance fee disbursements.

H. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[ ] Electricity [ ] Television Cable

[ ] Gas [X] Water & Sewer

[ ] Other _____

I. **Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

See Exhibit "H" attached hereto and made a part hereof.

2. Appliances:

See Exhibit "H" attached hereto and made a part hereof.

J. **Status of Construction and Estimated Completion Date:**

Construction of the improvements was completed in 1966.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development: N/A

L. **Sales Documents Filed with the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit "I" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated February 11, 1987

Exhibit "J" contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

This project is a conversion of a cooperative formed in 1981. The present holders of proprietary leases will be acquiring a fee simple interest in their units and an undivided interest in the common elements. Each purchaser should carefully examine the Disclosure Abstract, which should be given to prospective purchasers concurrently with this Public Report. Said Abstract includes, among other things, reports on condition of the premises and the Developer's disclaimer.

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 to the buyer a copy of:
   a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;
      AND
   b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
   a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   c. The apartment is conveyed to the buyer within 30 days from the date the report(s) 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 (a) the use or value of the buyer's apartment or its limited common elements; or (b) 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. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. 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 (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1846 filed with the Real Estate Commission on April 23, 1987.

Reproduction of Report. When reproduced, this report must be on:

[ ] yellow paper stock [X] white paper stock [ ] pink paper stock

Expiration Date of Reports. 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.

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

Distribution:

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

Permitted Alterations to Apartments

Paragraph 17 of the Declaration provides:

"Restoration or replacement of the Project or of any building, or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map, shall be undertaken by the Association or any Apartment Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the Apartment Owners and accompanied by the written consent of the holders of first mortgages covering seventy-five percent (75%) of the Apartments in the Project or such higher percentage as may be required by the Act, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement, construction, alteration or addition, the Association shall duly record or file of record such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; provided, however, that notwithstanding any provision in this Declaration to the contrary, nonmaterial structural additions to the common elements, or any alterations or additions within an Apartment or within a limited common element appurtenant to and for the exclusive use of such Apartment which do not alter any of the characteristics of such Apartment or limited common element contained in Exhibit B shall require the written consent thereto and the written approval of the Apartment Owner's plans therefor by only the holders of all liens affecting such Apartment (if the lien holders require such consent and approval), the Board and all other Apartment Owners thereby directly affected (as determined by the Board), and may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. 'Nonmaterial structural additions', as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting Owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting Owner."

EXHIBIT "A"

Parking Stall Assignments

Apartment Number	Parking Stall Number
101	26
102	27
103	41
104	28
105	40
106	39
108	29
109	38
110	30
111	31
112	23
113	24
114	25
201	5
202	6
203	7
204	8
205	9
206	37
207	36
208	35
209	32
210	33
211	34
212	20
213	21
214	22
301	1
302	2
303	3
304	4
305	10
306	11
307	12
308	13
309	14
310	15
311	16
312	17
313	18
314	19

EXHIBIT "B"

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

Paragraph 19 of the Declaration provides:

"The Project may be a nonconforming structure because it contains compact parking stalls rather than standard parking stalls. Additionally, the Project may be a nonconforming structure for other reasons which the Developer is not presently aware of. Therefore, a variance may be required to rebuild in the event of a major casualty. However, to the best of the Developer's knowledge, information and belief, the Project is in compliance with all ordinances, codes, rules, regulations or other requirements of the City and County of Honolulu in force at the time of its construction, and no variances have been granted from any ordinance, code, rule, regulation or other requirement of the City and County of Honolulu in force at the time of its construction or from any current ordinance, code, rule, regulation or other requirement of the City and County of Honolulu."

The Developer makes no representation regarding the cost required to cure any violations of the building code or municipal regulations.

