



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

CONDOMINIUM PUBLIC REPORT

on

8/8-A KARSTEN DRIVE
 8/8-A Karsten Drive
 Wahiawa, Hawaii

Registration No. 2077 (Conversion)

Issued: August 8, 1989
 Expires: September 8, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 6, 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.
 No prior reports have been issued
 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.

Changes made are as follows:

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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>Storage/Stairs Lanai/Patio (sf)</u>
8	1	4/2	1935	386
8-A	1	3/2	1140	453
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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)	0
Guest Stalls	0
Unassigned Stalls	0
Extra Stalls Available for Purchase	0
Other: <u>2</u> concrete slabs for 4 parking stalls	4
Total Parking Stalls	<u>4</u>

7. Recreational amenities:

None

**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 23215 Page 315
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1212
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Book 23215 Page 332
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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> </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:

During the sales period, the Developer has reserved the right to make any changes to the project documents and the Project as may be required by law, any title insurance company, any institutional lender, or any governmental agency, and, prior to the conveyance or transfer of the first apartment, for any reason and in any manner as the Developer deems necessary, provided that no such change shall substantially impair the prospective use and enjoyment of the apartment, substantially alter or reduce the usable space within the apartment, render unfavorable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, or reduce the obligations of the Developer for common expenses on unsold apartments.

B. Underlying Land:

Address: 8/8-A Karsten Drive Tax Map Key: (1) 7-5-15:37
Wahiawa, Hawaii 96786 (TMK)

Address TMK is expected to change because N/A

Land Area: 9,829 square feet acre(s) Zoning: R-7.5

Fee Owner: Tarcela L. Mitchell
Name

[REDACTED]

Address

[REDACTED]

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 1

Exhibit "A" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass and other allied building materials

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Industrial	<u> </u>
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input type="checkbox"/> Agricultural	<u> </u>
<input type="checkbox"/> Timeshare/Hotel	<u> </u>	<input type="checkbox"/> Recreational	<u> </u>
<input type="checkbox"/> Other:	<u> </u>		<u> </u>

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: _____

[x] Other: There are special use restrictions in the Bylaws and the Declaration

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 2

Elevators N/A

Stairways N/A

Trash Chutes N/A

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Storage/Stairs Lanai/Patio (sf)</u>
<u>8</u>	<u>1</u>	<u>4/2</u>	<u>1935</u>	<u>386</u>
<u>8-A</u>	<u>1</u>	<u>3/2</u>	<u>1140</u>	<u>453</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 spaces enclosed by and within the outside surfaces of the exterior walls and roof, and the bottom surface of the slabs, footings and foundations of each of the two apartments of the Project.

Permitted Alterations to Apartments;

See Exhibit "B".

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

Based on a report prepared by an independent registered engineer, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium apartments are presently sound and appear to be in satisfactory working condition. However, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IF ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM APARTMENTS.

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

The Project is a conversion of fully constructed and existing buildings to condominium status. Said buildings are in compliance with all ordinances, codes, rules, regulations, or other requirements in force at the time of their construction. No variance has been granted from any ordinance, code, rule, regulation, or other requirement in force at the time of their construction or from any other ordinance, code, rule, regulation, or other requirement. See Exhibit "C" for the City and County Report on the Project.

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	X		
Structures		Apartment 8-A*	
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.

* Exhibit "D" contains an explanation of the reconstruction limitations imposed on Apartment 8-A due to its nonconforming status.

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 "E" 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 "F"

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 "G" describes the common interests for each apartment.

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

Exhibit "H" describes the encumbrances against the title contained in the title report dated May 16, 1989 and issued by Title Guaranty of Hawaii, Inc.

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.

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>
2 Blanket Mortgages	Buyer's interest unaffected. The Mortgages will be partially released upon each individual conveyance.

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 The Board of Directors of the Association of Apartment Owners will be the managing agent of the Project.

G. Estimate of Initial Maintenance Fees:

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

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

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

H. Utility Charges for Apartments:

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

- Electricity
- Gas
- Other _____
- Not applicable
- Television Cable
- Water & Sewer

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: None.

