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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 "Condominium 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 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

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

**Types 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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Unit A	1	3/ 2½	1,400	--
Unit B	1	3/ 2½	1,400	--

Total Apartments: 2

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>4</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
<b>Total Parking Stalls</b>	<u><u>4</u></u>

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Eddie K.K. Gum and Celina S.M. Gum  
**Name**  
[REDACTED]  
**Business Address**  
[REDACTED]

Phone: [REDACTED]  
(Business)

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Sales Agent: Century 21-Realty Specialists Corporation  
**Name**  
1585 Kapiolani Bl., Suite 1535  
**Business Address**  
Honolulu, Hawaii

Phone: 949-6322  
(Business)

Escrow: Security Title Corporation  
**Name**  
Pacific Tower, Suite 1200  
**Business Address**  
1001 Bishop Street, Honolulu, Hawaii 96813

Phone: 521-9511  
(Business)

Managing Agent: Self-managed  
**Name**  
**Business Address**  
\_\_\_\_\_

Phone: \_\_\_\_\_  
(Business)

Attorney for Developer: Arthur K. Nakagawa  
**Name**  
Pacific Tower, Suite 1100  
**Business Address**  
1001 Bishop Street, 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 22789 Page 255  
 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. 1175  
 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 22789 Page 255  
 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>Majority of Board of Directors to either adopt or amend.</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:

1. Changes to the Declaration and By-laws and the Condominium Map No. 1175 filed in the Bureau of Conveyances may be changed to reflect changes in size, dimensions and layout of the units only with the consent of the Apartment owners and lien holders.
2. Developer has reserved the right in the Sales Agreement to make such amendments to said Declaration and By-laws as may be required by the *Condominium Property Act* and the Real Estate Commission before the recordation of the first apartment. If any changes are made which are substantial or affect the value or interest or price of the apartments, Buyers of the apartments affected will be informed of such changes. Buyer, upon receipt of such notice, will be given an opportunity to either accept and waive their rights to cancellation or they may cancel the sale.

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 \_\_\_\_\_ 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:

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: 525-527 North Judd Street Tax Map Key: 1-7-38:28  
Honolulu, Hawaii 96817 (TMK)

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

Land Area: 4,110  square feet  acre(s) Zoning: R-5

Fee Owner: Eddie K.K. Gum and Celina S.M. Gum  
name

\_\_\_\_\_

address

\_\_\_\_\_

Sublessor: Not applicable  
name

\_\_\_\_\_

address

\_\_\_\_\_

**C. Buildings and Other Improvements:**

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

2. Buildings: 1 Floors Per Building: 2

Exhibit        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>2</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other:	_____		_____

5. Special Use Restrictions:

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

[ ] Pets: \_\_\_\_\_

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

[ ] Other: \_\_\_\_\_

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 2

Elevators 0 Stairways 0 Trash Chutes 0

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>Unit A</u>	<u>1</u>	<u>3/2½</u>	<u>1,400</u>	<u>--</u>
<u>Unit B</u>	<u>1</u>	<u>3/2½</u>	<u>1,400</u>	<u>--</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:

Each of the two single family residential dwellings are enclosed or bounded by the exterior surfaces of the perimeter walls, the exposed surfaces of the roof and the bottom surfaces of concrete slabs and the interior surface of mutual adjoining hollow tile wall.

Permitted Alterations to Apartments:

No alterations permitted to common structural members. All other alterations permitted with approval of the Board of Directors.

NOTE: There are other restrictions which apply to Unit B as to either alterations, expansions and reconstruction. Refer to Permitted Alterations to Apartments (continued) on the following page numbered 11a.

**Permitted Alterations to Apartments (continued):**

UNIT B was constructed in accordance with Section 6.20, Ohana units, of the Land Use Ordinance. At the time of construction or the issuance of the Building Permit, it was in conformity with Section 6.20. However, Section 6.20 was later amended by adoption of Section 3.120.B of the Land Use Ordinance which restricts expansion and future reconstruction of Ohana units to floor areas allowed, depending upon the size and zoning of the lot upon which the Ohana units are built.

UNIT B is built on a 4,110 square feet lot which is zoned R-5 and under this amendment is restricted to a floor area of 700 square feet. Unit B exceeds this allowable square footage of the unit and this is the reason that UNIT B is considered to be non-conforming at present.

