

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer ALETHA A. LIU, TIMOTHY K. POBANZ, JOYCE E. POBANZ Address

Project Name (\*): SEABREEZE Address: 935 & 937 KAINUI DRIVE, KAILUA, HAWAII 96734

Registration No. 2173 (Conversion) Effective date: August 31, 2000 Expiration date: September 30, 2001

Preparation of this Report

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

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.
X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports.

(\*) Exactly as named in the Declaration This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report     Not Required - Disclosures covered in this report.  
AS EXHIBIT "F"

**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 developer.

Changes made are as follows:

CONDO MAP REVISED AND FILED 1/91  
NEW "ARCHITECT" LETTER & NEW "COUNTY" LETTER  
CORRECTED EXHIBIT A, D, E, & G OF THE PRELIMINARY REPORT AND EXHIBIT F  
SECOND UNIT ADDRESS IS 937 KAINUI DRIVE NOT 933 (AS PER THE U.S. POST OFFICE)  
AND STATED IN THE AMENDMENT TO THE DECLARATION

The public report format currently in use by the Real Estate Commission ("Commission") is different from that upon which the Preliminary public report for this project was issued. Although this Final supersedes the earlier report, if a prospective purchaser desires to compare the previous report to the Final, information contained on a specific page of the Final report will not coincide to the same page number in the Preliminary public report. Therefore, it is suggested that the table of contents be referred to when making comparisons between reports.

**SPECIAL ATTENTION**

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. the land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT 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 the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expense. 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.

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 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 project's 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.

### **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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Aletha A. Liu, Timothy K. Pobanz & Phone: [Redacted]
Name\* Joyce E. Pobanz (Business)
Business Address [Redacted]

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker\*: ERIC M. WATANABE REALTY, INC. Phone: 808-488-2553
Name (Business)
98-030 HEKAHA STREET SUITE #12
Business Address
AIEA, HAWAII 96701

Escrow: FIRST AMERICAN LONG & MELONE TITLE CO. Phone: 808-487-5100
Name (Business)
98-030 HEKAHA STREET SUITE #14
Business Address
AIEA, HAWAII 96701

General Contractor\*: N/A Phone:
Name (Business)
Business Address

Condominium Managing Agent\*: PROJECT IS SELF MANAGED BY Phone:
Name ASSOCIATION OF APARTMENT OWNERS (Business)
Business Address

Attorney for Developer: THIS REPORT PREPARED BY PRO SE DEVELOPER Phone: 808-262-4260
Name (Business)
Business Address

For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____	
			Book <u>23263</u>	Page <u>109</u>
<input type="checkbox"/>	Filed -	Land Court:	Document No. _____	

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

AMENDMENT OF DECLARATION OF HORIZONTAL PROPERTY REGIME  
RECORDED AT BUREAU OF CONVEYANCES ON 1/29/91 DOCUMENT #91-011636

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. _____	<u>1216</u>	
<input type="checkbox"/>	Filed -	Land Court Condo Map No. _____		

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

CONDO MAP #1216 AMENDED 1/29/91 DOCUMENT #91-011636

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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____	
			Book <u>23263</u>	Page <u>133</u>
<input type="checkbox"/>	Filed -	Land Court:	Document No. _____	

The Bylaws referred to above have been amended by the following instruments [state name of document, date 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 limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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%*	_____100%_____
Bylaws	65%	_____65%_____
House Rules	—	_____N/A_____

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:



[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 937 & 935 KAINUI DRIVE Tax Map Key (TMK): 4-3-78-89 (1st)  
KAILUA, HAWAII 96731

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

Land Area: 10,800 [X] square feet [ ] acre(s) Zoning: R-10

Fee Owner: ALETHA A. LIU; TIMOTHY K. POBANZ & JOYCE E. POBANZ  
Name

Address

Lessor: 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. Number of Buildings: 2 Floors Per Building: 2

Exhibit \_\_\_\_\_ contains further explanations.

3. **Principal Construction Material:**

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Ohana	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

5. Special Use Restrictions:

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

Pets: SEE BYLAWS ARTICLE V SECTION 4(h).

