



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 1010 Richards Street - P. O. Box 3468
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

2582 D & E PACIFIC HEIGHTS ROAD
 HONOLULU, HAWAII

Registration No. 2055 (Partial Conversion)

Issued: September 18, 1989

Expires: October 18, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 21, 1989, 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: 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.
(yellow)

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

- No prior reports have been issued
- Supersedes all prior public reports
- Must be read together with _____

SUPPLEMENTARY: Updates information contained in the
(pink)

- Prelim. Public Report dated _____
- Final Public Report dated May 19, 1989
- 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.

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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>(approx)</u>	<u>Lanai/Patio (sf)</u>	<u>(approx)</u>
2582 D	1	4/2½	2,304		270	
2582 E	1	3/2	1,320		295	
_____	_____	_____	_____		_____	
_____	_____	_____	_____		_____	
_____	_____	_____	_____		_____	
_____	_____	_____	_____		_____	

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>6</u>
Guest Stalls	<u>None</u>
Unassigned Stalls	<u>None</u>
Extra Stalls Available for Purchase	<u>None</u>
Other: _____	<u>None</u>
Total Parking Stalls	<u>6</u>

7. Recreational amenities: None

L PEOPLE CONNECTED WITH THE PROJECT

Developer: ROBERT HENRY SMITH Phone: [REDACTED]
Name (Business)
P. O. Box 22490
Business Address
Honolulu, Hawaii 96822

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

Real Estate Sales Agent: MARIANNE ABRIGO PROPERTIES (Broker)
ROBERT HENRY SMITH (Real Estate Agent) Phone: (808) 637-3511
Name (Business)
P. O. Box 867
Business Address
Haleiwa, Hawaii 96712

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: 521-0211
Name (Business)
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813

Managing Agent: None - Project to be self-managed Phone: _____
Name (Business)

Business Address

Attorney for Developer: CADES SCHUTTE FLEMING & WRIGHT
Mark A. Hazlett & Rene E. Ojiri
Name
1000 Bishop Street
Business Address
Honolulu, Hawaii 96183

**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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Condominium 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 23071 Page 001
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

First Amendment to Declaration of Condominium Property Regime dated July 12, 1989, recorded in the Bureau of Conveyances of the State of Hawaii in Book 23401, Page 590.

- 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. 1201
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

None

- 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 23071 Page 21
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

None

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.

- 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 common interest which 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>100%</u>
Bylaws	65%	<u>100%</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" attached hereto and made a part hereof.

Underlying Land:

Address: 2582 D Pacific Heights Road Tax Map Key: (1) 2-2-23:69
Honolulu, Hawaii 96813 (TMK)

Address TMK is expected to change because _____

Land Area: 11,505 square feet acre(s) Zoning: R-5

Fee Owner: Robert Henry Smith
Name

P. O. Box 22490
Address

Honolulu, Hawaii 96822

Sublessor: N/A
Name

Address

C Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Buildings: 2 Floors Per Building 2582 D - 2 Floors
2582 E - 1 Floor

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: Apartments may be used for residential purposes only.

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>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sqft) (approx)</u>	<u>Lanai/Patio (sqft) (approx)</u>
<u>2582 D</u>	<u>1</u>	<u>4/2½</u>	<u>2,304</u>	<u>270</u>
<u>2582 E</u>	<u>1</u>	<u>3/2</u>	<u>1,320</u>	<u>295</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 the floor area may have been used.

Boundaries of Each Apartment:

Each apartment shall be deemed to include the entire building (exterior and interior) comprising the apartment, including without limitation, all perimeter walls, floors, foundations and roofs of such building; and all pipes, wires, conduits or other utility or service lines in such building, or outside such building, if the same are not utilized for or serve more than one apartment.

Permitted Alterations to Apartments:

No material alterations to the exterior of the apartment are permitted without the prior approval of the project's Board of Directors. In addition, certain provisions of the Condominium Statutes (Chapter 514A, HRS), prohibit certain types of material changes without the consent of the apartment owners.

7. Parking Stalls:

Total Parking Stalls: 6

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>4</u>	<u>2</u>	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____	_____	_____
Covered & Open	<u>6</u>		_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least 3 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 _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

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

Other: _____

9. Present Condition of Improvements

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

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

See the letter attached hereto as Exhibit "B" and made a part hereof. No representations are made by the Developer regarding the condition and expected useful life of structural components or mechanical or electrical installations of the project.

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

See the letter attached here to as Exhibit "C" and made a part hereof.

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 (SEE EXHIBIT "K")

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	X		
Structures		X	
Lot	X		

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

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

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

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

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

Exhibit D describes the common elements.

As follows:

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 E

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, except for the allocation of the cost of the fire insurance policy covering each apartment in*

Exhibit _____ describes the common interests for each apartment.

As follows: Each apartment shall have a 50% common interest.

*the project. With respect to the fire insurance policy covering the apartments in the project, Section 8.6 of the Bylaws of the Association of Apartment Owners provides: that the cost of such fire insurance policy shall be allocated among and paid by the owners of apartments in the following manner: The Board of Directors shall determine what the cost of the fire insurance policy would be for each owner had only that owner's apartment been covered by the fire insurance policy. The actual cost to the Association of Apartment Owners of the fire insurance policy shall then be allocated among and paid by the owners of the apartments in the proportion that the cost would have been to each owner had that owner's apartment been covered by the fire insurance policy.