Section 3.120.B, Land Use Ordinance, further provides that in the event an Ohana unit is destroyed to the extent that the destruction exceeds 50% or more of the cost of re-constructing the Ohana unit at the time, then the re-construction of the Ohana unit will be restricted to the allowable square footage as determined by Section 3.120.B. In the case of UNIT B, this would mean that the floor area allowed would be 700 square feet.

It is possible that a variance to this restriction on the floor area imposed by Section 3.120.B may be obtained before any future destruction of UNIT B occurs. However, there can be no assurance that such a variance will be granted.



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

Both Unit A and Unit B are new construction and the Developer makes no statement as to the "expected useful life" which may be expected. The components are new, and, accordingly no problems should present themselves in either the immediate or near term.

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

Developer has provided a letter, dated October 19, 1988, from the Building Department stating that at the time the project was built, all code requirements were met and no variances or special permits were granted to allow for deviations from applicable codes. No violations of Building Code requirements are outstanding.

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>		
Structures	<u>X</u>	<u>X (Unit B, See Below)*</u>	
Lot		<u>X</u>	

\*NOTE: See Exhibit G, letter from Director of Land Utilization dated 11/30/88.

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   A   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:

[ X ] described in Exhibit   B  

[ ] 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 \_\_\_\_\_ describes the common interests for each apartment.

[ X ] as follows:   Unit A: 49.17%  
                  Unit B: 50.83%

NOTE: The common interests of each of the unit were calculated as follows:

- (1) The land area appurtenant for each of the units were added to obtain the total appurtenant land area for both units; and
- (2) The appurtenant land for the respective unit was then divided by the total appurtenant land area (calculated in step (1) above).
- (3) The ratio of the respective appurtenant land area to the total appurtenant land obtained in decimal form (step (2) above) was then multiplied by 100 to obtain the common interests in percentages.

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

Exhibit  C  describes the encumbrances against the title contained in the title report dated  OCTOBER 31, 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.
- [ 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>
Mortgage	If default occurs before recordation of the Deed to Buyer, then Mortgagee has the right to foreclose.

NOTE: Developer, at the time of closing any sale, will deliver to Buyer a Deed free and clear from the encumbrances of any mortgage taken out by the Developer, or Developer will deliver the Deed to Buyer and record a Release from the mortgagee releasing the apartment from the mortgage.

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:

- [ ] not affiliated with the Developer.
- [ ] the Developer or the Developer's affiliate.
- [ X ] other None. Project will be self-managed.

**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   D   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 type="checkbox"/> Water & Sewer    |
| <input checked="" type="checkbox"/> Other <u>All utilities are separately metered.</u> |   |

**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:**

The apartment units will be warranted by Developer against defects in materials and workmanship for a period of one year. The one year warranty period shall begin from the date of closing or the date of occupancy, whichever shall first occur.

**2. Appliances:**

Manufacturer's warranties, as applicable, shall be delivered to Buyers at the time of occupancy.

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

Construction of the two units have been completed.

**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:

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

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

[ X ] Notice to Owner Occupants

[ X ] Specimen Sales Contract

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

[ X ] Escrow Agreement dated  November 10, 1988

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

[ X ] Other  Specimen Apartment Deed, Specimen Reservation Agreement and

Specimen Sales Agreement.

#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

There is an unrecorded agreement for the right of the lot to the back of the subject piece of land which is being submitted to the Horizontal Property Act to connect up the sewer line servicing this property.

While this grant of easement for the purpose of hooking up to the sewer line servicing the subject property, the grant of said easement is noted on the Warranty Deed conveying the back property from Developer.

**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. 1999 filed with the Real Estate Commission on  
November 14, 1988.

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

yellow paper stock

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.



---

GLORIA DAMRON, 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

**EXHIBIT A**

**COMMON ELEMENTS**

525 North Judd Street  
Honolulu, Hawaii 96817

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

1. Said land in fee simple;
2. All yards, grounds, landscaping, and other appurtenances;
3. All driveways and parking areas;
4. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, and installations which is used by more than one apartment for services such as power, light, water, gas, refuse, telephone and radio and television signal distribution.
5. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use.

