



**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

HOKULANI IN KAILUA  
1000 Aoloa Street  
Kailua, Hawaii

Registration No. 1920

Issued: April 18, 1988  
Expires: May 18, 1989

**Report Purpose:**

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 18, 19 88 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.
    - 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:

Required                       Not Required -- disclosures covered in this report.

Summary of Changes from Earlier P      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.

This is the first Public Report on this Project.

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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 leasehold interest in an individual apartment and an undivided leasehold interest in the common elements of the project.

### Type of Project:

1.  New Building(s)  Conversion  
 Both New Building(s) 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
1 Bdrm Z	4	1/1	588 sq. ft.	35 sq. ft.
2 Bdrm X	12	2/2	811 sq. ft.	35 sq. ft.
2 Bdrm Y	16	2/2	814 sq. ft.	35 sq. ft.
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 32

\*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:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>32</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	<u>8</u>
Other: _____	_____
<b>Total Parking Stalls</b>	<u>40</u>

7. **Recreational amenities:** The project does not have any active recreational amenities. The developer does intend to provide passive recreational areas on the common open land areas containing bar-b-que and bench facilities.

PEOPLE CONNECTED WITH THE PROJECT

Developer: Pepperdale, Inc. Phone: 946-8033  
Name (Business)  
1507 Kapiolani Blvd., Room 6  
Business Address  
Honolulu, Hawaii 96814

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

Leonard Chandler, President  
D. Zane Schlemmer, Vice President, Secretary and Treasurer  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Sales Agent: Virginia Epley Sprinkle, dba Century 21 Phone: 735-7888  
Name Kahala Hale (Business)  
4400 Kalaniana'ole Highway, C21  
Business Address  
Honolulu, Hawaii 96816

Escrow: Security Title Corporation Phone: 521-9511  
Name (Business)  
1001 Bishop Street, Suite 1200  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: Chaney Brooks & Company Phone: 544-1600  
Name (Business)  
606 Coral Street  
Business Address  
Honolulu, Hawaii 96813

Attorney for Developer: John J. Hulten, Jr.  
Name  
900 Fort Street Mall, Suite 1460  
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  
 Recorded – Bureau of Conveyances – Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

- 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  
 Recorded – Bureau of Conveyance Condo Map No. \_\_\_\_\_  
 Filed – Land Court Condo Map No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- 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  
 Recorded – Bureau of Conveyances – Book \_\_\_\_\_ Page \_\_\_\_\_  
 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. 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       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:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</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 Exhibit A, which summarizes various paragraphs of the proposed Declaration of Horizontal Property Regime that deal with rights reserved by the Developer, changes to the Declaration and other project documents, withdrawal of land and addition of apartments, consents, etc.

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.

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  B  contains further explanations.

Lease Term Expires:  December 31, 2052   
Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit  C  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:

- 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: 1000 Aoloa Street Tax Map Key: 1-4-2-001:054  
Kailua, Hawaii (TMK)

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 233,227  square feet  acre(s) Zoning: A-2

Fee Owner: See Exhibit D  
name \_\_\_\_\_  
address \_\_\_\_\_

Sublessor: \_\_\_\_\_  
name \_\_\_\_\_  
address \_\_\_\_\_

**C. Buildings and Other Improvements:**

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

2. Buildings: 4 Floors Per Building: 2

Exhibit E contains further explanations.

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>32</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 project include but are not limited to:

[ X ] Pets: See Exhibit F

[ ] Number of Occupants: \_\_\_\_\_

[ X ] Other: See Exhibit F

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 32

Elevators \_\_\_\_\_ Stairways yes Trash Chutes \_\_\_\_\_

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>1 Bdrm Z</u>	<u>4</u>	<u>1/1</u>	<u>588 sq. ft.</u>	<u>35 sq. ft.</u>
<u>2 Bdrm X</u>	<u>12</u>	<u>2/2</u>	<u>811 sq. ft.</u>	<u>35 sq. ft.</u>
<u>2 Bdrm Y</u>	<u>16</u>	<u>2/2</u>	<u>814 sq. ft.</u>	<u>35 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:

See Exhibit G

Permitted Alterations to Apartments:

See Exhibit H

7. Parking Stalls:

Total Parking Stalls: 40

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>32</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Guest Unassigned	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Extra Available for Purchase	<u>      </u>	<u>      </u>	<u>      </u>	<u>8</u>	<u>      </u>	<u>      </u>	<u>      </u>
Other:	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total Covered & Open	<u>40</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

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.

Exhibit I contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

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

N/A

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

N/A

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

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.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>  X  </u>	<u>      </u>	<u>      </u>
Structures	<u>  X  </u>	<u>      </u>	<u>      </u>
Lot	<u>  X  </u>	<u>      </u>	<u>      </u>

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 J 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.

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

described in Exhibit K

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 L describes the common interests for each apartment.

as follows:

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

Exhibit  M  describes the encumbrances against the title contained in the title report dated  January 19, 1988 .

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.  
will be

[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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Proposed Construction Mortgage	If prior to closing of the purchase the Buyer's interest could be terminated and Buyer's deposit less costs would be refunded.

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 is:

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   5   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:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable         |
| <input type="checkbox"/> Gas         | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> 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:

Not yet known. It is anticipated that the Contractor will issue a standard one year warranty which will be assigned by the Developer directly to the Association of Apartment Owners.

2. Appliances:

Not yet known. Manufacturers warranties will be direct to Buyer.

J. Status of Construction and Estimated Completion Date:

Not yet commenced.

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:

See Exhibit 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

Specimen Sales Contract

Exhibit   N   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated   February 12, 1988  

Exhibit   O   contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

See Exhibit P for information concerning the Kailua Gardens Community Association.

See Exhibit Q for information relating to the Resident Manager's Apartment.

See Exhibit R for information relating to proposed City and County of Honolulu acquisitions.

**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. 1920 filed with the Real Estate Commission on February 22, 1988.

