



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

PACIFIC HEIGHTS PARK PLACE
 Kaola Way and Pacific Heights Road
 Honolulu, Hawaii 96813

Registration No. 2193

Issued: April 26, 1990
 Expires: May 26, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 10, 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:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.
 No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY:** (pink) Updates information contained in the
 Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
EXHIBIT A: Apartment Areas and Description (Ref. pp. 5 and 11)	
EXHIBIT B: Permitted Alterations to Apartments (Ref. III.C.6, p.11)	
EXHIBIT C: Common Elements (Ref. III.D.1, p.14)	
EXHIBIT D: Limited Common Elements (Ref. III.D.2, p.14)	
EXHIBIT E: Common Interest (Ref. III.D.3., p.14)	
EXHIBIT F: Encumbrances Against Title (Ref. III.E., p.15)	
EXHIBIT G: Estimate of Maintenance Fees (Ref. III.G, p. 16)	
EXHIBIT H: Warranties and Construction Defects (Ref. III.I., p. 16)	
EXHIBIT I: Sales Contract Summary (Ref. III.L., p. 17)	
EXHIBIT J: Escrow Agreement Summary (Ref. III.L., p. 17)	

GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description See Exhibit A attached hereto for details. Summary below:

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>1</u>	<u>1</u>	<u>2/1-1/2</u>	<u>1,343</u>	<u>201</u>
<u>2</u>	<u>1</u>	<u>2/2</u>	<u>1,647</u>	<u>153</u>
<u>3-9, 11</u>	<u>8</u>	<u>4/3-1/2</u>	<u>2,013-2,903</u>	<u>158-300</u>
<u>10</u>	<u>1</u>	<u>3/2-1/2</u>	<u>2,362</u>	<u>189</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 11

**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>22</u> (Unit 1 has a 2-car carport Units 2-11 have a 2-car garage)
Guest Stalls	<u>6</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u>0</u>
Total Parking Stalls	<u>28</u>

7. Recreational amenities: Open landscaped area

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Pacific Park Associates, a Hawaii limited partnership Phone: 523-0955
Name partnership (Business)
43 Ahui Street
Business Address
Honolulu, Hawaii 96813

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

AAAP Development Corporation, a Hawaii corporation (General Partner)
(D. G. Andy Anderson - President and Director
Alvin K. H. Pang - Secretary-Treasurer and Director)

Real Estate Sales Agent: Alvin K. H. Pang Phone: 833-3232, 522-2260
Name (Business)
1221 Kapiolani Blvd., Suite 1025
Business Address
Honolulu, Hawaii 96814

Escrow: Long and Melone Escrow, Ltd. Phone: 531-3189
Name (Business)
810 Richards Street, Suite 644
Business Address
Honolulu, Hawaii 96813

Managing Agent: Chaney, Brooks & Company Phone: 544-1600
Name (Business)
606 Coral Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Dickson C. H. Lee/Okumura Takushi Funaki & Wee Phone: 543-9800
Name (Business)
733 Bishop Street, Suite 1400
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 1706615

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 761

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Book _____ Page _____
 Filed - Land Court - Document Number 1706616

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

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

E. Changes to Condominium Documents

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

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

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

To make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments or any interest therein, or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments or any interests therein in any such jurisdiction, and to file the "as-built" verified statement (with plans, if applicable) required by Section 514A-12 of the Condominium Property Act.

B. Underlying Land:

Address: Kaola Way and Pacific Heights Road * (see below for Tax Map Key: (1) 2-2-19-20 & 108 separate(TMK) addresses)
Honolulu, Hawaii 96813

[] Address [X] TMK is expected to change because parcels are being consolidated into one parcel

Land Area: 43,700 [X] square feet [] acre(s) Zoning: R-5

Fee Owner:	<u>Pacific Heights Park Place</u>	* Bldg.	<u>Address</u>
	Name	A	<u>2322 Kaola Way</u>
	<u>43 Ahui Street</u>	B	<u>2330 Kaola Way</u>
	Address	C	<u>2334 Kaola Way</u>
	<u>Honolulu, Hawaii 96813</u>	D	<u>2336 Kaola Way</u>
		E	<u>2355 Pacific Heights Road</u>

Sublessor:

Name _____

Address _____

C Buildings and Other Improvements:

1. [X] New Building(s) [] Conversion of Existing Building(s)
 [] Both New Building(s) and Conversion
2. Buildings: 7 (5 residential and 2 garage buildings) Floors Per Building 3 (residential) 1 (garage)
 [] Exhibit _____ contains further explanations.

