



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

KAILUA OCEAN VIEW
 226-C South Kalaheo Avenue
 Kailua, Hawaii 96734

Registration No. 2189 (Conversion)

Issued: April 30, 1990

Expires: May 30, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 20, 1990, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required Not Required - disclosures covered in this report.

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GENERAL INFORMATION ON CONDOMINIUMS

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

If you are an individual apartment owner, you will have two kinds of ownership: (1) ownership in your 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 building intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	2/1	741	--
B	1	3/2	1904	--
C	1	3/3	2200	120 & 97

Total Apartments: 3

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>6</u>
Guest Stalls	<u>2</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u>0</u>
Total Parking Stalls	<u>8</u>

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Wolf Dieter Gaessner & Waldtraut Erna Gaessner, Phone: 261-6202
Trustees (Business)
Name
226-C South Kalaheo Avenue
Business Address
Kailua, Hawaii 96734

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

N/A

Real Estate Sales Agent: Waldtraut E. Gaessner dba
Traudie Gaessner Realty Phone: 261-6202
Name (Business)
P.O. Box 666
Business Address
Kailua, Hawaii 96734

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

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

Attorney for Developer: Philip L. Lahne
Dirman, Nakamura, Elisha & Nakatani
Name
707 Richards Street, PH-1
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 _____
 Filed - Land Court - Document Number 1685155

Amendment date(s) and recording/filing information:

None

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 747

Amendment date(s) and recording/filing information:

None

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Book _____ Page _____
 Filed - Land Court - Document Number 1685156

Amendment date(s) and recording/filing information:

None

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

- Proposed Adopted
- Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>--</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules: None

B. Underlying Land:

Address: 226-C South Kalaheo Avenue Tax Map Key: Oahu 4-3-12-20
Kailua, Hawaii 96734 (TMK)

Address TMK is expected to change because _____

Land Area: 30,136 square feet acre(s) Zoning: R-10

Fee Owner: Wolf Dieter Gaessner & Waldtraut Erna
Name Gaessner, Trustees
226-C South Kalaheo Avenue
Address
Kailua, Hawaii 96734

Sublessor: _____
Name

Address

C Buildings and Other Improvements:

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

2. Buildings: 3 Floors Per Building A & B -1, C-2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other stucco (Home C)

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>3</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

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

Pets Usual and customary household pets in reasonable manner.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 3

Elevators 0

Stairways 1

Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>2/1</u>	<u>741</u>	<u>--</u>
<u>B</u>	<u>1</u>	<u>3/2</u>	<u>1904</u>	<u>--</u>
<u>C</u>	<u>1</u>	<u>3/3</u>	<u>2200</u>	<u>120 & 97</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 8

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>2</u>	<u>4</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>6</u>
Guest	<u> </u>	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2</u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra Available for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u> </u>	<u>8</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Other: _____
- Storage Area
- Laundry Area
- Trash Chute

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

In accordance with the report of Edward A. Pesh, Professional Architect No. 3239, dated September 20, 1989, the structural, mechanical, and electrical components of Homes A and E are in good condition. Home C is new.

No representation is made as to the expected useful life of the Homes or the components thereof.

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

Pursuant to letter dated July 8, 1988 from the Building Department of the City and County of Honolulu, the Homes meet all code requirements in effect at the time of construction.

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

Cluster Housing Development Application No. 87/CL-4

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

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

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

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

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

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

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

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

Exhibit C describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit D

as follows:

NOTE: The designation of the land beneath and adjacent to each apartment as a limited common element does not represent a legally subdivided or subdividable lot. Prospective purchasers are cautioned to carefully review the project documents for further information in this regard.

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

Exhibit describes the common interests for each apartment.

As follows:

Each apartment will have appurtenant thereto a one-third (1/3) undivided interest for all purposes, including voting.

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 December 19, 1989 and issued by First American Title Co. 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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage - International Savings and Loan Association	Foreclosure. Buyer's deposit will be returned, buyer's contract may be cancelled, and buyer may not be able to acquire the apartment.
Mortgage - GECC Financial Corp.	Foreclosure. Buyer's deposit will be returned, buyer's contract may be cancelled, and buyer may not be able to acquire the apartment.

F. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[X] 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:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

Not applicable See attached Exhibit "F"

I. **Construction Warranties:**

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

1. **Building and Other Improvements:**

None

2. **Appliances:**

None

J. Status of Construction and Estimated Completion Date:

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development: None

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated January 17, 1990

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of 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. 2189 filed with the Real Estate Commission on
February 16, 1990.