## EXHIBIT B

### LIMITED COMMON ELEMENTS

525 North Judd Street  
Honolulu, Hawaii 96817

Certain parts of the common elements, hereinafter called and designated "LIMITED COMMON ELEMENTS", are hereby set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

1. The respective entry of each apartment shall be reserved and appurtenant to each of the apartments served thereby.

2. The land immediately surrounding each of the two apartment units, together with the parking spaces designated as being appurtenant to the respective units, as shown and delineated on the Condo Map filed at the Bureau of Conveyances shall be appurtenant to and reserved for the exclusive use of such apartment. NOTE: The land area appurtenant to each lot is not a legally sub-divided lot.

3. All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments to which such common elements are rationally related.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

525 North Judd Street  
Honolulu, Hawaii 96817

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

2. Mortgage, dated August 28, 1987 recorded at the Bureau of Conveyances for the State of Hawaii in Liber 21075 at Page 722, made by Kwock Keong Gum, also known as Eddie K.K. Gum and Celina Shuet Mui Gum, husband and wife, as Mortgagors, and Standard Finance Company, Limited, a Hawaii corporation, now known as Standard Finance Corp., as Mortgagee, to secure the repayment of \$220,000.00 and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said Mortgagors therein referred to. (Also affects other property)

3. Declaration Of Horizontal Property Regime, dated November 9, 1988, recorded at the Bureau of Conveyances aforesaid on January 20, 1989 in Book 22789, Page 255.

4. Subject to that unrecorded grant of sewer easement (right) to connect up to the same sewer line serving the property here being submitted to the Horizontal Property Regime by the Declaration aforesaid in favor of that residential property abutting the rear boundary line as described in that Warranty Deed dated March 15, 1988 and recorded in the Bureau of Conveyances aforesaid in Liber 21723, Page 715.

5. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

EXHIBIT D

DISCLOSURE ABSTRACT

Date: November 10, 1988

PROJECT: 525 North Judd Street  
Honolulu, Hawaii 96817

DEVELOPER: EDDIE K.K. GUM and  
CELINA S.M. GUM

Developer's Agent:

Arthur K. Nakagawa, Esq.  
Pacific Tower, Suite 1100  
1001 Bishop Street  
Honolulu, Hawaii 96813  
Tel: 526-1511

MAINTENANCE FEES 525 North Judd Street involves the sale of a fee simple condominium development consisting of two freehold estates (two duplex units). The two units are housed in a two story duplex structure.

The duplex structure is serviced by a reinforced concrete paved driveway. The concrete paved parking area is not believed by the Developer to involve any substantial maintenance costs in the near future and the owners of the apartments are to maintain and keep their respective apartment units and common elements appurtenant to their units in good repair.

Accordingly, no provisions for maintenance costs are provided.

1. All costs and expenses of maintenance are to be borne by the respective apartment owner(s).
2. All utilities are separately metered.

WARRANTIES: The Developer will warrant the residential structure against defective work and materials for a period of one year commencing from the date of closing the sales transaction. Warranties on appliances, as applicable, will be those of the manufacturer's, which will be delivered to Buyer at the time of occupancy.

USE OF PROPERTY: The Development is for residential use only, and no commercial or other non-residential uses will be permitted.

OTHER DISCLOSURES: Celina S.M. Gum, Developer is a licensed real estate agent in the State of Hawaii.

*See map*

DATED: Honolulu, Hawaii, Nov. 10, 1988

*Eddie K.K. Gum*  
EDDIE K.K. GUM

*Celina S.M. Gum*  
CELINA S.M. GUM

Developers

STATE OF HAWAII )  
CITY AND COUNTY OF HONOLULU ) ss.

On this 10<sup>th</sup> day of November, 1988, before me personally appeared EDDIE K.K. GUM and CELINA S.M. GUM, to me known to be the persons described in and who executed the foregoing instrument, and who acknowledged that they executed the same as their free act and deed.

*Dorlene Marn*  
Notary Public, First Judicial Circuit, State of Hawaii

My commission expires: 10-10-92

*See map*

EXHIBIT E

SALES AGREEMENT SUMMARY

525 North Judd Street  
Honolulu, Hawaii 96817

1. CONDITIONS OF SALE. Buyer understands and agrees:

(a) From the time of the first publication of the Pre-Sale Notice to Owner Occupants is first published until ten (10) days after the issuance of the Final Public Report by the Real Estate Commission, all sales must be made to "owner occupants".