Number of Occupants: \_\_\_\_\_

Other: THE UNITS ARE RESTRICTED TO RESIDENTIAL USE ONLY.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: NONE                      Stairways: NONE                      Trash Chutes: NONE

Apt. Type	Quantity	BK/Bath	Net Living Area (sr)*	Net Other Area (sr)	(Identify)
<u>APT 1</u>	<u>1</u>	<u>6/3</u>	<u>2920</u>	<u>          </u>	<u>          </u>
<u>APT 2</u>	<u>1</u>	<u>3/2</u>	<u>830</u>	<u>857</u>	<u>GARAGE</u>
<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

Total Number of 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.

Boundaries of Each Apartment:

SEE EXHIBIT "A"

Permitted Alterations to Apartments:

As noted in Section N of the Declaration, no apartment owner may conduct any work which could jeopardize the soundness or safety of the project, reduce the value thereof, or impair any easement or hereditament, or may any owner add any material structure or excavate any basement or cellar, without obtaining the consent of all apartment owners. All other additions to or alterations of either apartment or its appurtenant limited common elements by the owner of such apartment shall be permitted without restriction, subject to affected mortgagee(s) consent(s), and provided all such additions or alteration are done in compliance with all applicable building and zoning codes and ordinances. It should be noted that current ordinances prohibit the expansion or enlargement of Apartment Two (937 Kainui Drive) beyond its existing size of 900 square feet "footprint". See Exhibit "F".

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.



11. 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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit   B  .

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 use them, as described in the Declaration, are:

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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

Each unit and its owner(s) shall have appurtenant thereto a one-half (1/2) fractional interest (50.0 percent interest) in the common elements of the Project, for all purposes including voting, said interest being referred to as the "common interest."

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit D describes the encumbrances against the title contained in the title report dated 24 July 2000 apt 1; 26 July 2000-apt 2 and issued by 1st AMERICAN LONG & MELONE TITLE CO. for each apt /revised 8/8/00

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
MORTGAGE	The Buyer's contract may be cancelled and the Buyer may lose all rights to acquire the unit. Buyer's deposit, less escrow cancellation fee, will be returned if default and foreclosure occur before conveyance. However, should the Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

F. 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:

N/A

2. Appliances:

NONE

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Unit 1 is an existing dwelling constructed prior to 1960. Unit 2 was completed on or around June, 1990.

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

NONE

IV. CONDOMINIUM MANAGEMENT

- A. 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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- [ ] not affiliated with the Developer [ ] the Developer or Developer's affiliate
[X] self-managed by the Association of Apartment Owners [ ] Other: \_\_\_\_\_

- B. 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, a lien may be placed on your apartment and the apartment may be 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.

Exhibit H\* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). \* Note: Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

- C. 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:

- [X] None [ ] Electricity ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)
[ ] Gas ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)
[ ] Water [ ] Sewer [ ] Television Cable
[ ] Other \_\_\_\_\_

## V. MISCELLANEOUS

### A. 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 E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated 09 AUG 2000  
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

#### 1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales 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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) 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:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other \_\_\_\_\_

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2173 filed with the Real Estate Commission on MAY 2, 1990.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

OHANA DISCLOSURE respecting Apartment Two - 937 Kainui Drive: Apartment Two of the Project, i.e., 937 Kainui Drive, is an ohana dwelling pursuant to the provision of Section 6.20 (Housing: Ohana Dwellings) of the Land Use Ordinance of the City and County of Honolulu (LUO). At present, the maximum permitted floor area of an ohana dwelling located in a zoning district designated as R-10, as is this Project, is 900 square feet. Because of this limitation, the size of Apartment Two may not be expanded beyond its present 900 square-foot footprint.

FORECLOSURE OF APARTMENT ONE - 935 Kainui Drive: When the apartment is sold financial encumbrances will be settled and a release of mortgage will be issued by the mortgagee. This item applies to owner Liu, August 2000. See attached statement of mortgagee, Exhibit I.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Joyce Pobanz  
Printed Name of Developer

By: Joyce Pobanz 07 AUG 2000  
Duly Authorized Signatory Date

Joyce Pobanz, Developer  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu

*\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.*

## INDIVIDUAL APARTMENT UNIT DESCRIPTIONS

The Declaration of Condominium Property Regime, Amendment of said Declaration, and plans submitted by the Developer indicate the SEABREEZE is a fee simple condominium conversion project consisting of a total of two condominium units, or apartments, each unit comprising a separate single-family structure. The units are described as follows:

- (a) "Apartment Number One", designated on the Condominium Map as 935 Kainui Drive, consists of a separate two-story wood-frame structure, without basement, containing six bedrooms, three baths, living room, family room, den, dining area and kitchen -- all containing a net interior living area of approximately 2,920 square feet. It is composed principally of wood.
- (b) "Apartment Number Two", designated on the Condominium Map as 937 Kainui Drive, consists of a separate two-story hollow tile and wood-frame structure, without basement, containing a garage on the first floor and a living room, dining area, kitchen, three bedrooms and two baths located on the second floor. Said apartment contains a floor area of approximately 830 square feet, plus the approximately 857 square-foot garage below, and is constructed principally of wood on the second floor, and cement block pillars and wood on the first floor.

## COMMON ELEMENTS

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

- (a) The land in fee simple;
- (b) All yards, grounds and landscaping;
- (c) All driveways;
- (d) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, sewage, irrigation and telephone;
- (e) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

Exhibit "B"

## LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein referred to as the "limited common elements", are designated and set aside for the exclusive use of one or more apartments, and such apartment(s) 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:

- (a) The lot upon which each respective apartment is built, including the yard, grounds, landscaping and any amenities, located thereon, as outlined in red on the Condominium Map, shall be appurtenant to and for the exclusive use of each apartment.
- (b) All pipes, wires, conduits, and other utility and service lines not contained within an apartment but used exclusively by and servicing only such apartment, shall be appurtenant to and for the exclusive use of that apartment.
- (c) One mailbox shall be appurtenant to and for the exclusive use of each apartment, shall be designated with the apartment number thereon, and shall be located at the end of each driveway of the project.

NOTE: The land area appurtenant to each apartment does not represent a legally subdivided lot.

**ENCUMBRANCES AGAINST TITLES**

An encumbrance is a claim against or a liability on the property. The following lists describe the encumbrances against the titles contained in the preliminary title reports.

First comes encumbrances based on "Commitment for Title Insurance" dated 7/24/2000, issued by First American Long & Melone Title Company, Ltd. for Apartment One, 935 Kainui Drive, owned by Aletha A. Liu.

**1. TAXES FOR THE FISCAL YEAR 1997-1998 AND SUBSEQUENT YEARS**

Tax Key	:	1-4-3-78-89 (HPR 1) Code 1
Assessed Value of Land	:	\$181,500.00 (2000)
Exemption	:	-----
Assessed Value of Improvements	:	\$146,400.00
Exemption	:	\$ 60,000.00
Net Value	:	\$267,900.00
Fiscal Year (1999-2000) Taxes		
1 <sup>st</sup> Installment – DELINQUENT		
Taxes	\$468.67	
Penalty	46.87	
Interest thru 7/00	56.71	
Amount due		\$ 572.25
2 <sup>nd</sup> Installment – DELINQUENT		
Taxes	468.66	
Penalty	46.87	
Interest thru 7/00	25.78	
Amount Due		\$ 541.31

**DELINQUENT TAXES**

Fiscal Year 1997-1998	\$224.44 (2 <sup>nd</sup> Half)	
Fiscal Year 1998-1999	988.02	
Fiscal Year 1999-2000	937.33	
Penalty	192.54	
Interest thru 7/00	355.96	
Amount Due		\$ 2,698.29

NOTE: Verification should be made with the office of the Director of Finance on the Delinquent taxes shown above. Posting is not current and information is not always accurate.

2. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title, and all other provisions contained in or incorporated by reference in the Declaration of Horizontal Property Regime dated May 25, 1989, recorded in the Bureau of Conveyances in Book 23263, Page 109 (By-Laws thereto dated May 25, 1989, recorded in the Bureau of Conveyances in Book 23263, Page

133) Condominium Map No. 1216, as amended; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.

3. Covenants set forth in Affidavit made by Aletha A. Liu dated September 13, 1989, recorded in the Bureau of Conveyances in Book 23641, Page 167, to-wit:

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

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

4. MORTGAGE

Mortgagor: Aletha Ann Liu, unmarried  
Mortgagee: Associates Financial Services Company of Hawaii, Inc., a Hawaii Corporation  
Dated: May 13, 1997  
Recorded in the Bureau of Conveyances as Document No. 97-064339  
To Secure: \$285,107.91 and any other amounts and/or obligations secured thereby

5. PROCEEDINGS

Filed in the Circuit Court of the First Circuit, State of Hawaii, with Civil No. 99-2067-05  
Plaintiff: Associates Financial Services Company of Hawaii, Inc., a Hawaii corporation  
Defendant: Aletha Ann Liu; City and County of Honolulu; Association of Apartment Owners of Seabreeze; et al.

