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

FERN TERRACE
2120 Fern Street
Honolulu, Hawaii 96826

Registration No. 2135 (Conversion)

Issued: November 8, 1989
Expires: December 8, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 26, 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.

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

[x] 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 [x] 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.

[X] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

SPECIAL ATTENTION:

The developer has declared the following:

(1) The developer has disclosed the presence of asbestos-containing materials in the Project and the treatment of such materials in accordance with current professional practice and recommendations of the Environmental Protection Agency (see page 2 and 3 of Exhibit G).

(2) The developer makes no warranties with respect to the apartment, common elements or anything installed in or upon the premises. The developer will assign to the buyer the manufacturer's warranties for the new appliances, i.e. refrigerator, range and oven, microwave oven, disposal, washer, dryer and ceiling fan. (see page 16).

(3) The developer makes no representations as to the expected useful life or structural components and mechanical and electrical installations material to the use and enjoyment of the condominium. (see page 13, Section 9a).

(4) No variances to the zoning code have been granted. Any changes to the structure would be subject to the zoning requirements in effect at that time. (see page 13, Section 9b.)

The prospective purchaser is cautioned to carefully review the documents for further information with regard to the foregoing.

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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:

[x] Fee simple interest in an apartment and an undivided fee hold 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) [x] Conversion
   [ ] Both New Building(s) and Conversion
2. [x] Residential [ ] Commercial
   [ ] Mixed Residential and Commercial
   [ ] Other _____
3. [ ] High Rise (5 stories or more) [x] Low Rise
4. [x] Single or [ ] Multiple Buildings
5. Apartment Description

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A & AR	6	2/2	621.07	169.31
B	3	2/2	595.82	97.68
C	3	2/2	608.11	97.68
D	3	2/2	595.82	97.68

Total Apartments: 15

**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:

	Number of Stalls
Assigned Stalls (Individual Units)	15
Guest Stalls	0
Unassigned Stalls	0
Extra Stalls Available for Purchase	0
Other: _____	--
Total Parking Stalls	15

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Fern Terrace Limited Partnership
Name
745 Fort Street, Suite 618
Business Address
Honolulu, Hawaii 96813

Phone: 524-4024 (Business)

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

Fern Terrace, Inc., a Hawaii corporation--General Partner

Real Estate Sales Agent: Howard Bilkiss, Ltd.
Name
745 Fort Street, Suite 618
Business Address
Honolulu, Hawaii 96813

Phone: 524-4024 (Business)

Escrow: Bank of Hawaii Escrow Department
Name
Financial Plaza of the Pacific
Business Address
Honolulu, Hawaii 96813

Phone: 537-8837 (Business)

Managing Agent: REP Management, Inc.
Name
1281 South King Street, Room 4
Business Address
Honolulu, Hawaii 96813

Phone: 523-5933 (Business)

Attorney for Developer: Kobayashi, Watanabe, Sugita, Kawashima & Goda
Name
745 Fort Street, 8th Floor
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 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 _____ Page _____
[x] Filed - Land Court - Document Number 1667516

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. _____
[x] Filed - Land Court Condo Map No. 279

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 _____
[x] Filed - Land Court - Document Number 1667517

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 [x] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	Action by Board of Directors

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:*

Developer has expressly reserved the right to successively amend the Declaration without the consent or joinder of persons then owning or leasing the apartments, (i) as may be necessary to redesignate any or all of the parking stalls as limited common elements appurtenant to certain apartments other than the apartment to which it is assigned as hereinbefore set forth, provided that no conveyance shall have previously been issued conveying such stall; or (ii) as may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the project, or any institutional lender lending funds on the security of the project or any of the apartments thereof; provided, however, that no such amendment (other than an amendment redesignating any or all of the parking stalls as limited common elements appurtenant to certain apartments) which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment shall be made without the consent to and joinder in such amendment by the owner of such apartment and all others, if any, having any interest therein.