3. Principal Construction Material:
- [X] Concrete [] Hollow Tile [X] Wood
 [X] Other Fiber reinforced cement shake roofing

4. Permitted Uses:
- | | | | |
|---------------------|-----------------------------|------------------|-----------------------------|
| [] Commercial | <u> </u> | [] Industrial | <u> </u> |
| [X] Residential | <u>11</u> | [] Agricultural | <u> </u> |
| [] Timeshare/Hotel | <u> </u> | [] Recreational | <u> </u> |
| [] Other: | <u> </u> | | <u> </u> |

5. Soocial Use Restrictions:

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

Pets No pets allowed

Number of Occupants: No more than 2 per bedroom; if members of immediate family of tenant, occupant or guest, no more than 4 per bedroom

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 11

Elevators 0

Stairways 11

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>1</u>	<u>1</u>	<u>2/1-1/2</u>	<u>1,343</u>	<u>201</u>
<u>2</u>	<u>1</u>	<u>2/2</u>	<u>1,647</u>	<u>153</u>
<u>3-9, 11</u>	<u>8</u>	<u>4/3-1/2</u>	<u>2,013-2,903</u>	<u>158-300</u>
<u>10</u>	<u>1</u>	<u>3/2-1/2</u>	<u>2,362</u>	<u>189</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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

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

Boundaries of Each Apartment:

Each apartment shall not include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, and any electrical equipment originally installed and located within such apartment utilized for or serving more than one apartment. Each apartment shall include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all glass windows, window frames, louvres, shutters (if any), panels, doors and door frames along its perimeter; any electrical equipment originally installed and located within such apartment utilized for or serving only such apartment; the inner decorated or finished surfaces of the exterior perimeter walls of lanais and the exterior edge of the exterior railings of lanais; and all of the fixtures originally installed therein.

Permitted Alterations to Apartments:

See Exhibit B.

7. Parking Stalls:

Total Parking Stalls: 28

	<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>22</u>	<u> </u>	<u>22</u>				
Guest	<u> </u>	<u>6</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>6</u>
Unassigned	<u> </u>						
Extra Available for Purchase	<u> </u>						
Other:	<u> </u>						
Total	<u> </u>						
Covered & Open	<u>28</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.

*Unit 1 includes a 2-car carport
Units 2-11 include a 2-car garage

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool Storage Area

Recreation Area Laundry Area

Tennis Court Trash Chute

Other: Open landscaped area

9. Present Condition of Improvements N/A
 (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

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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 E describes the common interests for each apartment.

As follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated February 16, 1990 and issued by Long and Melone, Ltd.

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	To be released upon conveyance of apartment. No effect on Buyer's interest after conveyance if Developer defaults.

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:

[X] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] self-managed by the Association of Apartment Owners.

[] other _____

G. **Estimate of Initial Maintenance Fees:**

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

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

Exhibit G 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 _____ | |
| <input checked="" type="checkbox"/> Not applicable | |

I. **Construction Warranties:**

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

1. Building and Other Improvements:

No warranties are given by Developer. Developer will pass on to Purchaser any warranties given by the Contractor. See Exhibit H.

2. Appliances:

No warranties are given by Developer. Developer will pass on warranties of the Manufacturer. See Exhibit H.

J. Status of Construction and Estimated Completion Date:

Project will be completed on or before July 15, 1990.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed With the Real Estate Commission:

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

[x] Notice to Owner Occupants

[x] Specimen Sales Contract

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

[x] Escrow Agreement dated February 20, 1990

Exhibit J 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.

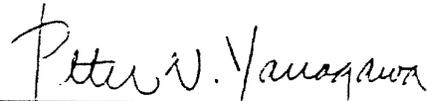
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 2193 filed with the Real Estate Commission on
February 22, 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

APARTMENT AREAS AND DESCRIPTION

Unit 1 consists of a two-car carport, entry, foyer, storage room and stairway located on the first floor; lanai, kitchen w/breakfast area, powder room (half bathroom), living/dining room, utility room and stairway on the second floor; and one bedroom, one bathroom, study (optional bedroom) and stairway on the third floor.