Filed May 24, 1999 Complaint – Suit to foreclose Mortgage recorded in the Bureau of Conveyances as Document No. 97-064339

Filed May 24, 1999 Plaintiff's Notice of Pendency of Action (Said Notice was Also recorded in the Bureau of Conveyances as Document No. 99-085336.

Filed December 1, 1999 Findings of Fact, Conclusions of Law and Order Granting Plaintiff's Motion for Summary Judgment and Decree of Foreclosure as against all Defts on Complaint filed May 24, 1999.

Filed December 1, 1999 Judgment Based on Findings of Fact, Conclusions of Law and Order Granting Plaintiff's Motion for Summary Judgment and Decree of Foreclosure as against all Defts on Complaint filed May 24, 1999.

Filed December 1, 1999 Notice of Entry of Judgment Based on Findings of Fact, Conclusions of Law and Order Granting Plaintiff's Motion for Summary Judgment and Decree of Foreclosure as against all Defts on Complaint.

Filed June 7, 2000 Order Granting Plaintiff's Motion to Amend Findings of Fact, Conclusions of Law filed December 1, 1999.

(PENDING)

6. DISTRICT COURT JUDGMENT

Plaintiff: Medcah, Inc., a Hawaii corporation

Defendant: Aletha Liu

Amount : \$10,268.03

Dated: October 15, 1999

Filed October 15, 1999 in the District Court of the First Circuit, Ko'olaupoko

Division, State of Hawaii, with Civil No. 1RC99-5648

Recorded November 3, 1999 in the Bureau of Conveyances as Document No. 99-176187.

7. DISTRICT COURT JUDGMENT

Plaintiff: Reliable Collection Agency, Ltd., a Hawaii corporation

Defendant: Aletha A. Liu

Amount: \$2,577.88

Dated: June 1, 2000

Filed June 1, 2000 in the District Court of the First Circuit, Ko'laupoko Division, State of Hawaii, with Civil No. 1Rcoo-2422.

Recorded July 11, 2000 in the Bureau off Conveyances as Document No. 2000-9944949.

8. GRANT OF EASEMENT

In favor Of: Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated

Dated: January 8, 1990

Recorded in the Bureau of Conveyances as Document No. 90-025723.

Purpose: Utility

9. Title to all mineral and metallic mines reserved to the State of Hawaii.

Second, comes encumbrances against the title for Apartment Two, 937 Kainui Drive, owned by Timothy K. Pobanz and wife, Joyce E. Pobanz contained in the preliminary title report (Commitment for Title Insurance) dated 08 August 2000 & 26 August 2000 issued by First American Long & Melone Title Company.

1. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title, and all other provisions contained in or incorporated by reference in the Declaration of Horizontal Property Regime dated May 25, 1989, recorded in the Bureau of Conveyances in Book 23263, Page 109 (By-Lows thereto dated May 25, 1989, recorded in the Bureau of Conveyances in Book 23263, Page 133) Condominium Map No. 1216, as amended; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.
2. GRANT OF EASEMENT  
In favor Of: Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated  
Dated: January 8, 1990  
Recorded in the Bureau of Conveyances as Document No. 90-025723.  
Purpose: Utility
3. EASEMENT C (25 feet wide)  
As shown on : File Plan No. 553  
Purpose : Canal Maintenance
4. Title to all mineral and metallic mines reserved to the State of Hawaii.
5. GRANT OF EASEMENT  
In Favor Of: State of Hawaii  
Dated : February 6, 1953  
Recorded in the Bureau of Conveyances in Book 2669, Page 74.  
Purpose : Construction and maintenance of canal  
Location : Over Easement C

SCHEDULE B - Section 2

Exceptions continued  
Page 5

PART II continued

NOTE: If the land described in Schedule C is acquired following a judicial or non-judicial foreclosure by a third-party purchaser or a subsequent purchaser who is not the holder of a mortgage secured by the property described in Schedule C, then the third-party or subsequent purchaser will be subject to a special assessment for common expenses unpaid for the six months prior to the completion of the foreclosure, up to a maximum of \$1800, under Sections 514A-90(g), (h) and (i), Hawaii Revised Statutes (Act 39, 2000 Session Laws of Hawaii), **if and only if** the Association of Apartment Owners filed a Notice of Special Assessment subsequent to:

The filing of a complaint for judicial foreclosure, or

The mailing of the initial notice of intent to foreclose non-judicially.

