



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

CONDOMINIUM PUBLIC REPORT

on
 PARADISE VIEW ESTATES
 45-029 and 45-029 A Lilipuna Road
 Kaneohe, Hawaii

Registration No. 2063 (Conversion)

Issued: June 30, 1989
 Expires: July 30, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of June 14, 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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
 - Supersedes all prior public reports
 - Must be read together with _____
- SUPPLEMENTARY: (pink) Updates information contained in the
 - Prelim. Public Report dated _____
 - Final Public Report dated _____
 - Supp. Public Report dated _____

And Supersedes all prior public reports

Must be read together with _____

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

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GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Douglas L. Watson, Martha M. Watson and Phone: [REDACTED]
Name Mark A. Watson (Business)
[REDACTED]
Business Address
[REDACTED]

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

Real Estate Sales Agent: Coldwell Banker McCormack Real Estate Phone: 247-6681
Name (Business)
46-005 Kawa Street
Business Address
Kaneohe, Hawaii 96744

Escrow: First American Title Co. of Hawaii, Inc. Phone: 261-8567
Name (Business)
116 Hekili Street, Suite A
Business Address
Kailua, Hawaii 96734

Managing Agent: self-managed Phone: _____
Name (Business)
Business Address

Attorney for Developer: Richard G. MacMillan
Name
820 Mililani Street, Suite 703
Business Address
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded — Bureau of Conveyances — Book _____ Page _____
 Filed — Land Court — Document Number 1626439

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

Proposed
 Recorded — Bureau of Conveyance Condo Map No. _____
 Filed — Land Court Condo Map No. 907

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

Proposed
 Recorded — Bureau of Conveyances — Book _____ Page _____
 Filed — Land Court — Document Number 1626440

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> </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:

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.

8. Underlying Land:

Address: 45-029 and 45-029A Lilipuna Road Tax Map Key: 4-5-001-051
Kaneohe, Hawaii 96744 (TMK)

Address TMK is expected to change because _____

Land Area: 21,462 square feet acre(s) Zoning: R-10

Fee Owner: Douglas L. Watson & Martha M. Watson, husband and wife, and
name Mark A. Watson, unmarried

address

Sublessor: _____
name

address

C. Buildings and Other Improvements:

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

2. Buildings: 2 Floors Per Building: Unit 1 is one story and Unit 2
is on two levels
 Exhibit A 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. Soocial 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: _____

[~~XX~~ Other: No hotel or transient occupancy or time sharing

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 2

Elevators n/a Stairways _____ Trash Chutes n/a

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>1</u>	<u>1</u>	<u>3/1½</u>	<u>1,066</u>	<u>320</u>
<u>2</u>	<u>1</u>	<u>4/3</u>	<u>2,112</u>	<u>1,328</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 Unit shall be deemed to include the footings or slab on which it is constructed, the exterior walls and roof, all interior walls, ceilings, floors and partitions and the finished surfaces thereof, the carport attached thereto, deck areas and all fixtures originally installed therein. However, the respective Units shall not be deemed to include any structural or service elements which are utilized or serve more than one Unit, the same being deemed common elements as hereinafter provided.

Permitted Alterations to Apartments: See Exhibit B

7. Parking Stalls:

Total Parking Stalls: 4 (Unit 1 has a 2 car carport. At least two cars can be parked in the yard area appurtenant to Unit 2)

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

Each apartment will have the exclusive use of at least 2 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 |
| <input type="checkbox"/> Other: _____ | |
| _____ | |

9. Present Condition of Improvements

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

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

The structural components and mechanical and electrical installations are in good condition. No statement is made or warranties given regarding their expected useful life.

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

The project is in compliance with applicable building codes and municipal regulations.

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

b. Conforming/Non-Conforming Uses, Structures, Lot

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

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

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

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

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

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

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

Exhibit C describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

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

described in Exhibit D

as follows:

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

Exhibit _____ describes the common interests for each apartment.

as follows:

<u>Unit</u>	<u>Percentage of Common Interest</u>
1	50%
2	50%
	<u>100%</u>

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

Exhibit E describes the encumbrances against the title contained in the title report dated March 29, 1989.

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.

