

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Jerry D.C. Park
Address 222 S. Vineyard St., Royal Queen Emma, PH-3, Honolulu, HI 96813

Project Name(\*): Villas at Diamond Head
Address: 3017 Ala Pali Place

Registration No. 2466

Effective date: December 24, 1992

Expiration date: January 24, 1994

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: 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 by the developer when complete information is filed.

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with

X SUPPLEMENTARY: This report updates information contained in the:
(pink) [ ] Preliminary Public Report dated:
[X] Final Public Report dated: August 5, 1991
[ ] Supplementary Public Report dated:

And [X] Supersedes all prior public reports
[ ] Must be read together with
[ ] This report reactivates the public report(s) which expired on

(\*) Exactly as named in the Declaration

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

Required and attached to this report

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 developer.

Changes made are as follows:

The Developer has exercised the right to add a second unit, Unit B, to the condominium property regime. The Developer has recorded an amendment to the declaration to reflect this change.

**Special Attention**

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

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARDS TO THE FOREGOING.

**TABLE OF CONTENTS**

	<b>page</b>
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer                      Attorney for Developer              General Contractor	
Real Estate Broker   Escrow Company                      Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information	20
D. Signature of Developer	21
EXHIBIT A: Description of Common Elements	
EXHIBIT B: Description of Limited Common Elements	
EXHIBIT C: List of Encumbrances	
EXHIBIT D: Developer's Reserved Rights	
EXHIBIT E: Summary of Sales Contract	
EXHIBIT F: Summary of Escrow Agreement	
EXHIBIT G: Letter Agreement Between Developer and Department of Public Works, City and County of Honolulu	
EXHIBIT H: Maintenance Budget	
EXHIBIT I: Persons Connected with the Project	

## General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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

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

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

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

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

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

## Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Jerry D.C. Park Phone: 524-0666  
Name (Business)  
222 S. Vinevard St., Royal Queen Emma, PH-3  
Business Address  
Honolulu, HI 96813

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Meridian Properties, Inc. Phone: 524-0666  
Name (Business)  
222 S. Vinevard St., Royal Queen Emma, PH-3  
Business Address  
Honolulu, HI 96813 Note: See Exhibit I

Escrow: Guardian Escrow Services, Inc. Phone: 538-6991  
Name (Business)  
737 Bishop St., Ste. 2090  
Business Address  
Honolulu, HI 96813

General Contractor: Unit B: Owner-Builder Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Condominium Managing Agent: Self-managed by Association of Apartment Owners Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Attorney for Developer: Glenn M. Adachi Phone: 526-3880  
Name (Business)  
841 Bishop St., Ste. 1601  
Business Address  
Honolulu, HI 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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are enforceable in a court of law.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 91-0770055  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

Amendment No. 1 dated October 6, 1992 recorded as Document No. 92-165208 on October 13, 1992

- 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, dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 1514  
 Filed - Land Court Condo Map No. \_\_\_\_\_

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

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

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 91-0770056  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, dated and recording/filing information]:

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

The House Rules for this condominium are:

Proposed                     Adopted                     Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

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

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

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

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

2. **Developer:**

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

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

1. To add a second phase, consisting of one additional unit, at anytime up to and including April 30, 2001. (Note: By Amendment to the Declaration dated October 6, 1992, Developer has exercised his right to add a second unit.)
2. To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of a unit.
3. To amend the Declaration and Condominium Map to file the "as built" certificate.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date: \_\_\_\_\_

Lease Rent Payable:     Monthly                     Quarterly  
                                  Semi-Annually             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                  Canceled                     Foreclosed

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

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

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

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                     Quarterly  
                                  Semi-Annually             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: 3017 Ala Pali Place Tax Map Key: 3-1-34:16 (1st Division)  
Honolulu, HI 96815 (TMK)

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

Land Area: 12,603  square feet  acre(s) Zoning: R-5

Lessor

(Fee Owner): Jerry D.C. Park  
Name  
222 S. Vineyard St., Royal Queen Emma, PH-3  
Address  
Honolulu, HI 96813