No exception will appear on the policy of title insurance unless there is a sale to third-party or subsequent purchaser who is not the foreclosing lender and a notice of special assessment was properly filed after commencement of foreclosure proceedings and not paid and released.

## SUMMARY OF SALES CONTRACT AND ESCROW ARRANGEMENTS

**SALES CONTRACT:** Developer is using the standard Hawaii Board of Realtors' Deposit Receipt, Offer and Acceptance (DROA) from as the intended sales contract for the Project. Reference is hereby made thereto.

The sales contract contains the purchase price, description and location of the condominium unit and other terms and conditions under which a Buyer will agree to buy a condominium unit in the Project. Among other things, the sales contract (DROA):

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract by Buyer:
  - a. Seller may bring an action against Buyer for breach of contract;
  - b. Seller may retain Buyer's deposit(s);
  - c. Buyer shall be responsible for expenses incurred.

Provides the following remedies, in the event of default under the sales contract by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

Upon examination, the Developer represents that the proposed Sales Contract (DROA) is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is incumbent upon the purchaser and prospective purchaser that he reads the Sales Contract (DROA) with care.

**SEABREEZE  
CONDOMINIUM PROJECT**

**DISCLOSURE ABSTRACT**

Pursuant to section 514a-61, Hawaii Revised Statutes

1. Project Name : Seabreeze  
935/937 Kainui Drive  
Kailua, Oahu, HI 96734
2. Developer : Aletha A. Liu  
Timothy K. & Joyce E. Pobanz  

3. Real Estate Broker : Eric M. Watanabe Realty, Inc.  
98-030 Hekaha Street, Suite 12  
Aiea, Hawaii 96701
4. Managing Agent : Self managed

5. BREAKDOWN OF ANNUAL MAINTENANCE FEES AND MONTHLY ESTIMATED COSTS FOR EACH APARTMENT: None

6. WARRANTIES: Purchasers should be aware that the "condominium units" of the Project are both existing single-family units. Said units have unavoidably undergone a certain amount of "wear and tear" commensurate with their age. Accordingly, purchasers should not expect the unit they desire to buy to be in "like-new" condition. NO WARRANTIES FOR FITNESS OF USE OR MECHANICALITY OR ANY OTHER KIND ARE MADE AS TO THE INDIVIDUAL CONDOMINIUM UNITS OR THE COMMON ELEMENTS OF THE PROJECT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE UNIT THEY DESIRE TO BUY. THE UNITS ARE SOLD "AS IS."

7. (USES) OF APARTMENTS IN THE PROJECT: The two units are for residential use only, being single-family dwellings.

8. CONVERSION OF EXISTING STRUCTURES

a. Structural Components and Mechanical & Electrical Installations

Based on a report prepared by an independent architect, it is the developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition.

b. Expected Useful Life

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 units.

c. Code Violations

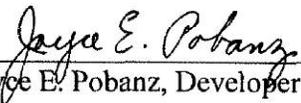
To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or other municipal regulations of the City and County of Honolulu.

d. Conformance to Zoning Requirements

The lot, structures, and uses conform to the present zoning requirements.

In witness hereof, the Developer has executed this Disclosure Abstract on August 8, 2000.

  
Alétha A. Liu, Developer

  
Joyce E. Pobanz, Developer

  
Timothy K. Pobanz, Developer

EXHIBIT   H  

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

NONE

*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
  - common elements only
  - common elements and apartments
- Elevator
- Gas
  - common elements only
  - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

*none*

Insurance

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

*φ*

I, Joyce Pobanz, as agent for and/or employed by \_\_\_\_\_, the condominium managing agent/developer for the Seabreeze 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.