(b) Buyer agrees to sign an Affidavit of Intent to be such an owner occupant.

(c) It is a violation of law if a false statement is made in the Affidavit of Intent. But no false statement of intent is made if circumstances, such as serious illness of the individual making the statement or of a member of that individual's family, job or military transfer, unforeseeable change in marital status, or the birth of a child, after the execution of the affidavit causes the person making the affidavit to be unable to occupy the residential unit.

(d) Seller reserves the right to ask Buyer for other information and Buyer agrees to cooperate with Seller in providing any such information and to sign such other documents as will assure Seller that Buyer is an "owner occupant" as defined in the Horizontal Property Regime and the Horizontal Property Act.

(e) No offer for sale will be made by the Developer (and no executed sales contract will be binding) unless and until the Real Estate Commission has issued a Final Public Report, Buyer has had a chance to read it after signing a receipt acknowledging that Buyer has received a copy of such Final Public Report (or under certain circumstances where there is no receipt the Buyer may be considered to have received a copy.) The Buyer should be aware then, that signing of a sales agreement before the issuance of a Final Public Report does not assure Buyer will be able to purchase the unit reserved, at any price. A sales agreement signed before the Final Public Report is issued is only a "reservation," and can be cancelled by either Buyer or Seller at any time. If a reservation is cancelled or terminated, Buyer's money shall be refunded, less the escrow cancellation fee of twenty-five dollars (\$25.00).

(f) Seller reserves the right to amend the Declaration of Horizontal Property Regime and By-laws filed in the

Bureau of Conveyances for the State of Hawaii without Buyer's consent before the Final Public Report is issued in order to make amendments to conform to the Horizontal Property Act and the requirements of registration for the Project if such changes are minor and do not affect the value or common interest of the unit, or the purchase price, or substantially impair or reduce the obligations of Seller to pay for common expenses on unsold apartments. If the changes are material or substantial or requires physical modification of the residential structures, then Buyer will be given notice of such changes, together with a rescission and waiver of rescission form, and will be given a right to rescind the sales contract or to waive any right to rescission. In the event Buyer decides to rescind, then Buyer must sign the rescission form and return it to Seller and all of Buyer's monies will be refunded in full without interest.

2. RISK OF LOSS. Risk of loss to the apartment and other improvements shall be borne by the Seller until the date of closing or the date that Buyer occupies the apartment, whichever occurs first, and thereafter Buyer assumes the risk of loss.

3. BUYER'S FINANCING. This sale is conditioned upon Buyer obtaining adequate financing, or a commitment for such, within forty-five (45) calendar days after the 10 day period in which sales are restricted to owner occupants has expired. If Buyer fails to obtain this financing or a commitment or the application is rejected, then this sales agreement is cancelled.

Buyer may go to the financial institution of his choice. Buyer agrees to apply for a mortgage within five (5) business days after this Sales Agreement is accepted by Seller. Further, Buyer agrees to notify Seller promptly of the date of application for the mortgage and the name of the financial institution to which such application was made. Buyer shall also notify Seller promptly of actions taken by said financial institution on the application, whether such application was approved or disapproved.

4. PRORATION OF TAXES, RENTS, ASSESSMENTS, etc. All real property taxes, monthly maintenance fee, assessments and other charges of every kind and nature against the aforesaid apartment shall be borne by Seller prior to the occupancy date and/or closing date, whichever shall first occur, and thereafter Buyer shall bear all of such costs, taxes, assessments and charges in accordance with the provisions of the Declaration and By-laws aforesaid.

5. BUYER'S ACKNOWLEDGEMENT. Buyer acknowledges and agrees that:

(a) Buyer has examined the Declaration of Horizontal Property Regime, By-laws of the Association of Apartment Owners of the Project, the Escrow Agreement and the plans for the Project, all of which have been filed at the Office of the Real Estate Commission for the State of Hawaii. Buyer approves of the foregoing and agrees to be bound by the terms, covenants, and restrictions contained therein.