Developer has expressly reserved the right to amend the By-Laws before the Association has been duly organized and before any apartment in the Project has been conveyed.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

[ ] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners - tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

[ ] Other:

For Subleaseholds:

[ ] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[ ] Cancelled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. **Underlying Land:**

Address: 2120 Fern Street
Honolulu, Hawaii 96826

Tax Map Key: 2-7-002-040 (1) (TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: 6,000 [x] square feet [ ] acre(s) Zoning: A-2

Fee Owner: Fern Terrace Limited Partnership
Name
745 Fort Street, Suite 618
Address
Honolulu, Hawaii 96813

Sublessor: _____
Name

_____
Address

_____

C **Buildings and Other Improvements:**

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

2. Buildings: 1 Floors Per Building 3 plus ground floor parking level

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [x] Concrete [x] Hollow Tile [ ] Wood

   [ ] Other _____

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial	_____	[ ] Industrial	_____
[x] Residential	15	[ ] Agricultural	_____
[ ] Timeshare/Hotel	_____	[ ] Recreational	_____
[ ] Other: _____			_____

5. Special Use Restrictions:

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

[x] Pets Only household pets are permitted.

[x] Number of Occupants: 5 occupants per Apartment.

[x] Other: Residental use only; no water beds permitted.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 15

Elevators None Stairways 2 Trash Chutes None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A & AR	6	2/2	621.07	169.31
B	3	2/2	595.82	97.68
C	3	2/2	608.11	97.68
D	3	2/2	595.82	97.68

**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:

Fifteen (15) freehold estates have been established in the spaces within the perimeter walls, floors and ceilings of the 15 apartments in said building. Each apartment shall include the walls and partitions which are not load-bearing and which are within its perimeter walls; doors and door frames; windows and window frames; the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto; the inner perimeter of the lanai; and all fixtures originally installed therein. The 15 apartment shall not include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements.

Permitted Alterations to Apartments: None

7. Parking Stalls:

Total Parking Stalls: 15

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)	15						15
Guest	0						0
Unassigned	0						0
Extra Available for Purchase	0						0
Other:	0						0
Total Covered & Open	15						

Each apartment will have the exclusive use of at least one (1) parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

[x] Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

[x] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] 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

Based upon a report prepared by an independent Hawaii licensed architect, the Developer believes that the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium are satisfactory. THE DEVELOPER MAKES NO REPRESENTATIONS AS TO THE EXPECTED USEFUL LIFE OF STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM.

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

The project is in compliance with all ordinances, codes, rules, regulations or other requirements in force at the time of its construction. No variance has been granted from any ordinance, code, rule, regulation or other requirement in force at the time of the project's construction or from any current ordinance, code, rule, regulation or other requirement. ANY CHANGE TO THE STRUCTURE IN THE FUTURE WOULD BE SUBJECT TO THE ZONING REQUIREMENTS IN EFFECT AT THAT TIME including section 3.120, NONCONFORMITIES, OF THE LAND USE ORDINANCE.

10. Conformance to Present Zoning Code

a. [x] 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.

	Conforming	Non-Conforming	Illegal
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.

   [x] Exhibit B 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.

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

      [x] described in Exhibit C

      [ ] 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.

   [x] Exhibit D describes the common interests for each apartment.

   [ ] As follows:

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 September 19, 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.

[x] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
Mortgage dated August 7, 1989	Foreclosure

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: REP Management, Inc.

[x] 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 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 F 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
[ ] Television Cable
[ ] Gas
[x] Water & Sewer
[ ] Other _____
[ ] 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:

THE DEVELOPER MAKES NO REPRESENTATIONS AS TO THE EXPECTED USEFUL LIFE OF STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE APARTMENT AND THE BUILDING. DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, 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 OF USE.

2. Appliances:

THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OF USE. The refrigerator, range and oven, microwave oven, disposal, washer, dryer and ceiling fan are new. Developer will assign to Buyer all manufacturer's warranties which are transferable.