\_\_\_\_\_  
Signature

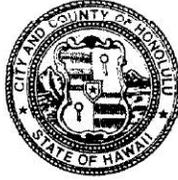
06 Aug 2000  
Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.cc.honolulu.hi.us/planning

JEREMY HARRIS  
MAYOR



RANDALL K. FUJIKI, AIA  
DIRECTOR

LORETTA K.C. CHEE  
DEPUTY DIRECTOR

2000/CLOG-4369(RLK)

August 24, 2000

Ms. Joyce Pobanz  
ASAO Seabreeze Condominium  
937 Kainui Drive  
Kailua, Hawaii 96734

Dear Ms. Pobanz:

Subject: Condominium Conversion Project  
Seabreeze Condominium  
935/937 Kainui Drive, Kailua, Hawaii 96734  
Tax Map Key: 4-3-78: 89

This is in response to your letter dated August 1, 2000 requesting verification that the structures at the condominium project known as "Seabreeze Condominium" met all applicable code requirements at the time of construction.

Investigation revealed that the two-story single-family detached dwelling at 935 Kainui Drive and the two-story single-family ohana dwelling at 937 Kainui Drive met all applicable requirements when they were constructed in 1956 and 1986, respectively, on this 10,800-square-foot R-10 residential district zoned lot. There are four all-weather surface off-street parking spaces on the property.

A zoning adjustment is required for rebuilding an ohana dwelling.

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

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

EXHIBIT G

Ms. Joyce Pobanz  
ASAO Seabreeze Condominium  
Page 2  
August 24, 2000

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record.

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

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Randall K. Fujiki', written over the typed name and title.

RANDALL K. FUJIKI, AIA  
Director of Planning and Permitting

RKF:ft  
g:\650\seabreez.civ



# First American Long & Melone Title Company, Ltd.

PEARLRIDGE BRANCH  
98-030 Hakaha Street, Building 7, Room 14, Aiea, HI 96701  
Telephone (808) 487-5100 Facsimile (808) 486-1044

ASSOCIATES FINANCIAL SERVICES  
ATTN: LYNN TANAKA  
  
Re: SHORT-SALE: ALETHA ANN LIU

Date: 08/03/00  
Escrow No: 00606589-FCM  
Seller/Buyer: LIU/MARSHALL  
Property: 938 KAINUI DRIVE  
SEA BREEZE  
KAILUA HI 96734  
TMK: 1-4-3-078-089-0001

TRANSMITTAL LETTER  
FAXED 843-2074 TOTAL PAGES FAXED: 2

The following is:  
(X) FOR NECESSARY ACTION

Copies	Description
1	COPY OF SCHEDULE "B" OF PRELIM REPORT - SEE ITEM NO. 5 FOR MORTGAGE INFORMATION (FOR DRAFTING OF RELEASE OF MTG)

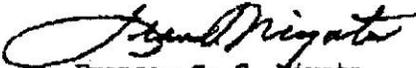
Remarks:  
HI!

PER OUR CONVERSATION, CONFIRMING THE FOLLOWING:

1. MINIMUM SHORT-SALE PROCEEDS TO ASSOCIATIONS IS \$285051.26.
2. PROCEEDS CHECK TO BE DELIVERED TO ASSOCIATES FINANCIAL, 419 WAIKAMUI RD., #8, HONOLULU, HI 96817 ON DAY OF RECORDATION IN EXCHANGE FOR RELEASE OF MORTGAGE.
3. CLOSING TO BE ON AUGUST 31, 2000 OR SOONER, IF POSSIBLE.

PLEASE ACKNOWLEDGE THE ABOVE BY SIGNING ACKNOWLEDGEMENT AND RETURN TO OUR OFFICE BY FAX (486-1044).

FIRST AMERICAN LONG & MELONE TITLE COMPANY, LTD.

  
Frances C. C. Miyata  
Escrow Specialist  
Phone: (808) 487-5100

ACKNOWLEDGED & ACCEPTED  
ASSOCIATES FINANCIAL SERVICES COMPANY OF HAWAII, INC.

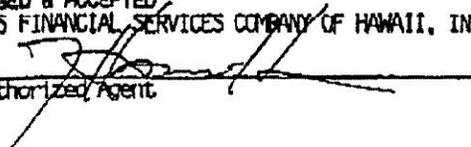
X By:   
Its Authorized Agent

EXHIBIT I