Sublessor: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building 2

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

3. Principal Construction Material:

Concrete     Hollow Tile     Wood

Other Metal siding \_\_\_\_\_

4. Permitted Uses by Zoning:

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

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

Yes     No

5. Special Use Restrictions:

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

Pets:No livestock, poultry or other animals except 1 dog, 1 cat, aquarium fish and a pair of small birds

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

Other:No hotel or transient use permitted.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators:None                      Stairways:None                      Trash Chutes:None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	3/2.5	3,002	300
B	1	None	90	

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 the those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

- All perimeter walls, floors, foundations and roof of each building.
- All pipes, wires, conduits, or other utility and service lines in such building, outside such building, if the same is not utilized for more than one apartment.
- The garage of Unit A.

Permitted Alterations to Apartments:

Apartment owner may renovate, remodel, make additions to, remove or restore the unit.



11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted.  
 Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

described in Exhibit   A  .

as follows:

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

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit B.

as follows:

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

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

as follows:

<u>Unit No.</u>	<u>% Common Interest</u>
A	50%
B	50%

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

Exhibit C describes the encumbrances against the title contained in the title report dated October 13, 1992 and issued by Long & Melone, Ltd.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest may be terminated. Buyer has right to sue for breach of contract and for return of deposit.

F. Construction Warranties:

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

1. Building and Other Improvements:

One year warranty on workmanship and defective materials.

2. Appliances:

Warranty provided by appliance manufacturer.

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

Construction of Unit A completed in 1991. Construction of Unit B is scheduled to be completed approximately one week after commencement of construction in December 1992.

**H. Project Phases:**

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

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

See Exhibit D. (Note: By Amendment to the Declaration dated October 6, 1992, Developer exercised his right to add Phase 2, consisting of Unit B.)

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- other \_\_\_\_\_

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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.

Exhibit H contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None
- Electricity
- Gas
- Water
- Sewer
- Television Cable
- Other \_\_\_\_\_

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract  
Exhibit E contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated March 1, 1991  
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

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

Preliminary Report: Sales made by developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

**AND**

  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime.
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules.
  - E) Condominium Map
  - F) Escrow Agreement
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2466 filed with the Real Estate Commission on June 20, 1991.

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

yellow paper stock                       white paper stock                       pink paper stock

**C. Additional Information Not Covered Above**

**Sewage Disposal Scheme.**

Pursuant to a letter agreement between the Department of Public Works, City and County of Honolulu and the Developer (See Exhibit G), the Developer will install a holding tank to service Unit A under the conditions contained in said letter agreement.

The holding tank will be a part of Unit A. The owner of said unit will be responsible for the operation and maintenance of the holding tank in accordance with the conditions contained in said letter agreement.

The unit Purchaser will sign and acknowledge the conditions contained in said letter agreement and will further agree to abide by the conditions therein. This agreement is binding on future assignees or lessees.

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

Jerry D. C. Park  
Name of Developer

By:   
Duly Authorized Signatory

12-24-92  
Date

Jerry D. C. Park  
print name & title of person signing above

Distribution:

- Department of Finance, City and County of Honolulu
- Planning Department, City and County of Honolulu
- Federal Housing Administration

EXHIBIT A

DESCRIPTION OF COMMON ELEMENTS

a. The land in fee simple as described in Exhibit "A" of the Declaration.

b. All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which will serve both apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.

c. 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, and normally in common use.

EXHIBIT B

DESCRIPTION OF LIMITED COMMON ELEMENTS

- a. Lot A for the exclusive benefit of Unit A.
- b. The land designated on the Condominium Map as "Phase 2" Reserved for Lot B, which will shall be for the exclusive benefit of Unit B.
- c. The uncovered parking stall which is not designated in the garage of the Unit A is assigned to Unit A.

Exhibit C

LIST OF ENCUMBRANCES

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

2. Grant of Easement in favor of Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company Incorporated, dated April 3, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-087293.

3. Mortgage in favor of Finance Factors, Ltd., a Hawaii corporation, dated December 4, 1990, recorded in said Bureau of Conveyances as Document No. 90-192077.