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

Exhibit F describes the encumbrances against the title contained in the title report dated April 13, 1989 and issued by Title Guaranty of Hawaii, Inc., dated June 20, 1989 and issued by Title Guaranty of Hawaii, Inc., dated June 26, 1989 and issued by Title Guaranty of Hawaii, Inc. and dated July 21, 1989 and issued by Title Guaranty of Hawaii, Inc.

Blanket Lien:

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.

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>
The developer has obtained two loans and may, in the future, refinance those loans. The existing loans are secured by mortgage liens. The refinancing loan will be secured by one or more mortgage liens.	The buyer's sales contract will be subordinate to such mortgage liens and buyer's sales contract may be terminated if the developer defaults.

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.

self-managed by the Association of Apartment Owners.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be fined and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

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

H. Utility Charges for Apartments:

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

- | | |
|--|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |
| <input checked="" type="checkbox"/> Not applicable | |

I. Construction Warranties:

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

1. Building and Other Improvements:

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

2. Appliances:

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

J. Status of Construction and Estimated Completion Date:

Original construction of Apartment 2582 E completed approximately in 1953. The renovation of Apartment 2582 E and the construction of Apartment 2582 D completed in March 1989.

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: N/A

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated April 18, 1989

Exhibit J contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

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

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 contract 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 Condominium 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.

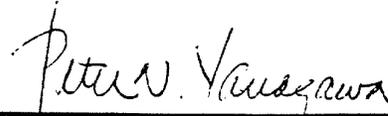
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 2055 filed with the Real Estate Commission on
April 19, 1989.

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.



PETER YANAGAWA, 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

DESCRIPTION OF RIGHTS RESERVED
BY DEVELOPER TO CHANGE PROJECT DOCUMENTS

At any time prior to the first recording of a conveyance or transfer (other than for security) of an apartment and its appurtenances to a party other than the Developer, the Developer shall have the right to to amend the Declaration, the bylaws and the Condominium Map in any manner, without the consent or joinder of any apartment purchaser or any other party.



ENDRE TOTTH, P.E.
STRUCTURAL ENGINEER
3737 Stearns Drive
HONOLULU, HAWAII 96816

STRUCTURAL DESIGN, CONSTRUCTION, MARKETING

(808) 734-7119

October 15, 1988.

Mr. Robert H. Smith
P.O. Box 22490
Honolulu, Hi. 96822

Dear Mr. Smith:

As per your instructions a visual inspection was made of the property located at:

2582/D&E Pacific Hights Road, Honolulu, Hawaii.

The purpose of the inspection was to examine and comment on the present state of the two existing buildings.

The following describes my assessment of the present condition of the buildings:

1. The structures appear in excellent condition. They are habitable and appear to be free from structural defects.
2. The electrical system and plumbing system appear to be functioning properly and seem to be in good condition.

Conclusion:

The buildings at present are in good condition with no major structural defects and with proper maintenance should have an estimated remaining life of at least 30 years.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Endre Toth', is written over a horizontal line.

Endre Toth, P.E.
Registered Professional
Structural Engineer
Hawaii Registration No. 2423-S

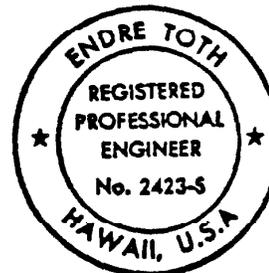


EXHIBIT "B"

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

FRANK F. FASI
MAYOR



HERBERT K. MURAOKA
DIRECTOR AND BUILDING SUPERINTENDENT

Ex88-123

September 28, 1988

Mr. Robert H. Smith
P. O. Box 22490
Honolulu, Hawaii 96822

Dear Mr. Smith:

Subject: Horizontal Property Regime
2582 D & E Pacific Heights Road
Tax Map Key: 2-2-023: 069

This is in response to your letter dated September 5, 1988, requesting confirmation that the two single-family dwellings located at 2582 D & E Pacific Heights Road met all applicable code requirements at the time of construction.

Investigation revealed a two-story single-family dwelling with new bedroom addition (building permit No. 252839) and two off-street parking spaces met code requirements when it was constructed.

A second two-story single-family dwelling is being constructed at the rear of property with building permit No. 250450 and a two-car carport is being constructed with building permit No. 257050.

No variances or special permits were granted to allow deviations from any applicable codes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at 527-6341.

Very truly yours,

LS

A handwritten signature in cursive script, appearing to read "Herbert K. Muraoka".

HERBERT K. MURAOKA
Director and Building Superintendent

Subscribed and sworn to
before me this 28th day of
September, 1988.