(b) Neither Seller nor any of Seller's representatives has made any representation or reference as to rental of the apartment, income from the apartment or any other economic factor or benefit to be derived from the rental of the apartment, including but not limited to, any reference or representation to the effect that Seller will provide, directly or indirectly, any services to Buyer relating to the rental or sale of the apartment. It is understood and agreed by Buyer that rental or other disposition of the apartment, if any, and the providing of management services in connection therewith is and shall be the sole responsibility of the Buyer.

Seller reserves the right, as a requirement for closing, to require Buyer, the sales person and anyone else who may have been connected with this offer to sell and the sale of the apartment to buyer to sign additional documents to assure Seller that no violation of the securities laws have occurred.

6. ASSIGNMENT. Buyer shall not assign or convey in any manner this Sales Agreement or any of Buyer's rights therein, whether in whole or in part, without the prior written consent of the Seller. Consent shall be given or withheld in the sole discretion of Seller and may be arbitrarily withheld.

7. SELLER'S WARRANTIES. Seller warrants the materials and workmanship of the Apartments against defects for a period of one year commencing from the closing date of this transaction. Defects shall mean those items reasonably requiring repair or restoration or renovation or replacement of the components constituting the apartment, reasonable wear and tear excepted.

Warranties on appliances and other manufactured items, if any, shall be manufacturer's warranties which would normally be expected to be issued by the various manufacturers. All applicable warranties will be left with Buyer at the time of occupancy.

8. SELLER'S CANCELLATION. Seller has the right to cancel this Sales Agreement if Buyer's loan application for a mortgage is not approved by the financial institution within the 45 days period described above or if Buyer informs Seller

that Buyer will not be an "owner occupant" or that Buyer wish to cancel because of hardship.

9. SELLER'S LENDERS. Seller has given or may give to one or more lenders, a mortgage(s), security agreement(s) and other instruments to secure repayment of loan(s) covering Seller's interests in the development (including the individual apartments). All of these lenders will have priority over Buyer's rights and interest under this Sales Agreement. Buyer agrees to subordinate their interests and rights under this Sales Agreement to Seller's lenders until the date of closing and delivery of signed instruments conveying the apartment to Buyer.

Any apartment deed conveying the property to Buyer will, however, convey the apartment free and clear of any encumbrance(s) free and clear from Seller's lenders or a release of Buyer's apartment from such encumbrance(s) will be executed by Seller's lenders and recorded in the Bureau of Conveyances.

EXHIBIT F

ESCROW AGREEMENT SUMMARY

525 North Judd Street  
Honolulu, Hawaii 96817

The following is a summary of the Escrow Agreement entered into by the Developer ("Seller") and Security Title Corporation ("Escrow") whose business address is Pacific Tower, 12th Floor, 1001 Bishop Street, Honolulu, Hawaii 96813. The buyer is urged to review the Escrow Agreement itself which is on file with the Real Estate Commission for the State of Hawaii.

1. The Seller shall deposit all funds received from a buyer promptly upon its receipt from buyer together with a copy of the sales contract.

2. Escrow shall deposit all funds received from the Seller into a special, interest bearing account within a reasonable time after the monies have been received. All interests from these funds shall be credited to the Seller.

3. If Seller shall give written notice to Escrow that payments from a buyer(s) are due under a sales contract, Escrow shall give written notice to each buyer under such a sales contract that payments are to be made to Escrow.

4. Upon prior approval of Seller's mortgagee, disbursements from escrow funds (including Buyer's funds) shall be made by Escrow to pay for (a) construction costs in proportion to the valuation of the work completed by the contractor on the residential unit(s) constructed on the land, as certified by a registered architect or professional engineer, and (b) architectural, engineering, finance and legal fees and other incidental expenses upon submission of bills for disbursements to the extent approved by Seller's mortgagee. The balance of the monies remaining in Escrow shall be disbursed in accordance with the discretion of Seller only upon completion of the units and only upon Escrow receiving satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover claims, if liens have been filed. No disbursements shall be made by Escrow otherwise unless forty-six (46) days after a copy of the Affidavit of Publication of a Notice of Completion has been given to Escrow.