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

The construction of the building was completed in 1969.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

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

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

[x] Notice to Owner Occupants

[x] Specimen Sales Contract

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

[x] Escrow Agreement dated September 1, 1989

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

NONE

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. 2135 filed with the Real Estate Commission on October 12, 1989.

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PETER N. 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

APARTMENT DATA

Apartment No.	Type	Percentage Interest	Parking Stall Number
101	A	1/15th (6.66+%)	1
102	B	1/15th (6.66+%)	15
103	C	1/15th (6.66+%)	4
104	D	1/15th (6.66+%)	9
105	A-R	1/15th (6.66+%)	8
201	A	1/15th (6.66+%)	2
202	B	1/15th (6.66+%)	13
203	C	1/15th (6.66+%)	12
204	D	1/15th (6.66+%)	10
205	A-R	1/15th (6.66+%)	7
301	A	1/15th (6.66+%)	3
302	B	1/15th (6.66+%)	14
303	C	1/15th (6.66+%)	11
304	D	1/15th (6.66+%)	5
305	A-R	1/15th (6.66+%)	6

EXHIBIT B

COMMON ELEMENTS

One freehold estate is designated in all of the portions and appurtenances of the project remaining after excluding the Apartments, including specifically, but not limited to:

(1) The land in fee simple.

(2) All foundations, floor supports, floor slabs, columns, girders, beams, supports, main walls, open hallways and corridors, stairs, stairways, roof, unfinished perimeter, party and load-bearing walls (except for the inner finished surfaces within each apartment), entries, entrances and exits of the building.

(3) All yards, grounds and landscaping, roads, walkways, parking areas, loading areas, driveways, all trash enclosures, and mailboxes.

(4) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

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

EXHIBIT C

LIMITED COMMON ELEMENTS

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

(1) There are fifteen (15) parking stalls located in the project, numbered 1 through 15. One parking stall for each apartment, all as shown on said Condominium Map and in EXHIBIT A, attached to this Condominium Public Report, is a limited common element appurtenant to and reserved for the exclusive use of the designated apartment.

(2) There are fifteen (15) mailboxes located in the project, numbered identically with the apartment numbers. The mailbox bearing the same number as the apartment number is a limited common element appurtenant to and reserved for the exclusive use of the designated apartment.

(3) All other common elements of the project which are rationally related to less than all of said apartments are limited to the use of such apartments.

EXHIBIT D

COMMON INTEREST TO BE CONVEYED TO BUYER

Each apartment has appurtenant to it an undivided percentage interest in all the common elements of the project (the "common interests") and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting. The common interest for each apartment is a 1/15th (6.66+%) interest in all all the common elements of the project.

The common interest for each apartment is set forth in EXHIBIT A of this Condominium Public Report.

The common interest is based upon the ratio each apartment bears to the total number of all apartments in the project.

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

A Preliminary Report prepared by Title Guaranty of Hawaii, Incorporated, dated September 19, 1989, indicates that the title to the land is subject to the following:

1. Mortgage, Security Agreement, Assignment of Rents and Financing Statement dated August 7, 1989, from Fern Terrace Limited Partnership, a Hawaii registered limited partnership, as Mortgagor, to HonFed Bank, a federal savings bank, as Mortgagee, filed with the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1657067, to secure a Note in the principal amount of $1,500,000.00.

2. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, restrictions, easements, and all other provisions set forth in Declaration of Condominium Property Regime dated September 8, 1989, filed as aforesaid as Document No. 1667516, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 279.)

3. By-Laws of the Association of Apartment Owners of the Condominium Project known as "FERN TERRACE" dated September 8, 1989, filed as aforesaid as Document No. 1667517, as the same may hereafter be amended.