A handwritten signature in cursive script, appearing to read "Stephen M. A. Chiu".
Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: 3/21/89

EXHIBIT "C"

EXHIBIT D

DESCRIPTION OF COMMON ELEMENTS

The common elements of the project include the limited common elements described in Exhibit E, and all other portions of the project, other than the apartments, including, but not limited to:

a. All of the land (the "Land") submitted to the Condominium Property Regime, in fee simple;

b. All pipes, wires, conduits, or other utility or service lines, electrical meters, and drainage ditches or appurtenant drainage structures, which are located outside the buildings and which are utilized for or serve more than one apartment.

c. The retaining wall situated between Lot 1 (described in Exhibit "E-1" attached to this Public Report) and Lot 2 (described in Exhibit "E-2" attached to this Public Report) which wall is utilized for both Apartments 2582 D and 2582 E and serves as a boundary between Lots 1 and 2.

d. The rock wall situated in back of the carport between Lots 1 and 2 which wall is utilized for both Apartments 2582 D and 2582 E and serves as a boundary between Lots 1 and 2.

EXHIBIT E

DESCRIPTION OF LIMITED COMMON ELEMENTS

The limited common elements of the project consist only of the following:

(a) The carport shown on Sheets 1 and 2 of the Condominium Map containing parking spaces no. 3 and 4 shall be appurtenant to and for the exclusive use of Apartment 2582 D.

(b) The uncovered parking space no. 5 designated on Sheet 2 of the Condominium Map shall be appurtenant to and for the exclusive use of Apartment 2582 D.

(c) The uncovered parking space no. 6 designated on Sheet 2 of the Condominium Map shall be appurtenant to and for the exclusive use of Apartment 2582 E.

(d) The portion of the Land which is described in Exhibit "E-1" attached hereto ("Lot 1") is reserved for the exclusive use of Apartment 2582 D for the support of the building and other improvements comprising Apartment 2582 D and for yard purposes.

(e) The portion of the Land which is described in Exhibit "E-2" attached hereto ("Lot 2") is reserved for the exclusive use of Apartment 2582 E for the support of the building and other improvements comprising Apartment 2582 E and for yard purposes.

(f) All retaining walls or rock walls or portions thereof and the concrete stairway from the carport to Apartment 2582 D, situated on Lot 1, which are utilized by and serve only Apartment 2582 D, shall be appurtenant to and for the exclusive use of Apartment 2582 D.

(g) All retaining walls or rock walls or portions thereof, situated on Lot 2, which are utilized by and serve only Apartment 2582 E, shall be appurtenant to and for the exclusive use of Apartment 2582 E.

(h) If any part of the common elements now or hereafter encroaches upon any apartment or if any apartment now or hereafter encroaches upon any other apartment or upon

4541n

any of the common elements, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist.

The limited common elements do not include the common elements identified in paragraph b of Exhibit "D".

LOT 1

LAND SITUATED AT PACIFIC HEIGHTS,
KEWALO, PAUOA, HONOLULU, OAHU, HAWAII

Being a portion of Royal Patent 302,
Land Commission Award 273, to J. Booth

Beginning at the Southwest corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "ROSEBANK" being 1815.71 feet South and 368.47 feet West and running by azimuths measured clockwise from true South:

1. 153° 58' 15.24 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
2. 68° 56' 19.00 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
3. 160° 20' 28.77 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
4. 72° 52' 23.79 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
5. 158° 26' 30" 8.44 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
6. 84° 32' 20.51 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
7. 67° 19' 45.14 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
8. 166° 06' 19.90 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
9. 247° 41' 54.41 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
10. 157° 41' 18.02 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;

11. 247° 41' 60.50 feet along remainder of R. P. 302,
L. C. Aw. 273 to J. Booth;
12. 337° 41' 64.96 feet along remainder of R. P. 302,
L. C. Aw. 273 to J. Booth;
13. 247° 41' 34.82 feet along remainder of R. P. 302,
L. C. Aw. 273 to J. Booth;
14. 346° 30' 31.16 feet along remainder of R. P. 302,
L. C. Aw. 273 to J. Booth;
15. 63° 58' 40.98 feet along remainder of R. P. 302,
L. C. Aw. 273 to J. Booth to the
point of beginning and containing
an area of 6341 Square Feet.

Subject, however, to portions of the following existing
easements:

- Easement (16.00 feet wide) for right-of-way purposes; and
- Easement (10.00 feet wide) for sewer purposes.

END OF EXHIBIT E-1

LOT 2

LAND SITUATED AT PACIFIC HEIGHTS,
KEWALO, PAUOA, HONOLULU, OAHU, HAWAII

Being a portion of Royal Patent 302,
Land Commission Award 273, to J. Booth

Beginning at the Southeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "ROSEBANK" being 1815.71 feet South and 368.47 feet West and running by azimuths measured clockwise from true South:

- | | | |
|-----|--------------|---|
| 1. | 63° 58' | 3.62 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 2. | 68° 56' | 74.30 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 3. | 85° 47' | 38.00 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 4. | 166° 06' | 47.93 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 5. | 247° 19' | 45.14 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 6. | 264° 32' | 20.51 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 7. | 338° 26' 30" | 8.44 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 8. | 252° 52' | 23.79 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 9. | 340° 20' | 28.77 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |
| 10. | 248° 56' | 19.00 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth; |

11. 333° 58'

15.24 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth to the
point of beginning and containing
an area of 5164 Square Feet.

Subject, however, to portions of the following existing
easements:

Easement (16.00 feet wide) for right-of-way purposes; and

Easement (10.00 feet wide) for sewer purposes.

