



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
 PUNALUU SHORES III
 53-378 V and W Kamehameha Hwy.
 Punaluu, Oahu, Hawaii

Registration No. 2221

Issued: May 25, 1990
 Expires: June 25, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 2, 19 90, 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.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

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*****
*
*           SPECIAL ATTENTION
*
* The developer has disclosed that "Lots" P2A and P2B, as
* referred to on page 14 of this Public Report, are limited
* common elements and do not represent legally subdivided
* lots. The prospective purchaser is cautioned to
* carefully review the documents for further information
* in regards to the aforementioned.
*
* The developer does not anticipate the assessment of
* maintenance fees in the foreseeable future. See
* paragraph G. on page 16.
*****
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GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

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

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A (P2A)	1	3/2	1,501.5	260
B (P2B)	1	3/2	1,008	240

Total Apartments: 2

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	4
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>4</u>

7. Recreational amenities: None

PEOPLE CONNECTED WITH THE PROJECT

Developer: Carl E. Reinhardt & Assoc., Inc.
Name
1517 Kapiolani Blvd.
Business Address
Honolulu, Hawaii 96814

Phone: 949-2011
(Business)

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

Carl E. Reinhardt, President
James Quinn Casey, Vice President, Treasurer, & Secretary

Real Estate Sales Agent: Carl E. Reinhardt dba Reinhardt Realty
Name
1517 Kapiolani Blvd.
Business Address
Honolulu, Hawaii 96814

Phone: 949-0221
(Business)

Escrow: Guardian Escrow Services
Name
737 Bishop St., #2090
Business Address
Honolulu, Hawaii 96813

Phone: 538-6991
(Business)

Managing Agent: Self-managed
Name

Business Address

Phone: _____
(Business)

Attorney for Developer: David J. Mikonczyk
Name
1088 Bishop St., #1202
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 23924 Page 256
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1266
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Book 23924 Page 272
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

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

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</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: 53-378 V & 53-378 W. Kamehameha Hwy. Tax Map Key: 5-3-5-2
Punalu'u, Hawaii 96717 (TMK)

Address TMK is expected to change because _____

Land Area: .47 square feet acre(s) Zoning: R5

Fee Owner: Carl E. Reinhardt
Name

1517 Kapiolani Blvd.
Address

Honolulu, Hawaii 96814

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: two Floors Per Building one & two

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

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>two</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 _____

[] Number of Occupants: _____

[] Other: _____

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments two

Elevators none

Stairways 1

Trash Chutes none

<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>3/2</u>	<u>1,501.5</u>	<u>260</u>
<u>B</u>	<u>1</u>	<u>3/2</u>	<u>1,008</u>	<u>240</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:

External surfaces of the perimeter walls of each unit.

Permitted Alterations to Apartments;

All alterations permitted provided they comply with existing building codes.

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

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 _____ describes the common elements.

As follows: A. The Land
B. The Driveway shown in the Condominium Map.

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 _____

as follows: A. The areas designated as Condominium Lot* A and B are limited common elements appurtenant to the respective apartments.
B. All the common elements that rationally relate to less than all apartments.

* NOTE: These lots do not represent legally subdivided lots.

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: 50% to each apartment.

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

Exhibit "A" describes the encumbrances against the title contained in the title report dated March 16, 1990 and issued by Long & Melone Ltd.

Developer represents that there were no further encumbrances after said date.
Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

There are no blanket liens affecting title to the individual apartments.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgages	All mortgages to be paid in full at time of closing. If default occurs before closing, the mortgagee may terminate buyer's interest, but buyer shall be entitled to a return of deposits.

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

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other _____

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. Insurance of the common areas shall be the responsibility of purchasers and/or association and is required by Law. 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. Developer represents that no maintenance fees will be assessed in the foreseeable future.

Exhibit _____ 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:

Contractor's warranty on construction for 53-378 V and W Kamehameha Hwy. for one year commencing March 1, 1990 through March 1, 1991 for 53-378 V Kamehameha Hwy. and November 1, 1989 to November 1, 1990 for 53-378 W Kamehameha Hwy.

2. Appliances:

No warranties on appliances except those provided by Manufacturer on new appliances.

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

Completed

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

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

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated August 31, 1989

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

NONE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

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

This Public Report is a part of Registration No. 2221 filed with the Real Estate Commission on
April 2, 1990.