4. For real property taxes due and payable, please refer to Director of Finance, City and County of Honolulu.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment No.	Type	Monthly Fee	x	12 months	=	Yearly Total
101	A	$168.00	x	12	=	$2,016.00
102	B	$168.00	x	12	=	$2,016.00
103	C	$168.00	x	12	=	$2,016.00
104	D	$168.00	x	12	=	$2,016.00
105	A-R	$168.00	x	12	=	$2,016.00
201	A	$168.00	x	12	=	$2,016.00
202	B	$168.00	x	12	=	$2,016.00
203	C	$168.00	x	12	=	$2,016.00
204	D	$168.00	x	12	=	$2,016.00
205	A-R	$168.00	x	12	=	$2,016.00
301	A	$168.00	x	12	=	$2,016.00
302	B	$168.00	x	12	=	$2,016.00
303	C	$168.00	x	12	=	$2,016.00
304	D	$168.00	x	12	=	$2,016.00
305	A-R	$168.00	x	12	=	$2,016.00

Initial Start-Up Fee:

Two month's maintenance fee for each apartment = $336.00.

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

Estimate of Maintenance Fee Disbursements:

	Monthly x 12 months	=	Yearly Total
Utilities and Services			
Air Conditioning			
Electricity			
[x] common elements only	$ 50x12	=	600.00
[ ] common elements and apartments			
Gas	$700x12	=	8,400.00
Refuse Collection			
Telephone			
Water and Sewer	$375x12	=	4,500.00
Enterphone	$ 60x12	=	720.00
Maintenance, Repairs and Supplies			
Building	$125x12	=	1,500.00
Grounds	$200x12	=	2,400.00
Miscellaneous	$ 15x12	=	180.00
Management			
Management Fee	$390x12	=	4,680.00
Payroll and Payroll Taxes			
Office Expenses			
Insurance			
Fire/General Liability	$225x12	=	2,700.00
Flood Insurance	$95.83x12	=	1,150.00
Reserves	$200x12	=	2,400.00
Taxes and Government Assessments			
Audit Fees	$80x12	=	960.00
Other			
TOTAL	$ 2,515.83	=	30,189.96

I/We, REP MANAGEMENT, INC., as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

REP MANAGEMENT, INC.

By _____
Its President

Date: September , 1989

EXHIBIT G

SALES CONTRACT PERTINENT PROVISIONS

1. The Sales Contract identifies the apartment, the common interest, the Purchase Price, the method of payment, the initial maintenance fees.

2. The Sales Contract provides the following for sales not covered by Chapter 514A, Part VI, Hawaii Revised Statutes, relating to sales to owner-occupants:

a. If the Buyer wishes a mortgage loan on the Apartment for the payment of a portion of the purchase price, the Buyer shall, within five (5) working days after acceptance of the Sales Contract by Developer, apply to HonFed Savings Bank, a federal savings bank (the "Lender") for a loan and apply for eligibility and credit approval. Buyer must have the Lender inform Developer that application for loan has been made. After the application has been made, Buyer must, on request, promptly execute and deliver all documents and take all steps necessary to complete the loan. If Buyer does not make said loan application within said five (5) working day period, Buyer's deposit will be forfeited and the Sales Contract shall be cancelled.

b. Within five (5) working days after acceptance of the Sales Contract by Developer, Buyer shall apply to HonFed Savings Bank, a federal savings bank (the "Lender") for the loan and apply for eligibility and credit approval necessary for the loan. Buyer shall have the Lender inform Developer that application for the loan has been made. After the application has been made, Buyer will, on request, promptly execute and deliver all documents and take all steps necessary to complete the loan. If Buyer does not make the loan application within said five (5) working day period, Buyer shall forfeit Buyer's deposit and the Sales Contract shall be cancelled.

c. Within thirty (30) calendar days after acceptance of the Sales Contract by Developer, Buyer shall secure a preliminary approval from the Lender.

d. Within forty-five (45) calendar days after acceptance of the Sales Contract by Developer, Buyer shall secure an irrevocable loan commitment from the Lender.

e. Within ten (10) working days after the date of the irrevocable loan commitment, Buyer shall close the purchase of the Apartment.

f. If the application for such loan or eligibility and credit approval therefor is rejected by the Lender at any time, or not approved, or an irrevocable commitment is not issued by such Lender in a form satisfactory to Developer, within forty-five (45) calendar days after acceptance of this offer by Developer, Developer has the option to terminate the Sales Contract and cause Escrow Agent to refund to Buyer all monies previously paid without interest less the cost of any credit reports and all other costs including but not limited to escrow charges incurred by Developer. Developer shall give

written notice of such termination, and a copy thereof shall be given to Escrow Agent.