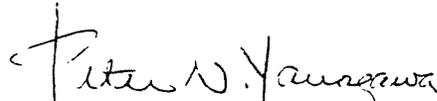
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.



PETER 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"

BOUNDARIES OF APARTMENTS: The Project is divided into the following freehold estates:

Three (3) separate and distinct freehold estates are designated in the spaces bounded by and including the perimeter walls, floors, roofs, foundations, beams, and supports of each dwelling, and the decorated or finished outer surfaces thereof, if any. Each such dwelling shall include all pipes, wires, conduits, and other utility and service lines contained wholly within such dwelling and which are utilized exclusively by and serve only such dwelling.

Said dwellings are designated on the Condominium File Plan as "Home A", "Home B", and "Home C", and are sometimes referred to collectively as the "Homes". The term "Home" has the same meaning as the term "Apartment" as used in the Condominium Property Act, as the same may be amended from time to time.

Home A has two (2) bedrooms, a kitchen/dining area, a living room, a bathroom, and a laundry room and has a net living area of approximately 741 square feet.

Home B has three (3) bedrooms, two (2) bath rooms, a kitchen, a dining room, and a living room and has a net living area of approximately 1904 square feet.

Home C has three (3) bedrooms, three (3) bathrooms, a kitchen, a living/dining room, a family room, a laundry room, and a garage and has a net living area of approximately 2200 square feet.

Homes A and B are primarily of wood frame construction and have asphalt shingle roofs. Home C is primarily of stucco and wood frame construction and has a shake roof.

EXHIBIT "B"

ALTERATION OF PROJECT: No work shall be done to the Homes, the limited common elements appurtenant thereto, or any other part of the Project, by any owner of a Home or any other person, which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project, or directly affect any nonconsenting owner in any unreasonable manner, all as determined by the Board, without in every such case first obtaining the consent of the owners of all other Homes. Except as otherwise provided by law, all other additions to or alterations of any Home or its appurtenant limited common elements by the owner of such Home shall be permitted without restriction, provided that the owner or other person making such additions or alterations shall comply strictly with all applicable laws, ordinances, and regulations of any governmental entity, and shall also obtain all necessary permits, at such person's sole expense.

EXHIBIT "C"

COMMON ELEMENTS: The common elements shall consist of all portions of the Project except the Homes, and shall specifically include, but not be limited to:

- (a) The land in fee simple.
- (b) All pipes, wires, conduits, and other utility and service lines which are utilized for or serve two or more of the Homes.
- (c) That certain 7020 square feet, more or less, designated as "Common Element" on the Condominium Map.

EXHIBIT "D"

LIMITED COMMON ELEMENTS: Certain parts of the common elements are set aside and reserved for the exclusive use of one or more Homes and shall constitute limited common elements appurtenant thereto. Each Home shall have an exclusive easement for the use of the limited common elements appurtenant thereto, except as otherwise provided in the Declaration. The cost of maintenance, repair, upkeep, and replacement of each limited common element shall be assessed to the owner of the Home to which such limited common element is appurtenant, except that such costs shall be divided equally between the Homes to which a limited common element is appurtenant in the case of limited common elements appurtenant to more than one Home. The limited common elements are as follows:

(a) That certain 3187 square feet, more or less, of the real property of the Project upon which Home A is situated shall constitute a limited common element appurtenant to and for the exclusive use of Home A.

(b) That certain 6570 square feet, more or less, of the real property of the Project upon which Home B is situated shall constitute a limited common element appurtenant to and for the exclusive use of Home B.

(c) That certain 13,359 square feet, more or less, of the real property of the Project upon which Home C is situated shall constitute a limited common element appurtenant to and for the exclusive use of Home C, subject, however, to a view plane easement therein in favor of Home B, designated on said Condominium Map as a "view channel", wherein: (i) no structure, including fences and walls, shall be erected; (ii) no shrub, bush, tree, hedge, or other vegetation shall be permitted to exceed a height of three (3) feet, other than palm trees existing as of the date hereof; (iii) no other condition shall be caused, permitted, or suffered to exist which shall obstruct the seaward view from Home B across said view plane easement; subject, further, to a two-foot wide pedestrian right-of-way easement as shown more particularly on said Condominium Map in favor of Homes A and B and in favor of Lot 1133B as shown on Map 258 filed as aforesaid with Land Court Application No. 677 (amended) of Harold Kainalu Long Castle.

(f) Each Home shall have appurtenant thereto parking spaces as designated on the Condominium Map. Home A shall have two uncovered parking spaces. Home B shall have two uncovered tandem parking spaces. Home C shall have two covered parking spaces.