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



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GLORIA DAMRON, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

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**EXHIBIT A**  
**DEVELOPER'S RESERVED RIGHTS**

Under the proposed Declaration of Horizontal Property Regime the Developer has reserved the following rights:

1. Paragraph P of the Declaration entitled AMENDMENT OF DECLARATION provides: That at any time prior to the issuance of the Final Public Report, the Declaration or the By-Laws may be amended in any way by an instrument executed solely by the Fee Owner, Lessee, Sublessee and Developer and recorded in the Bureau of Conveyances. Notwithstanding the foregoing and notwithstanding the sale and conveyance or lease of any of the apartments the Developer, Fee Owner, Lessee and Sublessee, acting collectively, may amend the Declaration and the Condominium Map at any time, by an appropriate instrument recorded in said Bureau of Conveyances as follows: (a) to file the "as built" verified statement(s) (with plans, if applicable) required by Section 514A-12, Hawaii Revised Statutes, so long as (i) such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, apartment numbers, and dimensions of the apartments as built, or (ii) any plans filed therewith do not involve any material changes to the layout, location, apartment numbers, or dimensions of the apartments as built; and (b) to initially assign any unassigned individual parking stalls (except those stalls, if any, marked "guest" on the Condominium Map) to individual apartments.

2. Paragraph Q of the Declaration entitled RESERVED RIGHTS provides: That in addition to any other rights reserved in the Declaration, the Party In Interest (as defined in Paragraph S of the Declaration) reserves the right for itself and its respective agents, successors, mortgagees and assigns to use all areas of the project to construct the additional apartments as described in and authorized by Paragraph S of the Declaration; to conduct sales of apartments at the project until apartment leases are issued to apartment purchasers with respect to all apartments in the project. Such rights shall include the right to grade, pave, construct buildings and common elements, display model apartments, operate a sales office, conduct advertising, place signs, use parking spaces and erect lighting in connection with such sales and

to do all things necessary or convenient to fully exercise the rights reserved under Paragraph S of the Declaration; provided that in exercising such rights the Party In Interest shall not use any apartment (or its common limited elements) with respect to which an apartment lease has been issued to an entity not related to the Party In Interest and provided further, that in exercising such right, the Party In Interest shall not interfere with the rights of any apartment owner to the use of, or access to, his apartment or the limited common elements appurtenant thereto. The Party In Interest shall have, and its respective agents, successors, mortgagees and assigns shall have an easement over and upon the project as may be necessary for the completion of the improvements of the project, and the correction of any defects therein.

3. Paragraph S of the Declaration entitled RESERVED RIGHTS TO CREATE ADDITIONAL APARTMENTS AND/OR WITHDRAW COMMON AREAS provides: that notwithstanding anything to the contrary contained or implied in the Declaration, it is understood that the Developer and the Sublessee have the right and the obligation to amend the Declaration and the Condominium Map to create and thereupon to construct an additional one hundred and eighteen apartments on the property which constitutes the land submitted to this regime so that there will eventually be a total of one hundred and fifty apartment units in this Horizontal Property Regime. (the "Project Expansion"). The Fee Owner and the Lessee have the right but not the obligation to accomplish the Project Expansion if for any reason the Developer and the Sublessee fail to do so. The Developer and the Sublessee have the obligation to complete the Project Expansion on or before June 24, 1991. If they fail to do so the Lessee has the right but not the obligation to accomplish the Project Expansion at any time up to but not beyond December 31, 1991. If the Lessee declines to do so the Fee Owner has the right to accomplish the Project Expansion at any time up to but not beyond June 30, 1998.

Sheet A-1 of the Condominium Map indicates the plan of the Project Expansion and the proposed stages of the Project Expansion. Sheet A-1 may be amended with the written consent of the Fee Owner and the Director of the Veteran's Administration (if the Veteran's Administration has guaranteed any loan secured by any apartment in the project). No amendment may change the layout, design or location of any previously existing apartment. No amendment may substantially change the nature of any common element so as to place a

materially increased burden of maintenance on any previously existing apartment.

The amendment of Sheet A-1 and the amendments referenced below may be accomplished by the Party In Interest. The Party In Interest shall be the Developer during the continuance in effect of the Development Lease (but not beyond June 30, 1991); the Sublessee during the continuance in effect of the Sublease (but not beyond June 30, 1991) but only if the Developer is not the Party In Interest; the Lessee during the continuance in effect of the Master Tract Lease (but not beyond December 31, 1991) but only if the Developer or the Sublessee is not the Party In Interest; and the Fee Owner if neither the Developer, the Sublessee or the Lessee is the Party In Interest but not beyond June 30, 1998.

The Party In Interest (with the consent of every lessor superior in interest to the Party In Interest) may choose not to expand the project so as to include a total of 150 apartments but may choose instead to subdivide the land constituting a common element of the project. In such event the subdivision line will be substantially along a phase line as shown on Sheet A-1 of the Condominium Map. The subdivision shall separate the completed phase(s) of the project from the phase(s) not yet constructed and created as a part of the project. After the subdivision has been granted final approval by the City and County of Honolulu, the Party In Interest shall withdraw the land in the not yet completed phase(s) from the project and such land shall no longer be a common element of the project. Such withdrawal shall be effective automatically upon the final subdivision approval but may be documented by a certification of subdivision and withdrawal to be recorded in the Bureau of Conveyances of the State of Hawaii. Upon its withdrawal such land shall no longer be subject to the provisions of the Declaration or controlled by the Condominium Map and each apartment lease of an apartment in the project (and any mortgage or other lien upon every such apartment lease) shall be automatically amended so as to exclude from its effect such land. Thereafter such land may be used and developed in the manner provided by law (but subject to the terms of the Master Tract Lease, the Sublease and the Development Lease to the extent then applicable.) Nothing in this paragraph is intended in any way to amend the terms of the Master Tract Lease, the Sublease or the Development Lease.