Unit 2 consists of a two-car garage, entry, foyer and stairway located on the first floor; lanai, living/dining room, kitchen, storage room and stairway located on the second floor; and two bedrooms, two bathrooms, utility room and stairway located on the third floor.

Unit 3 consists of an entry, foyer, storage room, one bathroom, family room (optional bedroom) and stairway located on the first floor; powder room (half bathroom), kitchen w/breakfast area, living/dining room, two lanais and stairway located on the second floor; and two bedrooms, two bathrooms, hall, utility room and stairway located on the third floor.

Unit 4 consists of an entry, foyer, storage room, one bathroom, family room (optional bedroom), lanai and stairway located on the first floor; two lanais, living/dining room, kitchen w/breakfast area, powder room (half bathroom), utility room, and stairway located on the second floor; and three bedrooms, two bathrooms and stairway located on the third floor.

Unit 5 consists of an entry, foyer, lanai, family room (optional bedroom), storage room, one bathroom and stairway located on the first floor; two lanais, living/dining room, kitchen with breakfast area, utility room, powder room (half bathroom), and stairway located on the second floor; and three bedrooms, two bathrooms and stairway located on the third floor.

Unit 6 consists of an entry, foyer, lanai, family room (optional bedroom), bathroom, storage room and stairway located on the first floor; two lanais, living/dining room, kitchen with breakfast area, utility room, powder room (half bathroom) and stairway located on the second floor; and three bedrooms, two bathrooms and stairway on the third floor.

Unit 7 consists of an entry, foyer, lanai, family room (optional bedroom), bathroom, storage room and stairway located on the first floor; two lanais, living/dining room, kitchen with breakfast area, utility room, powder room (half bathroom) and stairway located on the second floor; and three bedrooms, two bathrooms and stairway on the third floor.

Unit 8 consists of a two-car garage, storage room, family room (optional bedroom), one bathroom and stairway located on the first floor; entry, foyer, lanai, living/dining room, kitchen w/breakfast area, utility room, powder room (half bathroom) and stairway located on the second floor; and three bedrooms, two bathrooms, study area, hall and stairway located on the third floor.

Unit 9 consists of a two-car garage, storage room, family room (optional bedroom), one bathroom and stairway located on the first floor; entry, foyer, lanai, living/dining room, kitchen w/breakfast area, utility room, powder room (half bathroom) and stairway located on the second floor; and three bedrooms, two bathrooms, study area, hall and stairway located on the third floor.

Unit 10 consists of a two-car garage located on the first floor; an entry, foyer, lanai, living/dining room, kitchen w/breakfast area, utility room, powder room (half bathroom) and stairway located on the second floor; and two bedrooms, two bathrooms, study (optional bedroom), hall and stairway located on the third floor.

Unit 11 consists of a terrace deck, family room (optional bedroom), two bathrooms, two bedrooms, utility room, storage room, hall and stairway located on the first floor; two lanais, study, powder room (half bathroom), kitchen with breakfast area, living/dining room, hall and stairway located on the second floor; and a two-car garage, entry, foyer, one bathroom and one bedroom located on the third floor.

Approximate Floor Areas. Each apartment will have the following approximate interior and exterior floor areas in square feet (exclusive of lanais and garage/carport), approximate lanai(s) floor area in square feet, approximate garage/carport floor area in square feet, and approximate total exterior floor area (inclusive of lanais and garage/carport):

Unit	Approx. Interior Floor Area In Sq. Ft.	Approx. Exterior Floor Area In Sq. Ft.	Approx. Lanai(s) Floor Area In Sq. Ft.	Approx. Garage/ Carport Floor Area In Sq. Ft.	Approx. Total Exterior Area In Sq. Ft.
1	1,343	1,445	201	409	2,055
2	1,647	1,770	153	409	2,332
3	2,013	2,161	158	400	2,719
4	2,151	2,298	227	400	2,925
5	2,219	2,362	300	400	3,062
6	2,219	2,362	300	400	3,062
7	2,219	2,362	300	400	3,062
8	2,163	2,284	177	477	2,938
9	2,151	2,256	177	477	2,910
10	2,362	2,513	189	607	3,309
11	2,903	3,115	250	448	3,813

PERMITTED ALTERATIONS TO APARTMENTS

Paragraph 19 of the Declaration provides as follows:

"19. ALTERATION OF PROJECT.