(g) One mailbox shall be appurtenant to and for the exclusive use of each Home, as shall be designated on the Condominium Map.

(h) All pipes, wires, conduits, and other utility and service lines not contained within a Home but used by and servicing

more than one but less than all of the Homes, shall be appurtenant to and for the exclusive use of the Homes using and serviced by such pipes, wires, conduits, and other utility and service lines.

NOTICE

THE DESIGNATION OF THE LAND BENEATH AND ADJACENT TO EACH HOME AS A LIMITED COMMON ELEMENT DOES NOT REPRESENT A LEGALLY SUBDIVIDED OR SUBDIVIDABLE LOT.

PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW THE PROJECT DOCUMENTS FOR FURTHER INFORMATION IN REGARDS THERETO.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report issued by First American Title Company dated December 19, 1989 reflects the following encumbrances:

1. TAXES - Tax Key: Oahu 4-3-12-20
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Shoreline setback lines as they may be established by the State Land Use Commission or by the County pursuant to Sections 205-31 to 37 inclusive of the Hawaii Revised Statutes.

4. GRANT

In Favor Of: Lot 1163
Dated: November 28, 1977
Document No. 848217
Purpose: granting an easement for pedestrian right-of-way purposes

5. GRANT

In Favor Of: Hawaiian Electric Company, Inc., a Hawaii corporation, and Hawaiian Telephone Company, a Hawaii corporation
Dated: December 4, 1985
Document No. 1350357
Purpose: granting an easement for utility purposes

6. MORTGAGE

Mortgagor: Wolf-Dieter Gaessner and Waldtraut Erna Gaessner, husband and wife
Mortgagee: International Savings and Loan Association, Limited, which is organized and existing under the laws of the State of Hawaii
Dated: August 21, 1986
Document No. 1395739
To Secure: \$60,000.00 and any other amounts and/or obligations secured thereby

7. The terms and provisions of that certain unrecorded Revocable Trust of Wolf-Dieter Gaessner dated May 1, 1980, to which reference is hereby made.

8. The terms and provisions of that certain unrecorded Revocable Trust of Waldtraut Erna Gaessner dated May 1, 1980, to which reference is hereby made.

9. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

Mortgagor: Wolf-Dieter Gaessner, Trustee under that certain unrecorded Revocable Trust of Wolf-Dieter Gaessner dated May 1, 1980, and Waldtraut Erna Gaessner, Trustee under that certain unrecorded Revocable Trust of Waldtraut Erna Gaessner dated May 1, 1980
Mortgagee: GECC Financial Corporation, a Hawaii corporation
Dated: July 14, 1988
Document No. 1565140
To Secure: Open-End Credit Agreement of a principal sum not to exceed \$200,000.00 and any other amounts and/or obligations secured thereby

AMENDMENT TO OPEN-END CREDIT AGREEMENT AND MORTGAGE

Dated: December 29, 1988
Document No. 1605231
Re: increases the credit line to \$300,000.00

10. Condominium Map No. 747, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

11. The restrictions, covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Condominium Property Regime of Kailua Ocean View dated November 6, 1989, filed in said Office as Document No. 1685155.

12. The restrictions, covenants, agreements, obligations, conditions and other provisions set forth in By-Laws of the Kailua Ocean View Homeowner's Association dated November 6, 1989, filed in said Office as Document No. 1685156.

EXHIBIT "F"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
All	\$33.34	\$400.00

The Project is self-managed and all common elements of the Project except the driveway are limited common elements appurtenant to and for the exclusive use of the respective Homes. The owner of each Home is solely responsible for the maintenance and repair of such Home and the limited common elements appurtenant thereto. Each owner of a Home is also empowered to procure fire, comprehensive liability, and such other appropriate insurance upon his or her Home and the limited common elements appurtenant thereto as may be required by law and the Declaration of Condominium Property Regime and By-Laws of Kailua Ocean View.

[] Revised on _____

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:¹

Monthly Fee x 12 months = Yearly Total

Utilities
and Services

Air Conditioning
Electricity
 [] common elements
 only
 [] common elements
 and apartments

Gas
Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and
Supplies

Building Grounds	\$ 75.00	\$ 900.00
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Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance	\$ 16.67	\$ 200.00
Reserves	\$ 8.34	\$ 100.00

Taxes & Govt. Assessments

Other

TOTAL	\$100.00	\$1,200.00
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WOLF-DIETER GAESSNER, Trustee under that certain unrecorded Revocable Trust of Wolf-Dieter Gaessner dated May 1, 1980 and WALDTRAUT ERNA GAESSNER, Trustee under that certain unrecorded Revocable Trust of Waldtraut Erna Gaessner dated May 1, 1980, as developers of the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Wolf-Dieter Gaessner, Trustee
WOLF-DIETER GAESSNER, Trustee

Waldtraut Erna Gaessner,
WALDTRAUT ERNA GAESSNER, Trustee *Trustee*

¹Totals may not add due to rounding.