[XX] 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	Buyer's interests may be terminated if Developer defaults under the existing mortgage prior to conveying the unit to the Buyer.

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.

[XX] other self-managed by the Association of Apartment Owners

J. Status of Construction and Estimated Completion Date:

The project is a conversion of two existing dwellings which were completed.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed with the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated March 3, 1986

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

1. The Developer delivers 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. 2063 filed with the Real Estate Commission on
May 9, 1989.

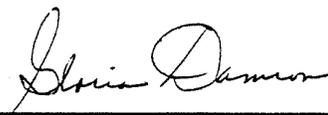
Reproduction of Report. When reproduced, this report must be on:

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.



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"

Description of Project

The Project consists of two (2) detached, single-family dwelling units, designated on the Condominium File Plan as Unit "1" and Unit "2" (the "Units"), constructed on a 21,462 square foot lot. The lot slopes upward from Lilipuna Road and is divided into two (2) terraced areas. Unit 1 is located closest to Lilipuna Road and Unit 2 is built on the upper terraced portion of the property. The private yard areas, appurtenant to the Units are separated by a retaining wall, as shown on the Condominium File Plan. Both units are constructed principally of wood, but also incorporate glass, aluminum gypsum board and related building materials.

Unit 1 is a single-story, detached dwelling with a basement. The Unit has eight (8) rooms, consisting specifically of three bedrooms, one and one-half bathrooms, kitchen, living room and dining room. The entry to the half bathroom is from the exterior of the Unit. The approximate area of Unit 1 is 1,066 square feet and an attached exterior deck has approximately 320 square feet. The Unit also has one-car carport containing approximately 252 square feet.

Unit 2 is a two-level, detached dwelling without a basement. The Unit has twelve (12) rooms, consisting specifically of a bedroom, bathroom, kitchen/dining area and storage room on the lower level, and three bedrooms, two bathrooms, kitchen, dining room and a living room on the upper level. The approximate area of Unit 2 is 2,112 square feet. Adjoining the lower level is an exterior deck of approximately 350 square feet and there is approximately 978 square feet of decking on the upper level.

Access. Each of the Units has immediate access by stairway to its respective entry and to the grounds of the Project. Vehicular access is by way of a non-exclusive easement over and across a concrete driveway located on an adjoining lot.

Parking. Unit 1 has a one-car carport. Uncovered parking is available for Unit 2 in the private area adjacent to such Unit.

EXHIBIT "B"

Permitted Alterations

a) Exterior Alterations. No Unit Owner shall make any alterations to the exterior of his Unit or the limited common elements appurtenant to his Unit without the prior written consent of his mortgagees, (if such consent is required) and the approval of other Unit Owners. Notwithstanding the foregoing, it is the purpose and intent of the Declaration that the consent of the other Unit Owners to any proposed exterior alteration shall be freely given and shall be withheld only if such alteration shall not conform with any of the restrictive covenants and conditions contained in the Declaration or in the By-laws, or if such alteration is inconsistent with the existing aesthetics or architectural integrity of the Project. In the event of any dispute or disagreement between the owners as to whether any proposed exterior alteration complies with the foregoing requirements, the matters in dispute shall be submitted to arbitration as provided in the By-laws and in Sections 514A-121 through 514A-127 of the Hawaii Revised Statutes, except that the Owners shall mutually agree upon a single arbitrator who shall be an architect licensed in the State of Hawaii.

(b) Maintenance of View Channels. In no event shall the Owner of Unit 1 install any trees or landscaping or make any alterations to his Unit which would obstruct or impair the existing views from Unit 2.

(c) Interior Alterations. The owner of either Unit shall have the right at any time, and from time to time, with the consent of his mortgagees (if such consent is required), but without the consent or joinder of any other Unit Owners, to make alterations within his Unit, or to cause or permit such alterations to be made by his tenants and lessees, in accordance with the provisions herein set forth. Specifically, but without limiting the generality of the foregoing, any such Unit Owner may, or may cause or permit his tenants or lessees, to install, maintain, remove and rearrange partitions and other structures from time to time within such Unit and to paint, paper, panel, plaster, tile, finish and to do or cause to be done such work within such Unit, and to finish, alter or substitute any plumbing, electrical and other common utility systems of the Project.