END OF EXHIBIT E-2

ENCUMBRANCES AGAINST TITLE

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

2. -AS TO LOT 3 AND 16 FOOT RIGHT OF WAY:-

Reservations contained in Deed dated February 24, 1951, recorded in Liber 2432 at Page 457, to-wit:

Reserving therefrom, however, one half of a 16.00 foot right-of-way, over, across, along and upon the following described piece of land:

Being a strip of land 8.00 feet wide extending 8.00 feet northerly of the following described lines:

Beginning at the east end of these lines, said point of being also the end of Course Eight (8) of the above described lot and running by true azimuth measured clockwise from south:

- | | | | | |
|----|-----|-----|-------|-------|
| 1. | 63° | 58' | 44.60 | feet; |
| 2. | 68° | 56' | 74.30 | feet; |
| 3. | 85° | 47' | 38.00 | feet; |

a perpetual right of way of the same nature and extent as that hereinabove described in Paragraph Second hereof shall and does exist in favor of the owners of Lots A, B, E, F, G, H, I, J, K, L and M and Lots 115 and 116 as shown on said File Plan 190 and the lot known as the Norton Homestead hereinabove referred to, as well as in favor of and in common with the owners of the above described lot hereby conveyed, for themselves and for and in favor of the heirs and assigns, agents, servants, lessees, tenants and occupants of and under each and all of said owners and in favor of all persons having dealings either of business or of pleasure with each and all of said owners and/or those or any thereof there lawfully under them.

Also reserving therefrom, however, in favor of the Grantors, their heirs and assigns, an easement for sanitary sewer purposes, over, across, along, under, and upon the following described piece of land:

Being a strip of land 4.00 feet wide extending 4.00 feet westerly of the following described line:

Beginning at the northerly end of this line, said point marking also the end of Course Six (6) of the above described piece of land and running by true azimuths measured clockwise from true South:

1. 346° 30' 22.96 feet;

3. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN TELEPHONE COMPANY, now known as GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : January 17, 1957

RECORDED : Liber 3306 Page 233

GRANTING : a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground power lines, etc., for the transmission of electricity, over, across, through and under the premises described herein

4. Easement for sanitary sewer purposes in favor of the City and County of Honolulu acquired by Final Order of Condemnation filed September 4, 1969 with Civil No. 5525, in the First Circuit, State of Hawaii, and also recorded in Liber 6673 at Page 178, over and across Parcel 36, being more particularly described in Exhibit "1", attached.

5. MORTGAGE

MORTGAGOR : ROBERT H. SMITH, a single man

MORTGAGEE : COUNTRYWIDE FUNDING CORPORATION, which is organized and existing under the laws of New York

DATED : February 5, 1987

RECORDED : Liber 20455 Page 276

AMOUNT : \$276,000.00

6. MORTGAGE

MORTGAGOR : ROBERT HENRY SMITH, unmarried

MORTGAGEE : GECC FINANCIAL CORPORATION, a Hawaii corporation

DATED : June 16, 1989

RECORDED : Liber 23313, Page 524

AMOUNT : \$275,000.00

7. Covenants and agreements contained in AFFIDAVIT dated December 28, 1987, recorded in Liber 21503 at Page 522, by R. H. SMITH, to-wit:

"(1) that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal;

(2) that this covenant and agreement shall be binding upon ourselves, or any tenant or lessee of the building for as long as the building is in use or unless otherwise released by authority of the Director and Building Superintendent, City and County of Honolulu; and

(3) that, in the event title of the premises upon which the building is located is transferred, we shall require the new buyer to file a similar affidavit with the Bureau of Conveyances and/or the Office of the Assistant Registrar of the Land Court of the State of Hawaii."

8. AS TO LOT 3:

(a) Encroachment of a rockwall and planters onto the 16 feet right-of-way, as shown on map dated September 28, 1988, by Harry K. Matsuo.

(b) 10-foot wide front yard set back as shown on map dated September 28, 1988, by Harry K. Matsuo.

Being a portion of Lot 119 of the Pacific Heights Tract (File Plan 190), being also a portion of R. P. 302, L. C. Av. 273, Part 1 to Joseph Booth, situate at Pacific Heights, Honolulu, Oahu, State of Hawaii.

Beginning at the Southeast corner of this parcel of land, on the boundary of Lots 119 and 121 of the Pacific Heights Tract (File Plan Number 190) the coordinates of said point of beginning referred to Government Survey Triangulation Station "ROSEBANK" being 1,756.44 feet South and 359.67 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|-----|----------|-------|--|
| 1. | 63° 58' | 44.60 | feet along remainder of Lot 119 of the Pacific Heights Tract (File Plan Number 190); |
| 2. | 68° 56' | 74.30 | feet along same; |
| 3. | 85° 47' | 38.00 | feet along remainders of Lots 119 and 117-A of the Pacific Heights Tract (File Plan 190); |
| 4. | 166° 06' | 67.83 | feet along remainder of Lot 117-A of the Pacific Heights Tract (File Plan 190); |
| 5. | 247° 41' | 10.11 | feet along remainders of Lots 117-A and 119 of the Pacific Heights Tract (File Plan 190); |
| 6. | 346° 06' | 62.90 | feet along remainders of Lots 119 and 117-A of the Pacific Heights Tract (File Plan 190); |
| 7. | 265° 47' | 28.05 | feet along remainders of Lots 117-A and 119 of the Pacific Heights Tract (File Plan 190); |
| 8. | 248° 56' | 72.77 | feet along remainder of Lot 119 of the Pacific Heights Tract (File Plan 190); |
| 9. | 243° 58' | 46.03 | feet along same; |
| 10. | 346° 30' | 8.20 | feet along Lot 121 of the Pacific Heights Tract (File Plan 190) to the point of beginning and containing an area of 1,868 square feet. |