EXHIBIT "G"

SUMMARY OF SALES CONTRACT: The long form specimen Sales Contract contains, among other things, the following provisions:

1. MODIFICATION OF DOCUMENTS. Seller reserves the right to modify the Declaration, the By-Laws, and the Deed as may be required by law, by any title insurance company, or by any institutional mortgagee, provided that no such modification shall:

- (a) increase Buyer's share of Common Expenses;
- (b) increase the cost of the Home;
- (c) require substantial physical change of the Home;
- (d) reduce the obligation of Seller for Common Expenses on the other home; or
- (e) substantially impair or modify any of the Seller's obligations to Buyer.

Seller further reserves the right to make minor changes to the Home or to the other home and to the Common Elements. However, except as provided in the Declaration, no changes shall be made which affect the physical location or design of the Home, change the number of homes in the Project, or substantially change its exterior appearance.

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

3. INTEREST ON DEPOSITS. Buyer and Seller agree that any interest payable on monies deposited with Escrow Agent shall belong and be payable to Seller.

4. TIME IS OF THE ESSENCE; SELLER'S REMEDIES; COSTS AND ATTORNEYS' FEES. Time is of the essence with regard to each of the terms of the Sales Contract, and if Buyer shall default in any payment when due, or fail to perform any other obligation required of the Buyer thereunder, Seller may notify Buyer in writing of such default and if such default shall not be cured within five (5) days after receipt of such notice, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In such event, all sums paid by Buyer thereunder shall belong absolutely to Seller as liquidated damages, or at Seller's option, Seller may pursue any other remedies in law or in equity for specific performance, damages, or otherwise, and all costs, including reasonable attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT: An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is FIRST AMERICAN TITLE COMPANY OF HAWAII, INC., a Hawaii corporation (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

Sale Contracts Deposited in Escrow. As of when Developer shall enter into a sales contract for the sale of a unit it shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall require that all payments to be made thereunder shall be made to Escrow and shall be accompanied by the initial deposit required thereunder.

Receipt of Funds by Escrow. Developer shall pay over to Escrow all payments made by purchasers under sales contracts. This includes any loan payments from purchasers' lenders. In accordance with Developer's written instructions to Escrow, Escrow shall deposit all funds received in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits; provided however, if Escrow is instructed to make a deposit more than once in a calendar week, Developer will pay Escrow a reasonable service charge for each additional deposit made during that week. Any interest earned on funds deposited in escrow shall accrue to the credit of the Developer. Escrow shall not be liable to either Developer or any purchaser for loss or diminution in funds invested in accordance with such instructions.

Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

- a. The Real Estate Commission has issued a final public report (the "Final Report") on the Project; and the purchaser has received a copy of the Final Report and given Developer a receipt for it; and
- b. The Developer or Developer's attorney has delivered a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62, and 514A-63, Hawaii Revised Statutes, as amended, have been met; and, if the project is a conversion project, that the requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been complied with; and
- c. The Developer has given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

Disbursement of Purchaser's Funds. Subject to the provisions of the preceding paragraph, disbursements from the funds held in escrow shall not be made more than once each month by Escrow, if requested in writing by Developer, to Developer's general contractor or mortgagee for the following:

a. To pay for construction costs of the buildings and other improvements and fixtures.

b. To other persons for architectural, engineering, finance and legal fees and other incidental expenses of the Project, to the extent approved by the Developer's mortgagee.

c. The balance remaining in escrow shall be disbursed in accordance with the directions of the Developer and Developer's mortgagee only upon completion of the buildings of the Project and when Escrow shall have received satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover such claims.

Return of Funds and Documents. A purchaser shall be entitled to a return of his funds and Escrow will pay such funds to such purchaser, without interest, minus Escrow's cancellation fee, if one of the following has occurred:

a. Developer and the purchaser shall have requested Escrow in writing to return funds to purchaser; or

b. Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract; or

c. With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the agreement pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

d. A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Purchaser's Default. Developer will notify Escrow in writing that a purchaser has defaulted and that Developer has cancelled that purchaser's Sales Contract. Escrow will then treat the purchaser's funds, less Escrow's cancellation fees, as belonging to Developer.