Exhibit "B"
(page 2)

(d) Covenants and Restrictions Applicable To All Alterations. Any and all alteration, whether exterior or interior, shall comply with the following terms and conditions:

(1) No alterations will encroach upon the common elements or the limited common elements appurtenant to any other Unit;

(2) All alterations, the aggregate cost of which shall exceed \$5,000.00, shall be constructed or installed in accordance with plans and specifications prepared by a licensed architect or professional engineer;

(3) All such alterations shall be at the sole cost and expense of the Unit Owner making the alterations and shall be completed expeditiously and in such manner as shall cause the least practicable annoyance to and interference with the other Owners' use of their Unit. The Owner making such alterations shall procure and shall maintain, during the course of the construction, a builders all-risk insurance policy naming the Association and collectively Owners, as additional insureds. Evidence of such insurance shall be deposited with the Board prior to the commencement of construction;

(4) Before the commencement of the construction of any alteration, the aggregate cost of which shall exceed \$5,000.00, the Owner making such alteration shall secure a performance and payment bond issued by a surety licensed to do business in the State of Hawaii, naming the other Unit Owner, as his interests may appear, in a penal sum of not less than one hundred percent (100%) of the cost of the construction of said alteration, guaranteeing completion thereof free and clear of all mechanic's and materialman's liens;

(5) The Owner making the alteration shall have the right to utilize, relocate and realign or develop existing or new central and appurtenant installations for services to the Unit affected by such alteration for electricity, sewer and other utilities and services, and when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as

Exhibit "B"
(page 3)

necessary or desirable in connection therewith; provided that the same shall not cause any interruption or interference in the service of such utilities to any of the other Unit Owners or otherwise impair their rights hereunder.

(6) If any alteration shall require the amendment of this Declaration or the Condominium File Plan, the Owner making the alteration shall pay all cost and expenses incurred in preparing and filing such amendments.

EXHIBIT "C"

Common Elements

The common elements of the Project will include the limited common elements described in Exhibit "D" and all portions of the Project other than the Units, including specifically, but not limited to:

- a) All the land in fee simple;
- b) All driveways and uncovered parking areas;
- c) All yards, grounds and landscaped areas;
- d) All waterlines, cesspools, sewer lines, pipes, wiring and other central and appurtenant transmission facilities and installations which serve all Units for service such as power, light, water, gas, refuse and telephone;
- e) The common retaining wall separating the private areas of each unit; and
- f) Any and all other structures, apparatus and installations of common use, and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain parts of the common elements, called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are listed below. Unless otherwise provided herein, all costs and every kind pertaining to each limited common element, including but not limited to cost of security, maintenance, repair, replacement, additions and improvements, shall be borne entirely by the Unit or Units to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

a) The site of each Unit, consisting of the land beneath such Unit;

b) The adjacent private area reserved for such Unit, as shown and delineated on said Condominium Map, including all improvements and landscaping located within such private area but excluding any portions of the common driveway which may be located within said private area.

NOTE: The land area beneath and adjacent to each unit which is denoted as a limited common element, is not a legally subdivided lot.

EXHIBIT "E"

Encumbrances Against Title

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration of Grant of Easements, dated April 3, 1980 as Document No. 1007563. Consent thereto filed as Document No. 1007564.
5. Mortgage dated April 13, 1988 as document number 1543900, to secure the repayment of \$228,000.00, and any additional advances and other amounts secured thereby, under the terms and provisions thereof.

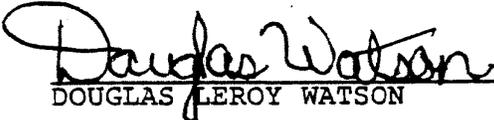
Mortgagor: Douglas Leroy Watson and Martha Margaret Watson, husband and wife
Mark Allen Watson, Single

Mortgagee: Territorial Savings and Loan Association, a Hawaii corporation
6. TOGETHER WITH a non-exclusive easement for roadway purposes over and across Easement 4, which easement area is located on Lot 227 as shown on Map 161, filed with said Land Court Application 1002 (amended), and set forth in Land Court Order No. 43556.
7. Recording information for Declaration, Bylaws, and Condominium Map as noted on page 7 of this public report.