(a) Except as otherwise provided herein, repair, replacement or restoration of the Project or of any building, or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and consented to in writing by the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board of Directors of the Association, and promptly upon completion of such replacement, restoration or construction, the Association shall file in said Office of the Assistant Registrar such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in this Declaration to the contrary, the owner of any apartment may make any alterations or additions within any apartment and the owner of any two or more apartments separated by a common element which is a wall may alter or remove all or portions of the intervening wall, if the structural integrity of the building is not thereby affected and if the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations. Such alterations or additions within any apartment or apartments shall require only the written approval thereof, including the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions and any entry to hallways sealed, the owner of such apartments shall be obligated to restore such intervening wall and hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.

(b) Notwithstanding any other provision in this Declaration or the By-Laws to the contrary, prior to (1) the time that all apartments in the Project have been sold and filed, and (2) the filing by the Developer of the as-built verified statement (with plans, if applicable) required by Section 514A-12 of the Condominium Property Act (but in no event later than January 1, 1995), the Developer shall have the right to make alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which alterations (A) change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and any limited common elements appurtenant thereto) in the Project which is not sold and filed; or (B) make minor changes in any apartment in the Project or in the common elements which do not affect the physical location, design or size of any apartment which has been sold and filed; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in paragraph (c) of Section 21 of this Declaration. As used herein, the term 'sold and filed' shall mean and refer to the sale of apartments in the Project, and filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, of apartment deeds or other conveyances transferring interests in the apartments from the Developer to parties not signatory to this Declaration."

COMMON ELEMENTS

Paragraph 4(d) of the Declaration provides as follows:

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

- (1) The Land in fee simple;
- (2) All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, ramps, fences (if any), store rooms (which are not within any apartment), entrances, entry ways and exits of all residential buildings of the Project.
- (3) All yards, grounds, planting areas, planters, walkways, walkway railings, landscaping, pond areas, refuse facilities, gardens, and all other recreational facilities and appurtenances.
- (4) All roads, driveways, driveway ramps and parking areas;
- (5) All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas (if any), cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution;
- (6) Any and all apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors and, in general, all other installations and apparatus existing for common use;
- (7) All electrical equipment originally installed and located within any apartment or located elsewhere in the Project utilized for or serving more than one apartment;
- (8) The six (6) open parking spaces located in the Project, as shown on the Condominium Map, for guest parking;
- (9) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use."

LIMITED COMMON ELEMENTS

Paragraph 4(e) of the Declaration provides as follows:

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

(1) Each of the two-car garages located in Buildings F and G, as shown on the Condominium Map, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit D attached hereto and made part hereof.

(2) Each of the respective private yard areas, as shown on the Condominium Map, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit D attached hereto and made a part hereof.

(3) Any entrance, exit, gateway, entry, patio, yard, driveway or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment."

Exhibit D of the Declaration sets forth the following:

LIMITED COMMON ELEMENTS

<u>Unit</u>	<u>Garage</u>		<u>Private</u>
	<u>Building</u>	<u>No.</u>	<u>Yard</u>
			<u>Areas</u>
1			1-1
2			2-1
3	G	G-3	3-1, 3-2, 3-3
4	G	G-4	4-1, 4-2, 4-3
5	G	G-5	5-1, 5-2, 5-3
6	F	G-6	6-1, 6-2
7	F	G-7	7-1, 7-2
8			8-1, 8-2
9			9-1, 9-2
10			10-1, 10-2, 10-3, 10-4
11			11-1, 11-2

COMMON INTEREST

<u>Unit</u>	<u>Percentage Common Interest</u>
1	6.0161%
2	7.0285%
3	8.4759%
4	9.2288%
5	9.7295%
6	9.7295%
7	9.7295%
8	8.9949%
9	8.8925%
10	9.8757%
11	<u>12.2991%</u>
	100.0000%