In connection with these reserved rights to cause the Project Expansion, the Party In Interest shall have the right, without being required to obtain the consent or joinder of any person, group of persons or entity, including any apartment owner or any lien holder (other than a lien holder on the Party In Interest's interest in the Project who may require the right to consent) and other than the consent of the Fee Owner, if the Fee Owner is not the Party In Interest and the consent of the Director of the Veteran's Administration (if the Veteran's Administration has guaranteed any loan secured by any apartment in the project): 1. To amend the Declaration and the Condominium Map to describe and depict additional stages of the project, to establish the apartment numbers for the additional apartments, to describe the common and limited common elements and easements which are appurtenant to the additional apartments subject to the provisions of Paragraph B of the Declaration, to describe the common interest appurtenant to additional apartments and to reduce and redescribe the common interests appurtenant to the existing apartments in the project, to file each "As Built" amendment required by the laws of the State of Hawaii upon completion of the construction of any apartments, and to set forth such other matters necessary or desirable to affect any Project Expansion; 2. To amend any prior instrument of conveyance of an apartment and its common interest so as to conform the same to the Declaration, as so amended (although such amendment will be automatically effected pursuant to Paragraph B of the Declaration); and 3. To go and to have its contractor(s) go upon the property and the project as necessary or convenient for the construction of the Project Expansion; provided that the Party In Interest and its contractor(s) shall use reasonable efforts, consistent with maintaining the progress of such construction to avoid interference with the use and the enjoyment of the project by the other apartment owners.

The rights reserved to the Developer, the Sublessee, the Lessee and the Fee Owner under this Paragraph S may be assigned by them without the consent of any person or entity, except as may be provided in the Master Tract Lease, the Sublease and/or the Development Lease.

The rights to cause the Project Expansion reserved to the Party In Interest are subject to the following terms and conditions:

(a) Construction shall be in accordance with complete plans and specifications therefor prepared by a licensed architect and shall conform with

the applicable building and zoning codes, laws, rules and regulations. and with all applicable Federal, State and County laws, rules and regulations.

(b) No such plans and specifications shall require the alteration or demolition of any existing apartment or any structure constituting a part of the common elements or limited common elements, except that the Party In Interest shall have the right to utilize, relocate and realign existing, and/or to develop additional, installations for services to the additional apartments for electricity, hot and cold water, air conditioning and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easements 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, other than a very temporary interruption (with due notice) in the service of such utilities to any other part of the project.

(c) The Party In Interest shall pay all costs and expenses of the Project Expansion and will indemnify and hold the Association and each apartment owner harmless from the costs and expenses relating to the Project Expansion. No apartment shall be assessed for any cost relating to the common elements located in a building in a future stage of Project Expansion until a Certificate of Occupancy has been issued for each apartment contained in such building. Until such time the Developer shall be responsible for the common expenses relating to the apartments contained in future buildings.

(d) During the entire course of any such Project Expansion the Party In Interest will cause to be maintained at its 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's Managing Agent.

(e) Prior to the commencement of any such construction, and as a condition thereof, the Party In Interest shall deposit with the Association satisfactory evidence of a Payment and Performance Bond, or an irrevocable letter of credit issued by a bank authorized to do business in the State of Hawaii, naming the Association as a co-obligee, in an amount not less than one hundred percent of the cost of such construction.

(f) The offering and sale of any additional apartment shall be in compliance with applicable provisions of the Condominium Act of the State of Hawaii.

(g) The Party In Interest shall not in any manner encumber the project or the land contained in the project in connection with the financing of the Project Expansion, provided that the Party In Interest may encumber the rights to cause the Project Expansion and also may encumber its interest in any additional apartment created as a result of the Project Expansion. The Party In Interest shall be deemed the Owner of each such additional apartment, subject to the provisions hereof, until such time as each such apartment is conveyed.

The provisions of this Paragraph S may not be amended without the written consent of the Fee Owner (and of the Developer, the Sublessee and the Lessee during any period in which they are, or could be the Party In Interest as provided hereinabove,)

By accepting or acquiring any right, title estate or interest in the project or in the property subject to the Declaration each apartment owner, lien holder, or any other person obtaining any interest in the project or property agrees:

(1) that the Party In Interest may perform the work necessary to effect the Project Expansion and/or to develop any property withdrawn from the project. This means that the Party In Interest may conduct normal construction activities which may result in inconvenience, noise, dust and other nuisance and shall not be called to task for so doing;

(2) that he or she or it will, if required by law or by the Party In Interest, join in, consent to or execute all instruments or documents necessary or desirable to effect the Project Expansion or the subdivision and withdrawal as provided for in this Paragraph S.

4. Paragraph P of the Declaration also provides: that "Prior to the time that the Party In Interest has completed the Project Expansion or elected to withdraw the remaining land from the provisions of this Declaration the Association shall not amend this Declaration or the By-Laws without the prior written consent of the Party In Interest."

Under the Sales Contract the Developer has reserved the following rights.

"7. Reserved Rights, Project Amendments, Purchaser's Consent and Acknowledgment. Purchaser specifically acknowledges and agrees that the Apartment Lease to be executed by Purchaser hereunder shall contain certain limitations on the Apartment Lessee's voting rights in connection with amending the Declaration and By-laws, or repairing,

rebuilding or restoring the Project or removing the Project from the Horizontal Property Act, or prosecuting actions for partition, and that the Declaration contains reservations of certain rights and certain other provisions under which the Purchaser consents to (i) the granting, reserving or adjustment of easements for common or public purposes; (ii) the recording of the "Project Amendments" provided for in paragraph P of the Declaration which include the following: (1) recording the Architect's "as built" verified statement; (2) recording an amendment to the Declaration and Condominium Map assigning or reassigning parking spaces; (iii) recording any amendments to the Declaration required by validly adopted amendments or modification to the By-Laws; (iv) amending the Declaration and/or By-Laws as may be necessary to comply with requirements of certain mortgagees or other entity for any reason as set forth in the fourth, fifth and sixth sentences at Section D.6 above, subject always to the qualifications set forth in those sentences; and (v) the exercise of the rights reserved to the Seller and others (the "Party In Interest" described in the Declaration) in the Declaration and including without limiting the generality of the foregoing, the rights reserved herein in Section D.25 to conduct sales of apartments in the Project until all units in the Project are sold, to develop additional apartments as a part of the Project and/or to withdraw portions of the common elements from the Project."

**EXHIBIT B**  
**RIGHTS AND OBLIGATIONS ON TERMINATION OF LEASE**

Paragraph 26 of the proposed Apartment Lease provides:

"26. Surrender. Upon expiration of the demised term or upon earlier termination of this Apartment Lease, Lessee shall peaceably surrender and deliver to Lessor possession of the demised premises, together with all improvements thereon or belonging thereto, by whomever made, in good order and condition except for reasonable wear and tear and as otherwise expressly provided herein."