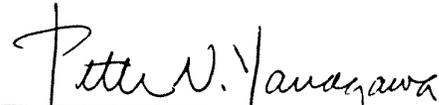
Reproduction of Report. When reproduced, this report must be on:

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"

ENCUMBRANCES AGAINST TITLE

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. Declaration of Restrictive Conditions dated November 24, 1975, recorded in the Bureau of Conveyances in Book 11042, Page 334.
3. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT
Mortgagor(s) : Carl Ernst Reinhardt, husband of Josephine Veronika Reinhardt
Mortgagee(s) : Rainbow Financial Corporation, a Hawaii corporation
Dated : May 10, 1989
Recorded in the Bureau of Conveyances in Book 23185, Page 398.
To Secure : \$84,000.00
4. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT
Mortgagor(s) : Carl Ernst Reinhardt, husband of Josephine Veronika Reinhardt
Mortgagee(s) : Rainbow Financial Corporation, a Hawaii corporation
Dated : June 23, 1989
Recorded in the Bureau of Conveyances in Book 23337, Page 173.
To Secure : \$30,000.00
5. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT
Mortgagor(s) : Carl Ernst Reinhardt, husband of Josephine Veronika Reinhardt
Mortgagee(s) : Rainbow Financial Corporation, a Hawaii corporation
Dated : September 11, 1989
Recorded in the Bureau of Conveyances in Book 23632, Page 555.
To Secure : \$28,500.00
As amended by instrument dated December 19, 1989, effective September 11, 1989, recorded in Book 23632, Page 555.
6. Declaration of Horizontal Property Regime, Condominium Map 1266, known as Punalu'u Shores III, consisting of 2 Dwelling Units, designated as Dwelling Unit A and Dwelling Unit B, together with an undivided 50% interest each in the common elements of the project, dated October 24, 1989, recorded in the Bureau of Conveyances in Book 23924, Page 256, and By-Laws dated November 24, 1989, recorded in the Bureau of Conveyances in Book 23924, Page 272.
7. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT
Mortgagor(s) : Carl Ernst Reinhardt, husband of Josephine Veronika Reinhardt
Mortgagee(s) : Rainbow Financial Corporation, a Hawaii corporation
Dated : December 19, 1989
Recorded in the Bureau of Conveyances in Book 24037, Page 419.
To Secure : \$82,000.00

For further information check with Tax Assessor.

SUMMARY OF SALES CONTRACT

The Sales Contract operates as an agreement to sell to a prospective purchaser fee simple property which has been submitted to the State of Hawaii, Department of Commerce and Consumer Affairs, Real Estate Commission for approval as a Condominium Project. Under the sales contract the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("ESCROW"). Pursuant to the sales contract the following items apply:

1. Seller will require all payments due by purchaser to be made to Escrow.

2. All money received by Escrow will be deposited in an interest-bearing account in a federally insured bank or savings and loan institution all interest earned in the account will be credited to the account of the Seller or Escrow Agent as agreed to inter those two parties.

3. If the Buyer refuses to enter into the sales contract but rescinds the sales contract before thirty (30) days after having received the Final Report or having waived the right to cancel, Seller will cancel the Sales Contract and Escrow will promptly return all money to Buyer without interest and less the cancellation fee and other costs, up to TWO HUNDRED FIFTY DOLLARS (\$250.00).

4. The sale of the property is subject to the property being approved as a condominium project. No disbursement of Buyer's funds will occur until Seller has notified Escrow that Buyer's Sales Contract has become effective and a Final Report has been issued by the Real Estate Commission and Escrow has received a copy of Buyer's receipt for the Final Public Report.

5. The sale is subject to all the requirements of Chapter 514A H.R.S. as amended.

6. Attached to and made apart of the Sales Contract is a Receipt and Notice of Right to Cancel as required by Hawaii State Law.

EXHIBIT "8"

SUMMARY OF ESCROW AGREEMENT

COMPENSATION TO ESCROW:

For each sales contract processed through closing, Escrow will be compensated \$600.00. If a contract is not completed the charge will be \$25.00.

REFUNDS TO PURCHASERS; CONDITIONS:

Purchaser shall be entitled to a refund of his funds without interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

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

(b) If after the Final Report is issued Purchaser has within thirty (30) days exercised his right of refund and cancellation of obligation, upon refund of said funds to purchaser as aforesaid, Escrow shall return to Seller such Purchaser's sales contract and any conveyance document theretofore delivered to Escrow, and thereupon neither Purchaser nor Seller shall be deemed obligated thereunder.

TERMINATION OF SALES CONTRACT:

If at any time Seller shall certify in writing to Escrow that a Purchaser, whose funds are held hereunder by Escrow, has defaulted under the terms of the Sales Contract and that seller has terminated said sales contract pursuant to the terms thereof, Escrow shall notify Purchaser by registered mail of such default and shall thereafter treat all funds of such Purchaser paid under such contract, less FIFTY DOLLARS (\$50.00) cancellation fee, in the event a cancellation takes place after purchaser receives a loan commitment to finance his purchase the cancellation fee shall be TWO HUNDRED FIFTY DOLLARS (\$250.00), as the escrowed funds of Seller and not of Purchaser.

EXHIBIT "C"