EXHIBIT "C"

Common Elements

Paragraph 5 of the Declaration provides:

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

a. The Land in fee simple.

b. All foundations, floor slabs, sewers, columns, girders, beams, supports, unfinished perimeter walls, load-bearing walls and roofs.

c. The swimming pool, concrete pool deck, pool pump and filter shed, all grounds, trees, gardens, landscaping, planters, entries, concrete barbeque pit, concrete table and benches, concrete sidewalk and paving, and the central courtyard.

d. The laundry room, electrical room and maintenance and storage area located on the first floor of Building A.

e. All fences, yards and gates.

f. All refuse containers on the grounds of the Project.

g. All roads, parking areas, driveways, walkways, stairways, storage areas under stairways, building entries and corridors.

h. All ducts, electrical equipment, wiring, pipes and other central appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, telephone and television signal distribution.

i. Any and all other appurtenant installations of common use and all other parts of the Project necessary and convenient to its existence, maintenance and safety or normally in common use."

EXHIBIT "D"

Percentage Interests in Common Elements

Apartment Number	Percentage of Common Interest
101	2.440
102	2.439
103	2.439
104	2.439
105	2.439
106	2.439
108	2.439
109	2.439
110	2.439
111	2.439
112	2.439
113	2.439
114	2.439
201	2.439
202	2.439
203	2.439
204	2.439
205	2.439
206	2.439
207	2.439
208	2.439
209	2.439
210	2.439
211	2.439
212	2.439
213	2.439
214	2.439
301	2.439
302	2.439
303	2.439
304	2.439
305	2.439
306	2.439
307	2.439
308	2.439
309	2.439
310	2.439
311	2.439
312	2.439
313	2.439
314	2.439

EXHIBIT "E"

Encumbrances Against Title

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Easement "1" (10 feet wide) for storm drain purposes, as shown on File Plan No. 969.

3. Mortgage and Assignment of Rentals (covers fee interest) dated February 13, 1986 in favor of First Hawaiian Creditcorp, Inc., recorded in the Bureau of Conveyances of the State of Hawaii in Book 19293 at Page 270.

4. Lease dated April 1, 1966, executed by and between Cooke Trust Company, Limited, Trustee, and Leeward Development Corporation, recorded in said Bureau in Book 5328 at Page 102, as amended by Amendment of Lease dated February 14, 1986, recorded in said Bureau in Book 19293 at Page 250; said Lease, as amended, is held by Kunia Terrace, Inc., by instrument dated May 27, 1981, recorded in said Bureau in Book 15867 at Page 214.

5. Option Agreement dated February 14, 1986, executed by and between Peter B. Savio and Phyllis D. Savio and Kunia Terrace, Inc., recorded in said Bureau in Book 19293 at Page 256, as amended.

6. Mortgage and Financing Statement (covers leasehold interest) dated October 7, 1981, in favor of American Savings and Loan Association, recorded in said Bureau in Book 15867 at Page 239.

7. Absolute Assignment of Rentals and Lessor's Interest in Proprietary Leases dated October 7, 1981, in favor of American Savings and Loan Association, recorded in said Bureau in Book 15867 at Page 282.

8. Forty-one (41) proprietary leases, and liens and encumbrances affecting the same, covering apartment units within the "Kunia Terrace" cooperative project.

9. Real property taxes due and payable, reference is made to Director of Finance, City and County of Honolulu.

EXHIBIT "F"

OPERATING BUDGET FOR KUNIA TERRACE
(41 UNITS)

RECEIPTS	Monthly	Annually
Maintenance Fees (41 units x $107.32 each)	**4,400**	**52,800**
Rental Income	**500**	**6,000**
Commissions	**350**	**4,200**
Interest Income	**150**	**1,800**
TOTAL RECEIPTS	**5,400**	**64,800**
DISBURSEMENTS		
Audit & Tax Fees	50	600
Insurance - Package	200	2,400
Insurance - Medical	60	720
Insurance - Workmen's Compensation	50	600
Lease - Energy Equipment	312	3,744
Management & Accounting Service	621	7,452
Misc. & Project Office Expenses	30	360
Refuse Service	200	2,400
Maintenance & Repair - Building	150	1,800
Maintenance & Repair - Other Equipment	80	960
Maintenance & Repair - Grounds	50	600
Maintenance & Repair - Pool	150	1,800
Payroll, Maintenance	365	4,380
Supplies, Pool	70	840
Taxes, Gross Income	25	300
Taxes, Payroll	40	480
Electricity	400	4,800
Water/Sewer	700	8,400
Oil	25	300
Gen & Adm Service	125	1,500
SUBTOTAL DISBURSEMENTS	3,523	42,276
TRANSFER TO RESERVES	1,452	17,424
TOTAL DISBURSEMENTS	4,975	59,700