**EXHIBIT C  
LEASE RENT**

MONTHLY RENT  
(not including gross excise tax)

1 Bdrm  
Apt. Z

\$ 32.00  
\$ 49.50  
\$ 77.25  
\$128.70

2Bedrm  
Apt. X or Y

\$ 44.00 Until December 31, 1994  
\$ 68.50 Until December 31, 1999  
\$106.20 Until December 31, 2009  
\$176.90 Until 31 years from the date  
of issuance of the first  
apartment lease.

**EXHIBIT D  
FEE OWNER AND LESSORS**

FEE OWNER:

Name

JAMES C. CASTLE, also known as James Christian Castle, JAMES C. McINTOSH, and HAWAIIAN TRUST COMPANY, LIMITED, Trustees of the Trust Estate established pursuant to Article Eighth of the Last Will and Testament of Harold K.L. Castle, deceased.

Address

Doing business as Kaneohe Rance and located at Castle Junction, City and County of Honolulu, state of Hawaii

SUBLESSOR

Name

LEWERS & COOKE, INC., a Hawaii corporation

Address

900 Fort Street Mall, Suite 1460, Honolulu, Hawaii 96813

SUBSUBLESSOR

Name

KEN NOBUTA, unmarried

Address

1507 Kapiolani Blvd, Room 6, Honolulu, Hawaii 96814

SUBSUBSUBLESSOR

Name

PEPPERDALE, INC., a Hawaii corporation

Address

1507 Kapiolani Blvd, Room 6, Honolulu, Hawaii 96814

## **EXHIBIT E INFORMATION RELATING TO THE BUILDINGS**

(a) There are four buildings in the project, designated Building A, Building B, Building C and Building D and described as follows:

Each building is a two-story building with apartments on the ground floor and on the second floor.

Each building is rectangular, and each is connected to the other by common walkways. The levels of the buildings have been given designations as ground floor and second floor. Access to the second floor of each building is by means of an exterior stairway.

Each apartment has been given an alphabetical/numerical designation by which the building in which it is located and its location in the building can be determined. The alphabetical letter preceding the three numerals of each apartment designation corresponds to the building in which it is located, the first numeral of each apartment corresponds to the floor upon which it opens and the next two numerals correspond to the location of the apartment.

Each of the buildings has been given an alphabetical designation as follows: The building in the northwest corner of the property is Building A. The building immediately to the south of Building A is Building B. The building to the east of Building A is Building C. The building to the east of Building B is Building D.

Each building contains eight apartments four of which are located on each floor. Each floor of Buildings A and C contains a single one bedroom apartment and three two bedroom apartments. Each floor of Buildings B and D contains four two bedroom apartments.

In Buildings A and C the apartment on the northwest corner of each floor (toward the corner of Aoloa Street and Hamakua Drive) is given a numerical designation of 01. The apartments then bear the designation 02, 03 and 04 running from north to south.

In Buildings B and D the apartment on the southeast corner of each floor is given a numerical designation of 01. The apartments then bear the designation 02, 03 and 04 running from south to north.

In Building C the apartment on the northwest corner of each floor is given a numerical designation of 01. The apartments then bear the designation 02, 03, 04 05, 06, 07 and 08 running from north to south.

**EXHIBIT F**  
**INFORMATION RELATING TO USE OF APARTMENTS**

ARTICLE V SECTION 3 OF THE PROPOSED BYLAWS PROVIDES THE FOLLOWING RESTRICTIONS ON THE USE OF APARTMENTS.

(a) All apartments of the project shall be used only for residential purposes, and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any trade or business whatsoever.

(b) All common elements of the project shall be used only for their respective purposes as designed.

(c) No apartment owner or occupant shall place, store, or maintain in or upon the grounds, recreational areas, halls, lobbies, stairways, walkways, parking areas or other common elements of similar nature any furniture, package or objects of any kind or otherwise obstruct transit through such common elements.

(d) Every apartment owner and occupant shall at all times keep his apartment in a strictly clean and sanitary condition and maintain and keep his privacy area, if any, in a neat and attractive condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the project.

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment or the project nor alter or remove any furniture, furnishings or equipment of the common elements.

(f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, nor install draperies the exterior side of which is anything but an unpatterned, off-white, plain surface, decorate or landscape any entrance, hallway, planting area, paint the walls or ceilings of any lanai appurtenant to his or her apartment, or install any awning or similar device visible from the exterior of the building, or install any other sun-screening device (including but not limited to any coating or film applied to the interior or exterior surfaces of the glass windows or doors of the apartment) visible from the exterior of the building, or install any air conditioning equipment

which varies in appearance or location from that originally made available for inclusion in the apartment (if any), except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and also approved by the Board and a majority of apartment owners (or such larger percentage required by law or the Declaration), including all owners of apartments thereby directly affected.

(g) No apartment owner shall decorate or landscape any entrance, or privacy area of his apartment or other portion of the project except in accordance with standards therefore established by the Board of Directors or specific plans approved in writing by the Board.

(h) All occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers that may disturb other occupants.

(i) No garments, rugs or other objects shall be hung from the windows or facades of the project.

(j) No rugs or other objects shall be dusted or shaken from the windows of the project or cleaned by beating or sweeping on any walkways, hallways, privacy areas or other areas of the project.

(k) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the project outside of the disposal facilities, if any, provided for such purpose.

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent.

(m) No apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, television antenna, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of the project or protruding through the walls, windows or roof thereof.

(n) No apartment owner or occupant shall erect, place or maintain any television or other antennas on said project visible from any point outside of his apartment without the approval of the Board of Directors.

(o) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floors, walls, or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(p) The common elements, including without limitation, the buildings and foundations will be maintained by the Board and the color of the common elements will not be changed by any Apartment Owner, without the prior written approval of the Board.

#### THE PROPOSED DECLARATION PROVIDES:

E. USE. The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than thirty (30) days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration.