3. The Sales Contract provides the following for sales covered by Chapter 514A, Part VI, Hawaii Revised Statutes, relating to sales to owner-occupants:

a. If the Buyer wishes a mortgage loan on the Apartment for the payment of a portion of the purchase price, Buyer shall apply to HonFed Savings Bank, a federal savings bank (the "Lender"), for such loan and for eligibility and credit approval necessary therefor. Buyer shall have the Lender inform Developer that application for loan has been made. After the application is made, Buyer will, upon the Lender's request, promptly execute and deliver all documents and take all steps necessary to complete such loan.

b. Developer agrees to cancel the Sales Contract and shall cause Escrow to refund to purchaser all moneys previously paid without interest less the cost of any credit reports and all other costs including but not limited to escrow charges incurred by Developer, upon the occurence of the following events:

(1) Buyer shall not secure adequate financing, or a commitment for adequate financing by the later of (i) fifty-five (55) calendar days following the issuance of the first public report for the Project or forty-five (45) calendar days from the date of the Sales Contract; or

(2) Buyer desires to cancel the Sales Contract on account of hardship circumstances (such as serious illness of the Buyer or of a member of the Buyer's family, job or military transfer, unforeseeable change in marital status, or the birth of a child), occurring after Buyer's execution of the Sales Contract, causes the Buyer to be unable to occupy the Apartment; or

(3) Buyer indicates an intent not to become an owner-occupant of the Apartment.

Developer shall give written notice of such termination, and a copy thereof shall be given to Escrow Agent.

4. The Sales Contract provides that the Buyer has the right to cancel the Sales Contract at any time prior to the earlier of (1) the conveyance of the apartment to Buyer or (2) midnight of the thirtieth (30th) day following the date of execution of the Sales Contract unless Buyer waives Buyer's right to cancel in writing prior to such time. Should Buyer cancel the Sales Contract within such time, the amounts paid by Buyer, less any escrow cancellation fee and other costs associated with the pruchase up to maximum of $250.00, will be returned to Buyer and all rights and liabilities of Buyer under the Sales Contract will cease and terminate. Upon expiration of the time upon which Buyer may cancel, the Sales Contract shall be binding upon Buyer.

5. The Sales Contract contains the following section:

"BUYER FURTHER ACKNOWLEDGES THAT BUYER HAS BEEN INFORMED THAT HALL-KIMBRELL ENVIRONMENTAL SERVICES, INC., A FACILITY LICENSED BY THE ENVIRONMENTAL PROTECTION AGENCY ("EPA"), HAS FOUND THAT THE SIMULATED ACOUSTICAL PLASTER SPRAYED ON THE CONCRETE CEILING OF ALL FLOORS CONTAINS CHRYSOTILE ASBESTOS, THE VINYL FLOOR TILES AND THE ASSOCIATED TILE MASTIC ON ALL FLOORS CONTAINS CHRYSOTILE ASBESTOS; THAT ENCAPSULATION (SEALING OF THE SURFACE OF THE CEILING WITH AN APPROVED SEALANT AND PAINTING THE CEILING WITH A LATEX PAINT) OF THE CEILING HAS BEEN UNDERTAKEN UNDER THE RECOMMENDATIONS, SPECIFICATIONS AND DIRECTION OF INALAB, INC., A FACILITY LICENSED BY THE EPA; THAT REGULAR MAINTENANCE BY LICENSED AND QUALIFIED PERSONNEL TO MAINTAIN THE INTEGRITY OF THE ENCAPSULATION IS ADVISED AND THAT INALAB, INC. HAS STATED THAT THE MEMBRANE ENCAPSULATION PROCEDURE COMPLIES WITH CURRENT PROFESSIONAL PRACTICE AND RECOMMENDATIONS BY THE EPA.