I/We CHANEY, BROOKS & COMPANY, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Date: 9/22/86

EXHIBIT "G"

Construction Warranties

Paragraph 15 of the Deposit Receipt, Sales Contract used in connection with the Project is entitled Seller's Disclaimer of Warranties and provides:

"a. No Warranties of Seller. THE BUYER 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. EACH 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 BUYER WILL NOT HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST THE SELLER FOR ANY DEFECTS LATER DISCOVERED BY THE BUYER."

b. Seller's Disclaimer as Essential Factor for Low Purchase Price. THE BUYER ACKNOWLEDGES AND AGREES THAT THE SELLER'S DISCLAIMER OF WARRANTIES IS AN ESSENTIAL ELEMENT IN THE DETERMINATION OF THE LOW PURCHASE PRICE FOR THE APARTMENT BEING SOLD TO THE BUYER. THIS MEANS THAT THE APARTMENT WOULD NOT HAVE BEEN SOLD TO THE BUYER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS CONTRACT WITHOUT THE SELLER'S DISCLAIMER OF WARRANTIES.

EXHIBIT "H"

Summary of Sales Contract Provisions

The Deposit Receipt, Sales Contract used in connection with the Project contains, among other things, acknowledgments by each purchaser that: (i) Time is of the essence in the Sales Contract, and if Purchaser fails to perform any obligations required in the Sale Contract, the Developer may, upon written notice of 10 days, terminate the Sales Contract and keep all sums previously paid by Purchaser as liquidated damages; (ii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iii) that the purchaser acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; (iv) that the purchaser's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgages or other security instruments made by the Developer in favor of any lending institutions to secure one or more loans for the purpose of completing the conversion of the Project; (v) that the Project and the apartment and anything installed or contained therein are being sold on an "AS IS" basis, without any warranties, express or implied; (vi) that the apartments in the Project may currently be occupied by tenants, and that it is the responsibility of the purchaser and not the Developer to evict any tenants in the purchaser's apartment; and (vii) that the Developer has the right to cancel the Sales Contracts if the Developer is unable to sell at least forty-one (41) Apartments in the Project or is unable to complete the conversion of the Project for any reason beyond the Developer's control.

Summary of Escrow Agreement Provisions

Among other provisions, the Escrow Agreement dated February 11, 1987, executed by the Developer and Title Guaranty Escrow Services, Inc., provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, and upon the terms and conditions provided for in the Sales Contract, if any one of the following has occurred:

(a) The Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held under the Escrow Agreement by Escrow; or

(b) The Developer shall have notified Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; or

(c) The Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held under the Escrow Agreement by Escrow because:

(1) The purchaser has been unable to obtain adequate financing or a commitment for adequate financing, for the purchase of his apartment unit, within forty-five (45) calendar days following the end of the ten (10) day calendar period during which the Developer is limited to selling to owner-occupants, as required by Chapter 514A, Part VI, Hawaii Revised Statutes, or

(2) The purchaser desires to cancel the Sales Contract because of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes, or because the purchaser indicates an intent not to become an owner-occupant of the apartment unit covered by the Sales Contract.

In any of the foregoing events, Escrow shall, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee to Escrow of not less than $25.00 per apartment or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater) and thereupon the Sales Contract and any Apartment Deed or Condominium Conveyance Document

EXHIBIT "J"

theretofore delivered to Escrow shall be returned and shall be deemed no longer held under the Escrow Agreement; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by the Developer of written notice from Escrow of its intent to make such refund.