**EXHIBIT G**  
**BOUNDARIES OF APARTMENTS**

THE PROPOSED DECLARATION PROVIDES:

"Each apartment shall be deemed to include all walls and partitions within its perimeter walls; all glass windows, louvers, doors, and panels along the perimeter; the interior half of all perimeter party walls; to the exterior surface of all perimeter non-party walls; the inner decorated or finished surfaces of the perimeter walls, floors and ceilings; and shall include all air space encompassed within the apartment and within the area constituting its lanai or deck as shown on the Condominium Map and the surface of the lanai or deck and the storage closet located on the lanai or deck; provided, however, those perimeter walls, interior loadbearing walls, floors and ceilings or portions thereof, located within or surrounding each apartment and all pipes, wires, conduits and other utility service lines running through such apartment which are utilized for or serve more than one apartment, shall be deemed common elements, except for the interior finished or decorated surfaces of said walls, floors and ceilings; and provided, further, that any fire sprinkler system components, and any ducts, shafts, or other enclosed spaces for common wiring, pipes or air exhaust located within any apartment shall also be deemed to be common elements."

**EXHIBIT H**  
**PERMITTED ALTERATIONS TO APARTMENTS**

THE PROPOSED DECLARATION PROVIDES:

"N. ALTERATION OF PROJECT. Restoration or replacement on or appurtenant to the project or any building, or other structure thereof, or construction or structural alteration or addition to any such structure, different in any material respect from said Condominium Map of the project, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of all the apartment owners and accompanied by the written consent of the holders of all liens (if the lienholders require such consent) affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board, the Fee Owner, the Lessee, the Sublessee, and the Developer during the continuance in effect of their respective leases, and promptly upon completion of such restoration, replacement or construction, 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, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall require the written consent thereto and written approval of the apartment owner's plans therefor by only the holders of all liens affecting such apartment (if the lienholders require such consent and approval), the Board of Directors of the Association, all other apartment owners thereby directly affected (as determined by said Board) and the Fee Owner, Lessee, Sublessee and Developer during the continuance in effect of their respective leases, and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the project as so altered. The provisions of this Paragraph N shall not apply to the original construction of additional apartments under Paragraph S of this Declaration. The provisions of Paragraph S will apply instead."

**EXHIBIT I  
PARKING STALLS**

THE PROPOSED DECLARATION PROVIDES:

That each apartment shall have appurtenant to it as a limited common element the parking stall(s) shown after the number of the apartment to which it is appurtenant on Exhibit BI attached hereto. The Developer reserves the right to initially assign, in each case with the written consent of the Fee Owner, Lessee and Sublessee, any parking stalls to any apartments by amendment of the Declaration, as provided in Paragraph P, of the Declaration; and provided further that said right of assignment shall not apply to those stalls, if any, marked on the Condominium Map as "guest" stalls, all of which shall remain common elements, rather than limited common elements. After their initial assignment, stalls may be reassigned from time to time by amendment to the Declaration as provided in Paragraph P of the Declaration. All costs and expenses of repairing, restriping or otherwise repairing such parking stalls shall be charged to each owner on a pro-rata basis in direct proportion to the number of parking stalls appurtenant to the Owner's apartment and all other costs and expenses attributable to such parking stalls shall be charged to each owner as a common expense of the Project.

EXHIBIT "B1"

HOKULANI IN KAILUA  
Parking Stalls

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Unit No.	Parking Stall
A-101	7, C1, C2, C3, C4, C5, C6, C7 and C8
A-201	8
A-102	5
A-202	6
A-103	3
A-203	4
A-104	1
A-204	2
B-101	14
B-201	13
B-102	16
B-202	15
B-103	18
B-203	17
B-104	20
B-204	19
C-101	27
C-201	28
C-102	25
C-202	26

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EXHIBIT "B1" (cont'd.)

<u>Unit No.</u>	<u>Parking Stall</u>
C-103	23
C-203	24
C-104	21
C-204	22
D-101	10
D-201	9
D-102	12
D-202	11
D-103	30
D-203	29
D-104	32
D-204	31

End of Exhibit "B1"

**EXHIBIT J  
COMMON ELEMENTS**

THE PROPOSED DECLARATION PROVIDES:

"2. Common Elements. One freehold estate is hereby designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to the common elements described in paragraph 1 above and paragraph 3 below and:

(a) Said land in fee simple.

(b) Except as provided in paragraph A.1(d), all foundations, floor slabs, columns, girders, beams, supports, unfinished portions of perimeter walls and interior load-bearing walls and roofs of the residential buildings.

(c) All yards, grounds, interior malls and landscaping and all refuse facilities, if any, whether within or appurtenant to the project.

(d) All roads, parking areas, driveways, corridors, entries, lobbies and walkways other than those designated below as limited common elements,

(e) All ducts, electrical equipment, wiring, pipes and other central and 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 radio and television signal distribution.

(f) The fire sprinkler system, if any, including portions thereof that may be installed within the various apartments.

(g) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use."

**EXHIBIT K  
LIMITED COMMON ELEMENTS**

THE PROPOSED DECLARATION PROVIDES:

"3. 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 certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as set forth herein. The costs and expenses of every description pertaining to the limited common elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the limited common elements shall be charged to all apartment owners as a common expense in proportion to the common interests appurtenant to their respective apartments, except as otherwise provided in this paragraph 3.

(a) Each apartment shall have appurtenant to it as a limited common element the parking stall(s) shown after the number of the apartment to which it is appurtenant on Exhibit B attached hereto. The Developer reserves the right to initially assign, in each case with the written consent of the Fee Owner, Lessee and Sublessee, any parking stalls to any apartments by amendment of the Declaration, as provided in Paragraph P, below; and provided further that said right of assignment shall not apply to those stalls, if any, marked on the Condominium Map as "guest" stalls, all of which shall remain common elements, rather than limited common elements. After their initial assignment, stalls may be reassigned from time to time by amendment to this Declaration as provided in Paragraph P, below. All costs and expenses of repairing, restriping or otherwise repairing such parking stalls shall be charged to each owner on a pro-rata basis in direct proportion to the number of parking stalls appurtenant to the Owner's apartment and all other costs and expenses attributable to such parking stalls shall be charged to each owner as a common expense of the Project.