EXHIBIT "1"

EXHIBIT "G"

2582 D & E PACIFIC HEIGHTS ROAD

ESTIMATED ANNUAL MAINTENANCE FEES FOR THE PROJECT

Fire Insurance	\$940.00
Fidelity Bond	200.00
Total Estimated Annual Maintenance Budget	\$1140.00

Estimated Monthly Maintenance Fee For Each Apartment

<u>Apartment No.</u>	<u>Percentage Interest in Common Elements</u>	<u>Monthly Maintenance Fee Per Apartment</u>
2582 D	50%	\$50.00*
2582 E	50%	\$45.00*

The Developer hereby certifies that the foregoing estimated Annual and Monthly Maintenance Fee schedules have been based on generally accepted accounting principles.


ROBERT HENRY SMITH

Dated: April 14, 1989

- * Except for the allocation of the cost of the Fire Insurance Policy covering each Apartment in the Project, the estimated monthly maintenance fee for each Apartment is based on the percentage of undivided interest in the common elements appurtenant to each Apartment. With respect to the Fire Insurance Policy covering the Apartments in the Project, Section 8.6 of the Bylaws of the Association of Apartment Owners provides that the cost of such Fire Insurance Policy shall be allocated among and paid by the Owners in the following manner: The Board of Directors shall determine what the cost of the Fire Insurance Policy would have been for each Owner had only that Owner's Apartment been covered by the Fire Insurance Policy. The actual cost to the Association of Apartment Owners of the Fire Insurance Policy shall then be allocated among and paid by the Owners of the Apartments in the proportion that the cost would have been to each Owner had only that Owner's Apartment been covered by the Fire Insurance Policy.

EXHIBIT HDESCRIPTION OF WARRANTIES
FOR THE APARTMENTS AND APPLIANCES

A specimen Deposit Receipt and Sales Contract (the "Sales Contract") which has been submitted to the Real Estate Commission provides, among other matters, the following:

12. Transfer of Warranties for Appliances. The Seller will transfer to the Buyer any available manufacturer's or dealer's warranties covering the appliances in the Apartment. Such transfer of warranties is referred to as "Transfer of Warranties".
13. Apartment Being Sold "As Is". EXCEPT FOR THE TRANSFER OF WARRANTIES, THE APARTMENT AND THE PROJECT ARE BEING SOLD IN "AS IS" CONDITION. THIS MEANS THAT THE SELLER SHALL NOT CORRECT ANY DEFECTS IN THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN. THE EXISTENCE OF ANY DEFECT IN THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN SHALL NOT EXCUSE THE BUYER'S OBLIGATION TO PERFORM ALL OF BUYER'S OBLIGATIONS UNDER THIS CONTRACT.
14. Seller's Disclaimer of Warranties. THE BUYER UNDERSTANDS AND AGREES THAT, EXCEPT FOR THE TRANSFER OF WARRANTIES, THE SELLER IS DISCLAIMING ANY WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN. EXCEPT FOR THE TRANSFER OF WARRANTIES, THE APARTMENT WILL BE DEEMED TO BE SOLD "AS IS", AND THE SELLER WILL NOT BE LIABLE TO THE BUYER FOR ANY CONSTRUCTION OR OTHER DEFECTS, INCLUDING ANY LATENT OR HIDDEN DEFECTS IN THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN. THIS MEANS THAT THE BUYER WILL NOT HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST THE SELLER FOR ANY DEFECTS LATER DISCOVERED BY THE BUYER.

EXHIBIT ISUMMARY OF PERTINENT SALES CONTRACT PROVISIONS

A specimen Deposit Receipt and Sales Contract (the "Sales Contract") has been submitted to the Real Estate Commission and is also available from the Developer. All purchasers and prospective purchasers should carefully review the Sales Contract in its entirety, since this summary is not a complete description of its provisions. The Sales Contract, among other things, covers in more detail the following items:

1. If the purchaser intends to obtain a loan to pay for a portion of the purchase price, then the purchaser will be required to submit within thirty (30) days after the date of acceptance of the Sales Contract by the Developer, a written loan approval for the purchaser's loan from the purchaser's lender. If the purchaser should fail to obtain such loan approval, then the Developer may cancel the Sales Contract or extend the date for obtaining the loan approval. If the Sales Contract is cancelled, then the purchaser's deposit will be refunded to the purchaser without any interest, and less any cancellation fees imposed by Escrow and any actual expenses incurred by the Developer or Escrow. It is the purchaser's responsibility to be sure that the purchaser's lender funds the loan on the scheduled closing date. If the purchaser's lender does not fund on the scheduled closing date, then the Developer may cancel the Sales Contract and keep all deposits made by the purchaser under the Sales Contract.