5. If at any time Seller shall certify in writing to Escrow that a buyer, whose funds are being held hereunder by Escrow, has defaulted under the terms of his sales contract and that Developer (Seller) has terminated said sales contract pursuant to the terms thereof, Escrow shall notify said buyer by registered mail of such default and shall thereafter treat all

funds of such buyer paid under such contract less a twenty-five dollar (\$25.00) cancellation fee, as the escrowed funds of Seller and not of the buyer.

6. Escrow shall release and disburse to Seller from time to time, funds other than buyer's funds in the same manner as provided for buyer's funds except that the conditions precedent under which buyer's funds are to be disbursed need not be followed.

7. Escrow shall arrange and supervise the signing of all documents relating to the development which are to be signed after the sales contract, including the applicable conveyance documents.

8. Escrow is a "money holder" only and is:

(a) Not responsible for the validity and sufficiency of any sales contract received by it and may assume that all sales contracts and other documents have been signed by the persons whose signatures purport to be thereon;

(b) Under no obligation or liability for failure to inform the buyer or seller regarding any sale, loan, exchange or other transaction or facts within Escrow's knowledge, even though said facts concern the subject property provided such facts do not prevent Escrow from complying with these instructions;

(c) Not required to settle or determine any dispute or controversy or any differences between Seller and a third party (including buyer) or take any action in the event of any such dispute, controversy or differences. Instead, Escrow may:

(i) Wait for settlement of the controversy by final legal proceedings or otherwise as Escrow may require; or

(ii) Escrow may file a suit in interpleader in the Circuit Court of the First Circuit of Hawaii for the purpose of having the rights of the parties adjudicated and may deposit all of the monies in dispute or controversy with the Circuit Court after giving personal notice to the parties or otherwise as the Court may order. In this event, Escrow shall be fully released and discharged from all further obligations hereunder with respect to the monies so deposited.

9. Escrow shall be entitled to escrow fees for its services under this Escrow Agreement, in accordance with its schedule of fees, for each sales contract which it has received. Escrow shall be entitled to a cancellation fee of TWENTY-FIVE DOLLARS (\$25.00) for any such sales contract which is cancelled,

10. Buyer and Seller agree, jointly and severally, to pay to Escrow on demand and to indemnify and hold Escrow harmless from and against all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with or arising out of this escrow, including but not limited to all costs and expenses incurred for interpretation of these instructions, or with respect to any interpleader proceeding; and further, Buyer and Seller agree that any sums which may be payable to Escrow may be deducted from the monies held hereunder before any payment thereof.

DEPARTMENT OF LAND UTILIZATION  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET  
HONOLULU, HAWAII 96813 • (808) 523-4432

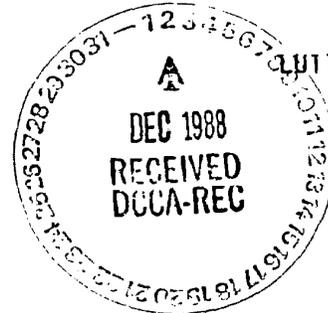
FRANK F. FASI  
MAYOR



JOHN P. WHALEN  
DIRECTOR

BENJAMIN B. LEE  
DEPUTY DIRECTOR  
11/88-7919(CW)

November 30, 1988



Mr. Calvin Kimura  
Real Estate Commission  
Department of Commerce & Consumer Affairs  
P.O. Box 3469  
Honolulu, Hawaii 96801

Dear Mr. Kimura:

Draft Public Report for 525 North Judd Street  
Reg. No. 1999, TMK 1-7-38: 28

We have reviewed the draft public report for this project and have the following comments:

The report does not disclose that Unit B is an ohana dwelling unit and is a nonconforming structure because it exceeds the current 700 square foot size limit for an ohana dwelling in the R-5 zoning district. Accordingly, Unit B is subject to the provisions of Section 3.120.B. of the Land Use Ordinance restricting expansion and reconstruction. Additional information should be provided on page 11 Permitted Alterations to Apartments; page 13, 10b Conforming/Nonconforming Uses, Structures, Lot; and by addition of the standard disclosure language for nonconforming ohana units.

Thank you for the opportunity to review and comment on this matter.

Very truly yours,

Handwritten signature of John P. Whalen in cursive.

JOHN P. WHALEN  
Director of Land Utilization

JPW:ap  
0914L

**EXHIBIT G**