(b) Each apartment shall have appurtenant to it as a limited common element the entry way leading up to its front door as shown on the Condominium Map. The entry way for the Two Bedroom Type X Apartment has a depth of 3 feet 2 inches and a width of 4 feet 2 inches. The entry way for the Two Bedroom Type Y Apartment has a depth of 2 feet 6 inches and a width of 4

feet 2 inches, provided, however that wherever a Two Bedroom Type Y Apartment is adjacent to a One Bedroom Type Z apartment the entry way has a depth of 6 feet 4 inches and a width of 4 feet 2 inches and is a limited common element appurtenant to the Two Bedroom Type Y Apartment and the One Bedroom Type Z jointly. The cost of routine cleaning and maintenance of the entry ways and the cost of repairing any damage of said entry way caused by the owner or occupant of said apartment or their permittees shall be borne by the owner of said apartment; but the cost of any other repairs to the said entry way shall be borne by all apartment owners as a common expense."

**EXHIBIT L  
COMMON INTERESTS**

THE PROPOSED DECLARATION PROVIDES:

"Each One Bedroom Type Z Apartment shall have a common interest of .0234188 (a total of .0936752 for 4 such apartments.)

Each Two Bedroom Type X Apartment shall have a common interest of .0323004 (a total of .3876048 for 12 such apartments.)

Each Two Bedroom Type Y Apartment shall have a common interest of .03242 (a total of .51872 for 16 such apartments.)"

See Exhibit S for a listing of each Apartment and its appurtenant common interest.

**EXHIBIT M  
ENCUMBRANCES AGAINST TITLE**

1. Tax Key: 4-2-1-54

For any taxes that may be due and owing and a lien on the parcel of land herein described, reference is hereby made to the Office of the Tax Assessor of the First Division.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The terms and provisions of that certain Lease dated February 14, 1958, recorded in the Bureau of Conveyances of the State of Hawaii in Book 3414 Page 39, made by and between KANEOHE RANCH COMPANY, LIMITED, a Hawaii corporation, as Lessor(s), and the HAWAIIAN ELECTRIC COMPANY, LIMITED, a Hawaii corporation, (now known as HAWAIIAN ELECTRIC COMPANY, INC.), and HAWAIIAN TELEPHONE COMPANY, also a Hawaii corporation, as Lessee(s), for a period commencing with the date hereof and expiring June 30, 1991.
4. Grant dated March 30, 1966, recorded in said Bureau of Conveyances in Book 5343 Page 284, in favor of the CITY AND COUNTY OF HONOLULU, granting a portion of the easement granted thereby, being designated as Easement 5 on File Plan No. 1690, affecting Lot 3. (also affects other property)
5. Easement "2" (60 feet wide) for roadway purposes as delineated on File Plan No. 1690.
6. Easement "3" (10 feet wide) for sanitary sewer purposes as delineated on File Plan No. 1690.
7. Easement "4" for sanitary sewer purposes as delineated on File Plan No. 1690.
8. Easement "5" for sanitary sewer purposes as delineated on File Plan No. 1690.
9. Easement "6" for slope purposes as delineated on File Plan No. 1690, and described in that certain Final Order of Condemnation dated December 24, 1979, recorded on January 2, 1980 in said Bureau of Conveyances in Book 14379 Page 641, filed in the Circuit Court of the First Circuit, State of Hawaii, under Civil No. 58288.

10. Declaration of Covenants, Conditions and Restrictions dated July 6, 1973, recorded on August 6, 1973 in said Bureau of Conveyances in Book 9371 Page 352; as supplemented by that certain Supplementary Declaration to Declaration of Covenants, Conditions and Restrictions dated February 10, 1982, recorded on March 30, 1982 in said Bureau of Conveyances in Book 16245 Page 403.
11. The terms and provisions of that certain Agreement dated July 21, 1980, recorded on August 28, 1980 in said Bureau of Conveyances in Book 14949 Page 268, made by and between LEWERS & COOKE, INC., a Hawaii corporation, and GEORGE NEWTON, SUE ELLEN NEWTON, and LILLIAN O. YOUNG, Plaintiffs in a certain legal action designated Civil No. 53832 in the Circuit Court of the First Circuit, State of Hawaii.
12. The terms and provisions of that certain Lease No. 7020 dated February 10, 1982, recorded on March 30, 1982 in said Bureau of Conveyances in Book 16245 Page 409, made by and between JAMES C. CASTLE, also known as James Christian Castle, JAMES GORDON McINTOSH and HAWAIIAN TRUST COMPANY, LIMITED, Trustees of the trust estates created by Article Eighth of the Last Will and Testament of Harold K. L. Castle, deceased, and by that certain unrecorded trust agreement dated August 5, 1974, made by Alice Hedemann Castle, as "Settlor", and James C. Castle, as "Individual Trustee", as Lessor(s), and KAILUA GARDENS COMMUNITY ASSOCIATION, a Hawaii non-profit corporation, as Lessee(s), for a term commencing on the date hereof and ending December 31, 2052. Said Lease demising Easement 2.
13. The terms and provisions of that certain Master Tract Lease No. 7014a dated February 10, 1982, recorded on March 30, 1982 in said Bureau of Conveyances in Book 16245 Page 514, made by and between JAMES C. CASTLE, also known as James Christian Castle, JAMES GORDON McINTOSH and HAWAIIAN TRUST COMPANY, LIMITED, Trustees of the trust estates created by Article Eighth of the Last Will and Testament of Harold K. L. Castle, deceased, and by that certain unrecorded trust agreement dated August 5, 1974, made by Alice Hedemann Castle, as "Settlor", and James C. Castle, as "Individual Trustee", as amended, as Lessor(s), and LEWERS & COOKE, INC., a Hawaii corporation, as Lessee(s), for a term commencing from the date hereof to December 31, 1994.

14. The terms, provisions and easements, if any, including reservations, if any, of that certain Master Tract Sublease dated December 16, 1986, recorded on December 31, 1986 in the Bureau of Conveyances of the State of Hawaii in Book 20237 Page 461, made by and between LEWERS & COOKE, INC., a Hawaii corporation, as Lessor(s), and KEN NOBUTA, no marital status shown, as Lessee(s), for a term commencing from the date hereof to December 30, 1994.
15. The terms, provisions and easements, if any, including reservations, if any, of that certain Sub-Sublease herein referred to.