2. If the purchaser should fail to close the purchase of the apartment by the scheduled closing date or otherwise defaults under the Sales Contract, then the Developer will be entitled to exercise various default remedies, including suing the purchaser for specific performance or cancelling the Sales Contract and keeping all of the purchaser's deposits. If the Developer should fail to fulfill any of its obligations under the Sales Contract, then the purchaser will be entitled to cancel the Sales Contract and receive a refund of all of the purchaser's deposits, plus interest from the dated deposited with the Seller at the rate of twelve percent (12%) per annum. This is the purchaser's sole remedy in the event of the Developer's default or breach of the Sales Contract.

3. The Sales Contract requires the purchaser to pay various closing costs, such as title insurance premiums, one-half of the escrow fees and purchaser's notary fees, prorated real property taxes and maintenance fees, and all costs required in connection with any loan obtained by the Buyer.

4. Except for the transfer by the Developer to the Buyer of any available manufacturer's or dealers warranties covering the appliances in the apartments, the Developer makes no warranties, express or implied, with respect to the purchaser's apartment, the project or any furnishings, appliances or other things installed or contained in the apartment or the project, including but not limited to warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose.

5. The Developer has obtained two loans to acquire the land upon which the project is situated. These loan are secured by two mortgages upon the project. The Developer may, in the future, refinance such loans with a new loan secured by a mortgage. The purchaser's interest in the apartment and under the Sales Contract shall be subordinate in all respects to these mortgage liens. At the time of closing, the purchaser's apartment will be conveyed to purchaser free and clear of these mortgage liens.

6. The Developer shall have the right to change the Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners, Condominium Map and other documents pertaining to the project without the consent of the purchaser or any other person.

7. The purchaser may not assign the Sales Contract without the Developer's prior written consent.

8. All apartments in the project may be used only for residential purposes, except that the Developer shall have the right to use apartments in the project for sales purposes (such as a sales office, model unit, etc.). The Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the project, other than apartments owned by the Developer. The Developer has authorized no agents, salespersons or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal and state tax laws, to be derived from the purchase of an apartment in the

project. No such representations or warranties have been made by the Developer and the Developer expressly disclaims any representation from any source as to the possible economic benefit arising from ownership of an apartment in the project.

ALL PURCHASERS SHOULD READ THE SALES CONTRACT IN ITS ENTIRETY, AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT GIVE A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER.

EXHIBIT JSUMMARY OF PERTINENT ESCROW AGREEMENT PROVISIONS

Copies of the Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc. ("Escrow") have been submitted to the Real Estate Commission and are available for inspection in the sales office of the Developer. All purchasers and prospective purchasers should carefully read the Escrow Agreement in its entirety, since this summary is not a complete description of its provisions. The Escrow Agreement, among other things, covers in more detail the following items:

1. The Developer will turn over the purchaser's initial deposits to Escrow. All other payments to be made by the purchaser under the Sales Contracts are to be made to Escrow.
2. Except as otherwise stated in the Sales Contract, the Developer will get all of the interest paid on the purchaser's funds.
3. a. The Sales Contract explains when purchasers may obtain refunds of their deposits. Escrow will make these refunds only if the Developer instructs Escrow to make such refunds. No refund is to be made at a purchaser's request unless Escrow receives written approval from the Developer. The refunds will be made without interest unless the Sales Contract states differently. If permitted under the Sales Contract, Escrow will deduct its cancellation fees from the refunds.
b. The Developer will notify Escrow if a purchaser has defaulted under the purchaser's Sales Contract. Escrow will then notify the purchaser of the purchaser's default, and Escrow will treat all of the purchaser's funds in escrow as belonging to the Developer and not to the purchaser.
4. Escrow's fee per sale will be based upon Escrow's schedule rate, less 20%, plus applicable general excise tax.
5. If escrow is cancelled, Escrow's cancellation fee will be \$25.00.
6. Escrow will not be liable to anyone so long as Escrow acts in accordance with the terms of the Escrow

Agreement, even if someone attempts to give Escrow instructions which are different from the terms of the Escrow Agreement.

7. Except as otherwise provided in the Escrow Agreement, Escrow is not obligated to choose sides or do anything if the Developer and a purchaser should have a dispute. Escrow can wait until the dispute is resolved or file an "interpleader" action to have the dispute resolved by the courts. In that case, Escrow will deposit into court any money involved in the dispute, and Escrow will not have any further liability to the parties.

ALL PURCHASERS SHOULD READ THE ESCROW AGREEMENT IN ITS ENTIRETY, AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

EXHIBIT K

ADDITIONAL INFORMATION

1. Paragraph 6 of the Project's Declaration governs each apartment owner's obligation to maintain the limited common elements appurtenant to the owner's apartment:

"Each apartment owner, at his expense, shall maintain the limited common elements appurtenant to his apartment in good order and repair and in a neat and attractive condition. All limited common elements costs and expenses shall be borne by the apartment owners in the following equitable manner: all limited common elements costs and expenses, including, but not limited to, maintenance, landscaping, repair, replacement, additions and improvements of or to the limited common elements, shall be borne by and charged to the owner of the apartment to which the limited common element is appurtenant."