EXHIBIT "F"

Maintenance Fees

No maintenance fees will be assessed or payable on a monthly basis. Any common expenses that may arise in the future will be handled as a one-time assessment.


DOUGLAS LEROY WATSON

Date: 6-26-89

EXHIBIT "G"

Pertinent Provisions of Sales Contract

The relevant provisions of the Deposit Receipt and Sales Contract ("Sales Contract") are as follows:

1. Financing. If a Purchaser requires financing, he must make a good faith application for the necessary mortgage loans within ten (10) days after the Seller's execution of the Sales Contract. If the loan is not approved within sixty (60) days after application, the Seller has the right to cancel the Sales Contract and refund all deposits paid by Purchaser, less certain escrow cancellation fees.

2. Condominium Documents. Purchasers acknowledge receipt of and approve all of the condominium documents including the Unit Deed, Declaration of Horizontal Property Regime, Bylaws, Developer's Disclosure Abstract, House Rules, and Escrow Agreement.

3. Subordination. Purchaser's rights under the sales contract are subordinated to the rights of the Lender under the construction mortgage obtained by the Seller. Purchasers further agree that if the property ever acquired by said Lender through foreclosure or otherwise, that the Lender may, at its option, require Purchasers to pay the purchase price and perform their obligations under the Sales Contract.

4. Binding Effect. The Sales Contract shall only become binding on Purchaser and Seller after:

(i) A true copy of the final Public Report has been delivered to Purchaser either personally or by registered or certified mail with return receipt required, together with a true copy of all other public reports thereon, if any, issued prior to the date of such delivery and not previously delivered to Purchaser;

(ii) Purchaser has been given an opportunity to read the reports; and

(iii) Purchaser has executed the form of the receipt and notice required under Section 514A-62 of the Hawaii Revised Statutes, and waived his right to cancel; provided that if Purchaser does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the apartment is conveyed to Purchaser prior to the expiration of such thirty (30) day period, Purchaser shall be deemed to have accepted for the reports and to have waived his right to cancel.

EXHIBIT "H"

Pertinent Provisions of Escrow Agreement

The relevant provisions of the Escrow Agreement are as follows:

1. Payments to Escrow. All deposits and other sums received from Purchasers or from other persons on account of the Project shall be paid to the Escrow agent and deposited in a federally insured banking or savings and loan institution.

2. Disbursement of Funds. No disbursements shall be made from the Escrow funds unless and until: (a) the Sales Contract has become binding in the manner provided in paragraph 3 of Exhibit D to this Final Report; (b) Seller's attorney shall have given escrow a written opinion that all of the requirements of Section 514A-39, 514A-63 of the Hawaii Revised Statutes have been met; (c) Seller shall have waived all other options to cancel the Sales Contract; (d) Escrow has received a Unit Deed in recordable form in favor of Purchaser; and (e) Escrow has received releases of partial releases of any encumbrance affecting the apartment to be conveyed to Purchaser.

3. Return of Purchaser's Funds. A Purchaser shall be entitled to the return of this funds if Purchaser has requested such a refund and Escrow shall have received from Seller notice that any of the following has occurred:

(a) Seller shall have requested Escrow to refund said monies; or

(b) Seller shall have exercised any option in its favor to cancel the Sales Contract; or

(c) Purchaser is an owner-occupant and it entitled by law to cancel the Sales Contract.

In any of the foregoing events, Escrow shall refund all deposits to Purchaser, less a cancellation fee to Escrow of \$25 per unit and any other cancellation charges.

4. Buyer's Default. If a Purchaser shall not make any payment required under the Sales Contract on or before the due date thereof, Escrow shall notify Purchaser and Seller of such fact. If Seller shall determine that Purchaser has committed an event of default under the Sales Contract, then Seller has the right to terminate the Sales Contract upon written notice to Escrow and Purchaser and Escrow shall, after the expiration of ten (10) days from receipt of such notification and upon written "request by seller", pay all deposits to Seller, less any Escrow cancellation fees and out of pocket expenses.