END OF EXHIBIT M

## EXHIBIT N PERTINENT PROVISIONS OF SALES CONTRACT

The Sales Contract is an important document which sets forth the rights and obligations of the Developer as Seller and you as Buyer of the Apartment. **In the Developer's opinion all of the provisions of the Sales Contract are important, otherwise the Developer would not have put them in the Sales Contract. Therefore the Buyer is encouraged to read carefully every portion of the Sales Contract and not to rely on this summary.**

The first several pages of the Contract, from the beginning of the Contract to the spaces where the parties are to sign, contain material which sets forth the particulars of the sale, i.e. the name of the Buyer, the apartment number, the price, other payments that have to be made at closing, etc. There are many blank spaces that need to be filled in. The Buyer should be sure that he or she understands and agrees with the particulars that are put into these blank spaces.

The remainder of the Contract (Section D. Terms and Conditions) sets forth provisions which in general apply to all sales in the Project. This is not to imply that they are not important. They should be read carefully. The first few paragraphs contain information about the entire Project including rights which the Developer has reserved (See Exhibit A of this Public Report for further detail)

Paragraphs D.1 and D.2 reiterate what is being sold and how the purchase price is to be paid. Paragraph D. 3 sets forth requirements of the Buyer's financing of the sale. This is applicable if the Buyer intends to finance the purchase through a loan. Read Paragraph D. 3 carefully if it applies to you.

Paragraph D. 4 makes the Escrow Agreement a part of the Contract between the Seller and the Purchaser. Attention is directed to Exhibit O of this Public Report which sets forth pertinent provisions of the Escrow Agreement.

Paragraph D.5 contains an agreement that the interest earned on the Buyer's downpayment, even before closing, will belong to the Seller.

Paragraph D.6 contains information about the various documents creating and affecting the Project and setting forth rights and obligations of the parties.

Paragraph D.7 contains information about the rights that the Developer and others have reserved under the various Project documents. See also Exhibit A of this Public Report.

Paragraphs D.8 and D.9 contain information relating to the preclosing and the closing of this sale. Read these provisions carefully.

Paragraph D.10 requires that all obligations be performed promptly.

Paragraph D.11 sets forth the responsibility for closing costs.

Paragraph D.12 contains provisions defining and limiting the Buyer's rights against the Project and the Seller's predecessor's in title.

Paragraphs D.13 and D.14 relate to rights of the Developer and initial Managing Agent to act on behalf of the Association of Apartment Owners.

Paragraph D.15 limits the right of the Buyer to assign his or her rights under the Contract.

Paragraph D.16 provides that the rights of the Buyer are subordinate to the rights of the construction lender. Under the provisions of this paragraph the interests of the Buyer can be foreclosed against if the Seller defaults under the terms of the Seller's construction loan.

Paragraph D.17 sets forth the Seller's obligation to complete the Project.

Paragraph D.18 sets forth the nature and the extent of the warranties in the Project and the Buyer's rights relating to construction defects.

Paragraph D.19 contains material relating to occupancy and the manner in which the Buyer will take possession of the apartment after closing.

Paragraph D.20 sets forth the Seller's remedies if the Buyer should default.

Paragraph D.21 states how notices are to be given. Paragraph D.22 states that the Contract is voidable if the Buyer dies. Paragraph D.23 contains the Buyer's agreement not to request any change orders unless directly from Seller. Paragraph D.24 talks about the color scheme of the Apartment and contains right of the Seller if certain colors, appliances, etc. become unavailable.

Paragraph D.25 contains provisions relating to ongoing construction.

Paragraph D.26 contains an agreement that no representations as to rental income has been made to the Buyer and contains Buyer's agreement not to enter into a rental pool. Paragraph D.27 states that the Condominium Map is not intended as a representation. Paragraph D.28 cautions the Buyer as to what furnishings are included in the sales price. Paragraph D.29 states that paragraph captions are for convenience only and do not affect the substance of the Contract. Paragraph D.30 relates to definitions. Paragraph D.31 states that Hawaii Law governs the Contract. Paragraph D.32 states that the Contract is not binding on the Seller until signed by the Seller (not by a sales agent).

Paragraph D.33 contains protective language for Buyers who intend to finance by way of Veteran's Administration Loan Guarantee.

Paragraph D.34 states that if the Contract is cancelled for any reason other than the default of the Seller that the Buyer will be responsible for the Escrow cancellation fee.

Paragraph D.35 states that the Contract is the entire agreement between the parties.

**EXHIBIT O**  
**PERTINENT PROVISIONS OF THE ESCROW AGREEMENT**

The Escrow Agreement sets forth how the Escrow will receive and administer the sales proceeds to be paid by the Buyer to the Seller pursuant to the Sales Contract. Many provisions of the Sales Contract are included in the Escrow Agreement. The Escrow Agreement provides:

1. That interest earned on the Buyer's deposit will be the property of the Seller.
2. That on cancellation of the Sales Contract for any reason other than the Seller's default the Buyer will pay the Escrow Cancellation Fee.
3. How and under what conditions the funds of the Buyer can be used for Project costs. This can only happen after the Final Public Report has been issued and the Sales Contract has become a binding Contract.
4. Refunds to Purchasers are covered under Paragraph 9 below.

"9. Refunds to Purchasers: Return of Documents. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, if any of the following has occurred:

(a) Seller notifies Escrow to return to the purchaser the funds of the purchaser then being held hereunder by Escrow; or

(b) Seller notifies Escrow of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to the Seller; or

(c). The conditions provided for a refund under Sections 514A-62, 514A-63 or 514A-105 of the Horizontal Property Act (as amended on the date upon which the Sales Contract becomes binding and effective) have been met,

and written notice thereof has been provided to Seller, and Seller and purchaser shall advise Escrow to refund purchaser's funds.

Upon the return of said funds to the purchaser as aforesaid, Escrow shall return to Seller such purchaser's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract; and thereupon the purchaser shall no longer be obligated under the Sales Contract. Other documents delivered to Escrow relating to the sale of the apartment identified in such Sales Contracts will be returned to the person from whom or entity from which they were received."