2. Paragraph 8(c) of the Project's Declaration gives Apartment 2582 E the following easement and requires the owner of Apartment 2582 D to maintain such easement:

"(c) Apartment 2582 E shall have appurtenant thereto a nonexclusive easement for ingress and egress, in common with Apartment 2582 D, over the Easement shown on sheet 1 of the Condominium Map and described in Exhibit "D" attached hereto and made a part hereof; such Easement being a portion of the limited common elements appurtenant to Apartment 2582 D. The owner of Apartment 2582 D, at his expense, shall maintain such Easement area in good order and repair and in a neat and attractive condition. No cars or other vehicles shall be permitted to park or remain on such Easement area for any period of time."

The Easement area referred to in the foregoing paragraph 8(c) is attached to this Exhibit K as Exhibit K-1.

3. Section 6.1 of the Project's Bylaws regulates certain alterations of the exterior of apartments, the construction of certain improvements on limited common elements:

"SECTION 6.1 Alterations and Additions to Apartments and Limited Common Elements. Except as set forth below, any material alterations to the exterior of any Apartment shall require the prior approval of the Board of Directors, and any material improvements upon any limited common elements shall require the prior approval of the Board of Directors. Upon the completion of such work, the Apartment Owner performing such work shall record in the Bureau an amendment to this Declaration and the Condominium Map describing the alterations or improvements made. The approval of the Board of Directors hereunder shall not be unreasonably withheld or delayed."

4. Section 8.6 of the Project's Bylaws governs the manner in which the cost of the fire insurance for the Project is to be allocated among the apartment owners:

"SECTION 8.6 Cost of the Fire Insurance Policy. The cost of the fire and extended coverage insurance policy (the "Fire Insurance Policy") obtained pursuant to Section 8.1 and which covers the Apartments in the Project, shall be allocated among and paid by the Owners in the following manner, notwithstanding anything to the contrary contained in the Declaration or these Bylaws: The Board shall determine what the cost of the Fire Insurance Policy would have been for each Owner had only that Owner's Apartment been covered by the Fire Insurance Policy. The actual cost to the Association of the Fire Insurance Policy for all Apartments shall then be allocated among and paid by the Owners of the Apartments in the proportion that the cost would have been to each Owner had only that Owner's Apartment been covered by the Fire Insurance Policy."

5. Exhibit "A" attached to the Project's Declaration provides that the land upon which the Project is situated is encumbered by, among other matter, the following:

"7. Covenants and agreements contained in AFFIDAVIT dated December 28, 1987, recorded in Liber 21503 at Page 522, by R. H. SMITH, to-wit:

"(1) that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal;

(2) that this covenant and agreement shall be binding upon ourselves, or any tenant or lessee of the building for as long as the building is in use or unless otherwise released by authority of the Director and Building Superintendent, City and County of Honolulu; and

(3) that, in the event title of the premises upon which the building is located is transferred, we shall require the new buyer to file a similar affidavit with the Bureau of Conveyances and/or the Office of the Assistant Registrar of the Land Court of the State of Hawaii."

6. Paragraph 14 of the Project's Declaration, as amended, discloses that Apartment 2582 E may be a nonconforming structure because a portion of Apartment 2582 E rests within a ten-foot front yard setback line, as more fully illustrated in the sketch attached as Exhibit "K-2" to this Exhibit K. However, to the best of the Developer's knowledge, the Project is in compliance with all ordinances, codes, rules, regulations or other requirements of the City and County of Honolulu in force at the time of its construction and no variances have been granted from any ordinance, code, rule, regulation or other requirement of the City and County of Honolulu in force at the time of construction or from any current ordinance, code, rule, regulation or other requirement of the City and County of Honolulu.

7. Paragraph 16 of the Project's Declaration, as amended, discloses that portions of the rock walls and planters on the limited common elements appurtenant to Apartment 2582 D and Apartment 2582 E encroach onto the 16-foot right-of-way described in Exhibit "F" attached to this Report. Such rock walls and planters are shown in Exhibit "K-2" attached to this Exhibit K.

8. Subparagraph 10(e) of the Project's Declaration, as amended, prohibits storage of objects in the carport and the uncovered parking spaces:

"(e) Storage in Carport and Uncovered Parking Spaces. No apartment owner shall place or store in the carport or any uncovered parking space, any object or matter (except automobiles) without the consent of the other apartment owner of the Project."

9. Suparagraph 10(f) of the Project's Declaration, as amended, prohibits the owner of Apartment 2582 E from obstructing the view of the owner of Apartment 2582 D:

"(f) Obstruction of View. Notwithstanding any other provision in the Declaration, the owner of Apartment 2528 E shall not erect or place upon Apartment 2582 E any structure or object of any kind or nature whatsoever, or do or suffer to be done anything which could impair, interfere with or obstruct the view of Apartment 2582 D, without the consent of the owner of Apartment 2582 D. The owner of Apartment 2582 E shall keep all trees and plants in the limited common elements appurtenant to Apartment 2582 E trimmed to a height which does not exceed four (4) feet above the top of the retaining wall which runs between Lots 1 and 2."