2. Appliances: None included in sale.

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

The Project is a conversion of existing dwellings. Apartment 8 was constructed in 1955. Apartment 8-A was constructed in 1962. Both apartments have since had additions constructed and have undergone renovations.

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 (120-Day Notice to Tenant)

Specimen Sales Contract Standard DROA contract and Addendum is being used.

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

Escrow Agreement dated May 1, 1989

Exhibit "K" contains a summary of the pertinent provisions of the escrow contract.

Other Specimen apartment deed.

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 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. 2077 filed with the Real Estate Commission on
May 30, 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 / for

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 BUILDINGS

The improvements constructed as part of the project consist of two (2) single family residential buildings, each of which will have a parking area appurtenant thereto. Each building contains one (1) single family residential apartment (hereinafter called "Apartment") consisting of one level and no basement, constructed principally of wood, hollow tile, concrete flooring, glass and other allied building materials.

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS

(a) Subject to the provisions of the Act and except as may otherwise be provided in the declaration, individual apartment owners may, at their own discretion and expense, remodel, expand or otherwise alter their apartment, provided that such remodelling, expansion or alteration is permitted by and performed in complete accordance with all applicable federal, state and county laws, statutes, ordinances, codes, rules and regulations or other requirements in force at the time of such remodelling, expansion or alteration. Permitted alterations, as described above, shall not require the consent or permission of the association, the board or other apartment owners; provided, however, that any newly-constructed improvements remain a minimum of five (5) feet from all designated perimeter limited common element private yard area boundary lines; and provided further that said newly-constructed improvements do not alter the essential nature and character of the project and do not unreasonably interfere with any other apartment owner's enjoyment of their apartment(s).

(b) Additions or alterations to the common elements may be made only by or at the direction of the board of directors, except as provided in the declaration and the bylaws.

(c) Whenever in the judgment of the board of directors the common elements shall require additions or alterations with a total cost of less than Ten Thousand Dollars, the board may proceed with such work and shall assess the cost as a common expense.

(d) Except as may otherwise be provided in the declaration, any alteration or addition undertaken within a limited common element appurtenant to and for the exclusive use of an apartment that is different in any material respect from the Condominium File Plan shall be commenced only pursuant to an amendment of the declaration, and promptly upon completion of such work the association shall record such amendment, together with a complete set of plans of the property as so altered, certified as built by a registered architect or professional engineer. If alterations or additions are made within an apartment, any necessary amendment of the declaration may be made by such owners and the board and recorded in the Bureau of Conveyances with the plans certified as built by a registered architect or professional engineer.

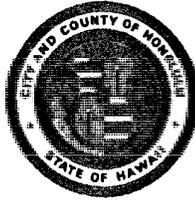
EXHIBIT "C"
CITY AND COUNTY REPORT ON THE PROJECT
BUILDING DEPARTMENT

REC'D
5-10-89

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

Ex89-61

May 8, 1989

Ms. Susan A. Bender
Case and Lynch
Attorneys at Law
Suite 2600, Mauka Tower
Grosvenor Center
737 Bishop Street
Honolulu, Hawaii 96813

Dear Ms. Bender:

Subject: Condominium Conversion Project
8 and 8-A Karsten Drive
Tax Map Key: 7-5-15: 37

This is in response to your letter dated April 11, 1989 requesting verification that the 2 one-story single-family dwellings located at 8 and 8-A Karsten Drive met all code requirements at the time of construction.

Investigation revealed that the dwelling at 8 Karsten Drive with four off-street parking spaces met code requirements when it was constructed in 1955.

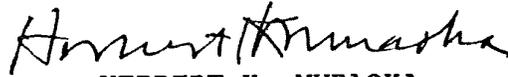
The structure at 8-A Karsten Drive was originally constructed as a maid's quarter in 1962 and met code requirements when it was converted to a single-family ohana dwelling with a building permit in 1984.