ENCUMBRANCES AGAINST TITLE

1. MORTGAGE; SECURITY AGREEMENT;
ASSIGNMENT OF RENTS; AND FINANCING STATEMENT
Mortgagor(s) : Pacific Park Associates, a Hawaii Limited Partnership
Mortgagee(s) : Honolulu Federal Savings and Loan Association, (now Honfed Bank)
Dated : August 18, 1988
Filed as Land Court Document No. 1573845.
To Secure : \$740,000.00
Mortgage said premises and others.
2. FINANCING STATEMENT
Debtor(s) : Pacific Park Associates
Secured Party : Honolulu Federal Savings and Loan Association, (now Honfed Bank)
Recorded August 22, 1988 in the Bureau of Conveyances in Book 22268, Page 754
3. MORTGAGE; SECURITY AGREEMENT;
ASSIGNMENT OF RENTS; AND FINANCING STATEMENT
Mortgagor(s) : Pacific Park Associates, a Hawaii Limited Partnership
Mortgagee(s) : HonFed Bank, a Federal Savings Bank
Dated : October 18, 1989
Filed as Land Court Document No. 1676836.
To Secure : \$150,000.00
4. 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 Condominium Property Regime dated February 6, 1990, recorded as Land Court Document No. 1706615 (By Laws thereto adopted February 6, 1990, recorded as Land Court Document No. 1706616), Condominium Map No. 761, Pacific Heights Park Place, 11 Units and 7 Buildings; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.
5. Tax Key: 2-2-19-20 and 108
Taxes for the Fiscal Year 1989-1990 have been paid in full.
For any taxes that may become due and owing, reference is made to the Office of the Tax Assessor, First Division.

EXHIBIT G

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>
House #1	\$ 270.24	\$ 3,242.88
House #2	315.72	3,788.64
House #3	380.74	4,568.88
House #4	414.56	4,974.72
House #5	437.05	5,244.60
House #6	437.05	5,244.60
House #7	437.05	5,244.60
House #8	404.05	4,848.60
House #9	399.45	4,793.40
House #10	443.62	5,323.44
House #11	<u>552.47</u>	<u>6,629.64</u>
TOTAL	\$4,492.00	\$53,904.00

[] 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:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only ----- \$ 150.00 \$ 1,800.00

common elements
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer ----- 75.00 900.00

Maintenance, Repairs and Supplies

Grounds ----- 2,217.00 26,604.00

Management

Management Fee ----- 350.00 4,200.00

Payroll and Payroll Taxes

Office Expenses

Insurance ----- 462.00 5,544.00

Reserves ----- 988.00 11,856.00

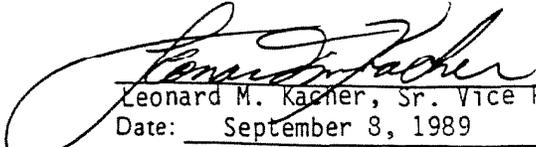
Taxes and Government Assessments

Audit Fees ----- 100.00 1,200.00

Other ----- 150.00 1,800.00

TOTAL \$4,492.00 \$53,904.00

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


Leonard M. Kacher, Sr. Vice President
Date: September 8, 1989

WARRANTIES AND CONSTRUCTION DEFECTS

Paragraph G.14. of the Sales Contract provides as follows:

"14. WARRANTIES AND CONSTRUCTION DEFECTS. The execution, delivery and recordation of the Buyer's Apartment Deed shall constitute the assignment by Seller to Buyer of any and all warranties given the Seller by the building contractor or other contractors for the Project, and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after 'substantial completion' of the Apartment, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on the designated date of occupancy without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances and furnishings in the Apartment. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Buyer expressly acknowledges and agrees that Seller does not adopt the contractor's or manufacturer's warranties, if any, and Seller is not acting as co-warrantor, but merely attempting to pass to Buyer the benefit of such warranties, if any. At Seller's option, an inspection program may be instituted and, if so, Buyer agrees to inspect Buyer's Apartment on a date and at a time to be specified by Seller and upon completion of such inspection, to sign an inspection sheet to be furnished by Seller which shall list all defects or damages to the property, if any. Buyer agrees to accept possession of the property despite the existence of such defects or damages to the property regardless of extent, including but not limited to any defects in appliances and fixtures, which may be listed in said inspection sheet, but which do not render the property uninhabitable. Seller will cooperate with and assist Buyer in having legitimate listed defects or damages corrected or repaired within a reasonable time thereafter by the building contractor or other warrantor. This guarantee shall survive the closing.—Buyer agrees to indemnify Seller for any damages or losses, including interest and attorney's fee, resulting from any refusal to make such inspection, to sign such inspection sheet or to accept possession of the property upon request by Seller and if Buyer shall make any such refusal, Buyer shall be deemed to be in default under this Agreement and Seller at Seller's option shall be entitled to cancel this Agreement and keep all payments made hereunder as liquidated damages. Buyer hereby waives all rights of inspection and rights to Seller's cooperation and assistance with the building contractor or other warrantors if Buyer fails to inspect Buyer's Apartment on the date and time specified by Seller and Buyer acknowledges that such waiver shall not in any way affect Buyer's obligations hereunder, including without limitation the making of Payments B, C and D and performance of Buyer's closing obligations."