"INALAB, INC. HAS ADVISED THAT THE ASBESTOS-CONTAINING FLOOR TILES REQUIRE NO CURRENT TREATMENT MANDATED BY ANY LAWS OR REGULATIONS RELATED TO ASBESTOS-CONTAINING MATERIALS. THE VINYL ASBESTOS FLOOR TILES AND TILE MASTIC HAVE BEEN COVERED BY EITHER WALL TO WALL CARPETING OR NEW VINYL FLOOR TILES. INALAB, INC. HAS STATED THAT THESE PROCEDURES COMPLY WITH CURRENT PROFESSIONAL PRACTICE AND RECOMMENDATIONS BY THE EPA.

"THE BUYER FURTHER ACKNOWLEDGES THAT THE BUYER HAS BEEN ADVISED THAT THE ENCAPSULATED CEILING, THE VINYL ASBESTOS FLOOR TILES AND THE TILE MASTIC MUST NOT BE DISTURBED.

"THE BUYER FURTHER ACKNOWLEDGES THE FOREGOING DISCLOSURES AND AGREES TO CONSULT WITH BUYER'S OWN BUILDING CONSULTANTS, EXPERTS AND ATTORNEYS TO ASSIST THE BUYER FORM AN INFORMED AND INDEPENDENT OPINION, JUDGMENT AND DECISION REGARDING THE CONDITION OF THE BUILDING, THE EFFECTS OF THE PRESENCE OF ASBESTOS IN THE CEILING, THE FLOOR TILES AND THE TILE MASTIC, THE MAINTENANCE AND CARE REQUIRED AND THE LONG TERM EFFECTS AND CONSEQUENCES OF THE PRESENCE OF THE ASBESTOS CONTAINING MATERIALS."

6. The Sales Contract provides that the Buyer shall pay, at the time of pre-closing, all closing fees and costs, including, but not limited to, the cost of preparing the Apartment Deed, all notary fees, the conveyance tax, recording fees, cost of credit report, cost of preparing note(s) and mortgage(s), if any, loan finance fees, the cost of a certificate of title, the cost of any title insurance required by the Lender, all of the escrow fee, and Buyer's share of maintenance fees payable to the Association of Apartment Owners (the "Association") including the first month's fee and start-up fee.

7. The Sales Contract provides that any interest payable on monies deposited with Escrow Agent shall belong to and be payable to Developer.

8. The Sales Contract provides that all of the Buyer's rights, title and interest in the Sales Contract are subject and subordinate to the lien of any mortgage or mortgages now or later made in acquiring the fee simple interest in the land and other associated costs of the Project and to all advances made thereon.

EXHIBIT H

ESCROW AGREEMENT PERTINENT PROVISIONS

1. The Escrow Agreement by and between the Developer and Bank of Hawaii dated September 1, 1989, establishes how proceeds from sales of apartments and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds.

2. The Escrow Agreement provides that Buyer shall be entitled to a refund of Buyer's funds, and Escrow shall pay said funds to said Buyer, without interest, if Buyer shall in writing request refund of Buyer's funds and any one of the following shall have occurred:

(a) Escrow receives a written request from Developer to return to Buyer the funds of such Buyer then held hereunder by Escrow; or

(b) If Buyer's funds were obtained after the issuance of a final public report and Buyer exercises Buyer's right to cancel prior to the earlier of (1) the conveyance of the apartment to Buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of the final public report, provided, however, that the Buyer has not previously waived Buyer's right to cancel; or

(c) If there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such Buyer's apartment of appurtenant limited common elements, or (2) those amenities of the Project available for such Buyer's use, unless the Buyer has waived Buyer's rights of rescission in writing.