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

Ms. Susan A. Bender
May 8, 1989
Page 2

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

Very truly yours,



HERBERT K. MURAOKA
Director and Building Superintendent

Subscribed and sworn to
before me this 8th day of
May, 1989.

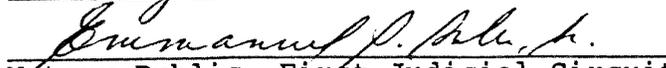

Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: 11-14-91

EXHIBIT "D"

EXPLANATION OF NONCONFORMING STRUCTURE

Apartment 8-A is an ohana, or accessory dwelling unit which, when constructed in 1962, conformed to City and County zoning requirements. Subsequently, the law with respect to ohana dwellings changed. Ordinance No. 88-48, which amended the Land Use Ordinance effective April, 1988, stipulates that the maximum floor area of an ohana accessory dwelling unit built on a lot zoned R-7.5 Residential will be limited to 700 square feet. Thus, Apartment 8-A, which comprises an area of approximately 1,593 square feet, including storage and stairs, is currently a nonconforming structure. Current City and County zoning requirements with respect to nonconforming dwelling units state that if a nonconforming dwelling unit is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with the current requirements of the Land Use Ordinance. As a consequence, if Apartment 8-A should be destroyed by more than 50 percent of its replacement cost, unless and until the law with respect to ohana dwelling units is amended, Apartment 8-A can only be reconstructed to contain a maximum floor area of 700 square feet.

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EXHIBIT "E"

COMMON ELEMENTS

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

- (a) the land in fee simple;
- (b) all yards, grounds, landscaped areas and uncovered walkways around and between said buildings;
- (c) all stairways, sidewalks, driveways, and retaining walls;
- (d) all central and appurtenant installations for common services, including power, light, water, telephone, television, sewer and trash disposal; and
- (e) all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

EXHIBIT "F"

LIMITED COMMON ELEMENTS

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

(a) The yards adjacent to each apartment shall be appurtenant to and for the exclusive use of such apartment, as more particularly shown on said Condominium File Plan as follows:

<u>Apartment No.</u>	<u>Private Yard (sq. ft.)</u>
8	2,451
8-A	2,296

(b) The driveway connecting the parking area of Apartment 8 to California Avenue and the driveway connecting the parking area of Apartment 8-A to Karsten Drive shall be deemed a limited common element appurtenant to and for the exclusive use of the apartment which is served thereby;

(c) The walkways connecting each apartment to the driveways of the Project and/or to the parking area of such apartment served thereby; and

(d) The mailboxes of the respective apartments shall be deemed a limited common element appurtenant to and for the exclusive use of the apartment served thereby.

EXHIBIT "G"

COMMON INTERESTS FOR EACH APARTMENT

<u>Apartment No.</u>	<u>Percentage</u>
8	62.0
8-A	38.0

Ordinarily, the percentage common interest is used to determine each apartment owner's share of the maintenance fees and other common profits and expenses of the condominium. Since the regular maintenance and repair of each apartment, including all utility charges and insurance, shall be the responsibility of each apartment owner in this project, it is anticipated that there will be no maintenance fees or common expenses for this project and thus the common percentage interest will have no effect on each individual apartment owner's expenses for insuring and maintaining his apartment and private yard area.

The percentage common interest will be used for voting on matters requiring action by the apartment owners, such as the election of officers or directors, the allocation of utility services that are not separately metered or insurance costs that are not separately allocated, and the decision to reconstruct the project. For example, if the owner of more than 50% of the common interest (the Owner of Apartment 8) objects in writing to an allocation made by the Board of Directors with respect to insurance costs that are not separately allocated, the Board must submit the matter to an independent certified public accountant. Also, if an owner of more than 25% of the common interest (i.e., the Owner of Apartment 8-A individually) votes to rebuild the project after total destruction, then reconstruction will commence as soon as reasonably possible. However, the percentage common interest will have no impact on voting rights associated with amending the Declaration or the Bylaws and a decision not to reconstruct the project because such amendments and decision require the consent of 100% of all apartment owners.