**EXHIBIT P**  
**THE KAILUA GARDENS COMMUNITY ASSOCIATION**

The Project is located in the Kailua Gardens complex of condominium apartments which include Poincianna Manor, Gardenia Manor, Windward Passage, Windward Harbour, Windward Cove, Koolau Vista and Hokulani in Kailua. A Declaration of Covenants, Conditions and Restrictions affects each of the seven projects and requires that every owner in each of the projects automatically becomes a member in a Master Association called the Kailua Gardens Community Association. As such each owner is entitled to use, and is responsible for the costs and upkeep of, the property owned by the Association.

The only property which the Association owns at the present time is a leasehold interest in the private roadway known as Aoloa Street and Aoloa Place which runs through the Project and connects Hamakua Road and Kailua Road. It is not expected that the Association will obtain any other property. Present dues are under \$3.00 per month per apartment.

Each of the seven projects is entitled to elect one member to the Kailua Gardens Community Association Board of Directors.

**EXHIBIT Q  
THE RESIDENT MANAGER'S APARTMENT**

The proposed Declaration provides:

"Attention is called to the fact that the common elements do not include a resident manager's apartment. The Developer does not intend to provide a resident manager's apartment in the project, either as a common element or as a separate apartment. However the Developer will offer one a leasehold estate in a Developer designated two bedroom apartment in Stage Two of the project for sale to the Association of Apartment Owners (which Association is described in Paragraph F. hereof). As soon as such apartment is ready for occupancy the Developer will notify the Association in writing that the apartment is offered for sale at the initial price of \$109,900.00, cash. The price will increase by \$824.25 on the first day of each month following the date of the written offer. Provided that the Association pays the lease rent for the use of the apartment as specified below, the Association will have 24 months from the date of the written offer to accept the offer and close the purchase of the said apartment. During the period from the time that the offer is made by the Developer until the sale is closed the Developer will lease the said apartment to the Association (or its managing agent) for use as a resident manager's apartment at a monthly lease rent equal to \$7.50 per month for each apartment from time to time existing in the project.

If the Association does not pay the monthly lease rent for the use of the apartment, or having paid such lease rent does not close the purchase the apartment within the 24 month period, then the Developer will have no further obligation to hold any apartment available for the Association and the Developer will be free to dispose of every apartment in the project to third parties."

**EXHIBIT R**  
**CITY AND COUNTY ACQUISITIONS**

Attention is called to the fact that the City and County of Honolulu has expressed the intent to acquire certain small portions of the project which were needed in connection with the construction of Hamakua Drive. The areas which the City has indicated are adjacent to Hamakua Drive and to the best knowledge of the Seller are indicated on the Condominium Map. In connection with this the Sales Contract provides:

"Purchaser acknowledges that the Seller has disclosed that the City and County of Honolulu is intending to take a small portion of the land at present constituting a common element of the project and some easements over a portion of the common elements all as shown on Sheet A-1 of the Condominium Map. Seller may cause such land and easements to be conveyed to the City and County of Honolulu. Any land so conveyed will be free and clear of the Declaration and any easements so conveyed will be prior to the provisions of the Declaration."

The understanding is that the City will only take an easement under the parking area and will allow continued ground level parking.

**EXHIBIT S**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

**Estimate of Initial Maintenance Fees:**

No. dnm	Apartment No.	Type	Net Lvg Area Sq. Ft.		<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
2	B-104	X	811	.0323004	118.42	1,421.04
2	B-204	X	811	"	"	"
2	A-101	X	811	.0323004	118.42	1,421.04
2	A-201	X	811	"	"	"
2	B-101	X	811	"	"	"
2	B-201	X	811	"	"	"
2	C-101	X	811	"	"	"
2	C-201	X	811	"	"	"
2	D-101	X	811	.0323004	118.42	1,421.04
2	D-201	X	811	"	"	"
2	D-104	X	811	.0323004	118.42	1,421.04
2	D-204	X	811	"	"	"
2	D-102	Y	814	.03242	118.85	1,426.20
2	D-202	Y	814	"	"	"
2	A-102	Y	814	.03242	118.85	1,426.20
2	A-202	Y	814	"	"	"
2	A-103	Y	814	"	"	"
2	A-203	Y	814	"	"	"
2	B-102	Y	814	"	"	"
2	B-202	Y	814	"	"	"
2	B-103	Y	814	"	"	"
2	B-203	Y	814	"	"	"
2	C-102	Y	814	"	"	"
2	C-202	Y	814	"	"	"
2	C-103	Y	814	"	"	"
2	C-203	Y	814	"	"	"
2	D-103	Y	814	"	"	"
2	D-203	Y	814	"	"	"
1	A-104	Z	588	.0234186	85.84	1,030.08
1	A-204	Z	588	"	"	"
1	C-104	Z	588	.0234186	85.84	1,030.08
1	C-204	Z	588	"	"	"
					3,666.00	43,992.00

[ ] Revised on \_\_\_\_\_

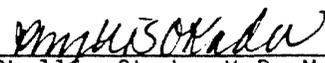
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

HOKULANI AT KAILUA  
32 UNITS

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

	<u>Monthly</u> x 12 months =	<u>Yearly Total</u>
Utilities and Services		
Electricity		
<u>X</u> common elements only	<u>112</u>	<u>1,344</u>
___ common elements & apartments		
Refuse Collection	<u>140</u>	<u>1,680</u>
Water and Sewer	<u>500</u>	<u>6,000</u>
Maintenance, Repairs and Supplies		
Building	<u>25</u>	<u>300</u>
Grounds	<u>320</u>	<u>3,840</u>
Management		
Management Fee*	<u>925</u>	<u>11,100</u>
Payroll and Payroll Taxes	<u>500</u>	<u>6,000</u>
Office Expenses	<u>10</u>	<u>120</u>
Insurance**	<u>750</u>	<u>9,000</u>
Reserves(5%)	<u>87</u>	<u>1,044</u>
Taxes and Government Assessments	<u>7</u>	<u>84</u>
Other (legal & contingency)	<u>22</u>	<u>264</u>
Audit and Tax Preparation	<u>17</u>	<u>204</u>
T.V. Signal	<u>171</u>	<u>2,052</u>
Master Association Dues	<u>80</u>	<u>960</u>
TOTAL	<u>3,666</u>	<u>43,992</u>

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 based upon information available to us and prepared in accordance with generally accepted accounting principles.

  
Phyllis Okada, V.P. Marketing

Date: 2/12/88