SUMMARY OF SALES CONTRACT PROVISIONS

The Deposit Receipt and Sales Contract (the "Sales Contract") used in connection with the project contains, among other things, acknowledgments by each Buyer: (i) that time is of the essence in the Sales Contract, and if Buyer fails to perform any obligations required in the Sales Contract, the Seller may, upon written notice of 10 days, terminate the Sales Contract and keep all sums previously paid by Buyer as liquidated damages; (ii) that the Seller has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iii) that the Buyer acknowledges that no such representations or warranties have been made and that the Seller expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; (iv) that the Buyer acknowledges that Seller's broker owns an interest in Seller; (v) that all interest on deposits in Escrow belong to Seller; and (vi) that paragraph G.7. pertaining to closing costs and expenses of sale, provides as follows:

"7. CLOSING COSTS; EXPENSES OF SALE. Buyer further agrees to pay all notary and recording fees, cost of credit report, cost of preparing the Apartment Deed, note(s) and mortgage(s), loan finance fees, conveyance taxes, the cost of any required title insurance, one-half (1/2) of Escrow Agent's fees, and Buyer's share of maintenance fees payable to the Association of Apartment Owners (the 'Association') including the first month's fee and start-up fee. The start-up fee shall be a single assessment to each apartment owner and shall be in addition to the normal monthly assessment as determined to be necessary by the Managing Agent. The start-up fee shall be equal to a minimum of two months' maintenance fees. All of the payments referred to herein shall be paid to Escrow Agent at the time of preclosing. 'Preclosing' shall be the date specified by Escrow Agent when all closing documents are ready for signature by Buyer prior to actual closing."

Buyer is cautioned that this is a brief summary of the Sales Contract and Buyer should carefully read the Sales Contract for Buyer's rights and obligations therein.

SUMMARY OF ESCROW AGREEMENT PROVISIONS

Among other provisions, the Escrow Agreement provides as follows:

"10. Refunds to Purchasers; Return of Documents. Subject to such deductions as may be provided in said sales agreements and the escrow cancellation fee or processing fee hereinafter set forth, a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, promptly after request for return by the purchaser if one of the following has occurred:

(a) Seller requests Escrow in writing to return to the purchaser the funds of such purchaser then being held hereunder by Escrow; or

(b) Seller notifies Escrow in writing of the Seller's exercise of its option to rescind or cancel the sales agreement pursuant to any right of rescission or cancellation stated therein or otherwise available to the Seller; or

(c) The conditions provided for a refund under Sections 514A-63, 514A-64, or 514A-66 of the Condominium Property Act (as amended on the date upon which the sales agreement becomes binding and effective) have been met; and written notice thereof has been provided to the Seller; or

(d) Seller notifies Escrow in writing of purchaser's cancellation of a reservation for the purchase of an apartment or of purchaser's exercise of the right to rescind or cancel the sales agreement pursuant to any right of rescission or cancellation stated therein.

Upon the return of said funds to a purchaser as aforesaid, Escrow shall return to Seller such purchaser's sales agreement and any conveyancing documents theretofore delivered to Escrow pursuant to such sales agreement; and thereupon Seller and purchaser shall no longer be obligated under the sales agreement. Other documents delivered to Escrow relating to the sale of the apartment identified in such sales agreement will be returned to the person from whom or entity from which they were received.

Upon the cancellation of any sales agreement as specified above, Escrow shall be entitled to a cancellation fee to compensate it for services rendered prior to such cancellation, which fee shall be proportionate to the work and services rendered by Escrow, but in any event not less than \$25.00 nor more than the full escrow fee as provided in paragraph 17. Except as otherwise provided in the sales agreement, said cancellation fee of Escrow shall be the sole expense of the individual purchaser and shall not in any way be the obligation of Seller.

Notwithstanding anything herein contained to the contrary, upon the cancellation of a reservation for the purchase of an apartment, Escrow shall refund all sums received by it under the particular reservation agreement cancelled, without deducting any escrow cancellation fee, and without any other deductions, and Escrow shall receive no fee or compensation in connection therewith. The provisions of this paragraph shall not apply to any reservation agreement which has become a binding contract as provided by the terms of such reservation agreement."