EXHIBIT "H"

ENCUMBRANCES AGAINST TITLE

1. Rights-of-way and water rights as were conveyed to the Wahiawa Water Company, Limited, by Deed dated April 18, 1903, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 266, Page 26 and Liber 269, Page 2.

2. Mortgage dated August 10, 1988, made by Tarcela L. Mitchell, wife of Richard A. Mitchell, as Mortgagor, in favor of American General Finance, Inc., a Delaware corporation, as Mortgagee, recorded in Liber 22236, Page 677.

3. Mortgage dated December 5, 1989, made by Tarcela L. Mitchell, wife of Richard A. Mitchell, as Mortgagor, in favor of American General Finance, Inc., a Delaware corporation, as Mortgagee, recorded in Liber 22635, Page 142.

4. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in that certain Declaration of Condominium Property Regime dated May 16, 1989, recorded in Liber 23215, Page 315 and those certain Bylaws dated May 16, 1989, recorded in Liber 23215, Page 332, as the same are or hereafter may be amended in accordance with law, said Declaration or said Bylaws. (Project covered by Condominium File Plan No. 1212.)

5. For real property taxes that may be due and owing reference is made to the Office of the Tax Assessor, City and County of Honolulu.

EXHIBIT "I"

8/8-A KARSTEN DRIVE

DISCLOSURE ABSTRACT

1. NAME OF PROJECT: 8/8-A KARSTEN DRIVE
8 and 8/A Karsten Drive
Wahiawa, Hawaii 96786

2. DECLARANT/FEE OWNER: Tarcela L. Mitchell


3. MANAGING AGENT: The Project will be managed
by the Board of Directors of
the Association of Apartment
Owners

4. USE OF APARTMENTS:

The two (2) apartments in the Project may be occupied and used only for residential purposes. No apartment may be used for commercial purposes. The apartments are subject to additional restrictions on their use as set forth in (i) the Declaration of Condominium Property Regime of 8/8-A KARSTEN DRIVE, (ii) the Bylaws of the Association of Apartment Owners of 8/8-A KARSTEN DRIVE, (iii) the Apartment Deed for the individual apartments, (iv) and the Deposit, Receipt, Offer and Acceptance and Addendum to DROA ("Sales Contract") for the individual apartments. Copies of the foregoing documents are on file with the Real Estate Commission of the State of Hawaii.

5. WARRANTIES:

THE DECLARANT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

Buyers should be aware that Apartment 8 was built in 1955 and Apartment 8-A was built in 1962. Since 1962, both Apartment 8 and Apartment 8-A have been renovated and enlarged. The most recent improvements to Apartment 8 and 8-A were completed in February 1989. Otherwise, both apartments have unavoidably undergone a certain amount of "wear and tear"

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commensurate with their age. Accordingly, buyers should not expect the home they desire to buy to be in "like new" condition.

6. ESTIMATED MAINTENANCE FEES:

The regular maintenance and repair of each apartment and appurtenant limited common elements shall be the sole responsibility of each respective apartment owner. Section 514A-86, Hawaii Revised Statutes, requires that the association purchase fire insurance to cover the improvements portion of the project. The declaration and bylaws require that the association purchase comprehensive general liability insurance in an amount not less than \$500,000.00. The Declarant anticipates that the association will elect to obtain separate casualty and liability policies for each individual apartment pursuant to Section I.2. of the declaration and Article VII, Section 7.7 of the bylaws. As such, the premiums on said policies shall be the individual responsibility of each apartment owner rather than common expenses of the project.

May 16, 1989.


TARCELA L. MITCHELL

EXHIBIT "J"

SUMMARY OF DEPOSIT RECEIPT, OFFER AND ACCEPTANCE
AND ADDENDUM TO DROA

The Deposit Receipt, Offer and Acceptance (the "DROA") and the Addendum to DROA (hereinafter collectively called the "Sales Contract") contain the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

(e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(i) That the Project will be subject to ongoing sales activities which may result in certain annoyances to the purchaser.

(j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(k) That the purchaser will not receive interest on deposits made under the Sales Contract.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT "K"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.