EASEMENT

FOR INGRESS AND EGRESS PURPOSES

LAND SITUATED AT PACIFIC HEIGHTS,
KEWALO, PAUOA, HONOLULU, OAHU, HAWAII

Being a portion of Royal Patent 302,
Land Commission Award 273, to J. Booth

Beginning at the Southwest corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "ROSEBANK" being 1815.71 feet South and 368.47 feet West and running by azimuths measured clockwise from true South:

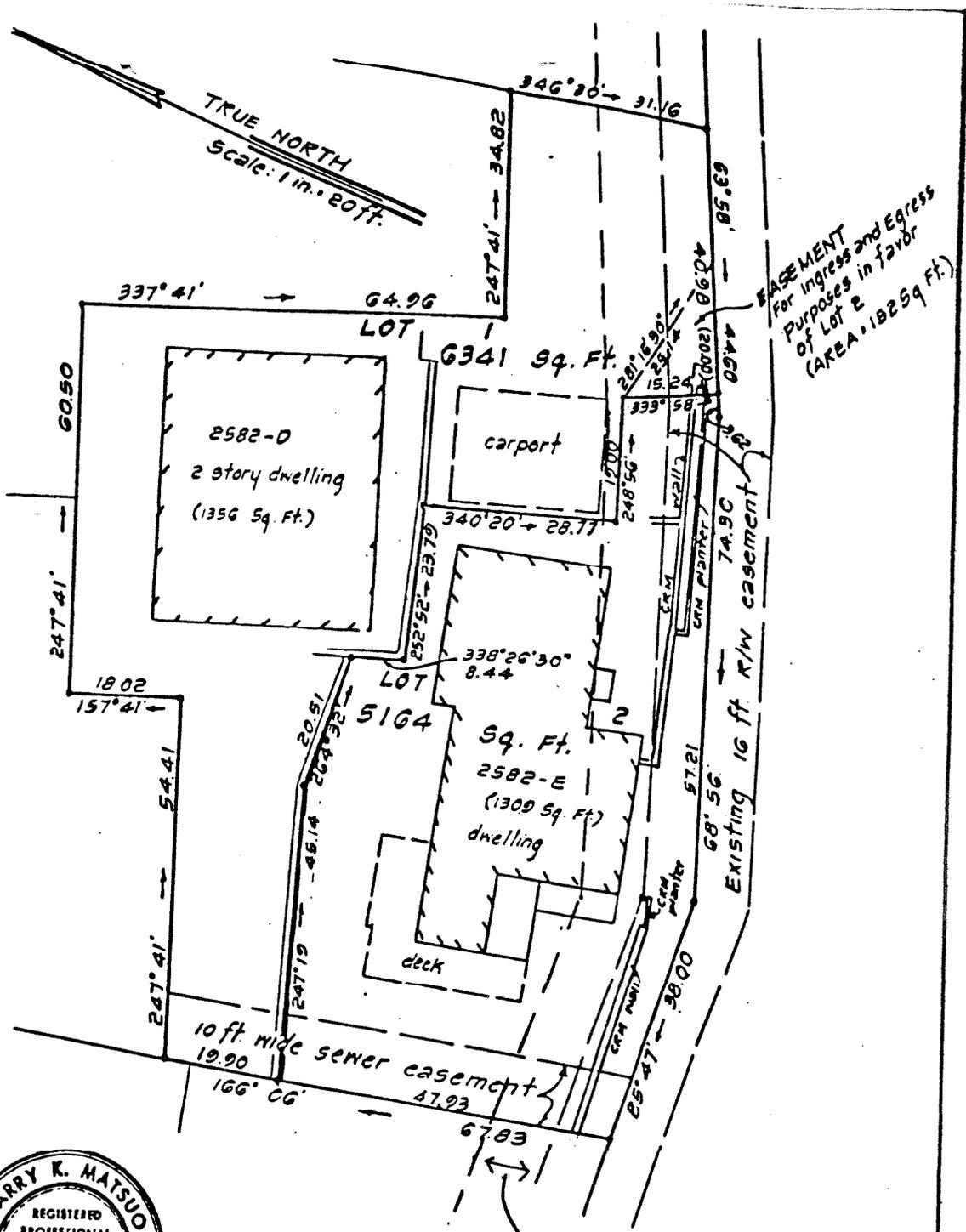
1. 153° 58' 15.24 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
2. 281° 16' 30" 25.14 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth;
3. 63° 58' 20.00 feet along remainder of R. P. 302,
L. C. Aw. 273, to J. Booth to the
point of beginning and containing
an area of 152 Square Feet.

By Harry K. Matsuo
Harry K. Matsuo
Registered Professional Surveyor
Certificate Number 2717



969 Maniniholo St.
Honolulu, Hawaii
April 6, 1989

EXHIBIT K-1



This work was prepared by me
or under my direct supervision

Harry K. Matsuo

Registered Professional Surveyor
Certificate Number 2717

Tax Map Key: 2-2-23-69

2582-D & E PACIFIC HEIGHTS ROAD
A HORIZONTAL PROPERTY REGIME
AT PACIFIC HEIGHTS, KENALO, PALOEA,
HONOLULU, OAHU, HAWAII

OWNER: Robert Smith
SCALE: 1 in. = 20 ft. September 28, 1988

8 1/2 x 13 = 110 Sq. Ft.

EXHIBIT K-2