4. Financing Statement, Finance Factors, Ltd., a Hawaii corporation, Secured Party, recorded in said Bureau of Conveyances as Document No. 90-192078.

5. Any lien, or right to a lien for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

6. Rights or claims of parties in possession and easements or claims of easements not shown by the public records, boundary line disputes, overlaps, encroachments, and any matters not of record which would be disclosed by an accurate survey and inspection of the premises.

7. Real Property taxes due and owing. For more information contact Real Property Assessment Division, City and County of Honolulu.

EXHIBIT D

DEVELOPER'S RESERVED RIGHTS

The Developer had reserved the right, at its option and expense, to construct an additional unit in the area designated "Phase 2-Reserved for Lot B" on the Condominium Map, for a period up to April 30, 2001. The conditions for the exercise of Phase 2 were set forth in paragraph 23c of the Declaration of Condominium Property Regime.

The Developer also shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Project:

1. to amend this Declaration and the Condominium Map to describe and depict Phase 2, to establish the apartment number for the additional apartment, to create additional common and limited common elements and easements as appurtenant to the additional apartment and/or to the other apartments in the Project, to determine and describe the common interest and percentage of expenses appurtenant to the additional apartment, to reduce the common interests appurtenant to the other apartments in the Project, to declare that the additional apartment may be used for those purposes allowed by the Declaration, to file the "As Built" Certificate required by the Act upon completion of construction for the additional apartment constituting Phase 2, and to set forth such other matters necessary or desirable to effect any such alteration in the Project.

2. to amend any prior instrument of conveyance of an apartment and undivided interest so as to conform the same to the Declaration, as so amended.

3. to have its contractor or contractors enter the Property and the Project as necessary for the construction of Phase 2; provided that the Declarant and its contractor(s) shall use reasonable efforts, consistent with maintaining the progress of such construction, to avoid interference with the use and enjoyment of the Project by the other apartment owners.

The common interest appurtenant to each existing apartment shall be decreased so that the percentage of undivided interest upon the development of Phase 2 shall be as set forth in paragraph 7 of the Declaration.

Paragraph 23c may not be amended without the consent of the Declarant.

4. Until such time that the Developer completes and sells Phase 2, Developer shall bear all of the incidental costs incurred in the area reserved for future development.

By amendment to the Declaration dated October 6, 1992, Developer exercised his right to add Phase 2 consisting of Unit B.

EXHIBIT E

Summary of Sales Contract

The Seller intends to use the standard form Deposit, Receipt, Offer and Acceptance (DROA) as the sales contract for the sale of the unit(s). The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

(a) A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.

(b) That a buyer's deposits will be held in escrow until the sales contract is closed or cancelled.

(c) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(d) In the event of default:

If buyer defaults:

- (1) Seller may bring an action for breach of contract;
- (2) Seller may retain the deposits as liquidated damages;
- (3) Buyer is responsible for any costs incurred under the sales contract.

If Seller defaults:

- (1) Buyer may bring an action for breach of contract;
- (2) Buyer may bring an action for specific performance;
- (3) Seller is responsible for any costs incurred under the sales contract.

The prevailing party is entitled to recover all costs incurred including reasonable attorney's fees. Escrow fees incurred shall be deducted before disbursement to the prevailing party.

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

The sales contract may contain additional terms and conditions as the Seller and Buyer may agree to include.

EXHIBIT F

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

(a) Escrow will collect and hold payments due pursuant to the sales contract.

(b) Upon receipt of notice from Seller that a payment(s) is/are due, Escrow will notify buyer that payment(s) are due. Escrow will not enforce payment of any sums due.

(c) Escrow will refund buyer's funds:  
(1) upon Seller's request to refund buyer's funds; or  
(2) if to Escrow's satisfaction, buyer is entitled to a refund pursuant to Sec. 514A-63, -64, -65 or -66, Hawaii Revised Statutes.

(d) Escrow will not disburse funds until:  
(1) Seller certifies in writing that buyer's sales contract "has become effective" and the requirements of Sec. 514A-39, -63, -64 and -66, Hawaii Revised Statutes have been met; and  
(2) a final public report has been issued by the Real Estate Commission has been issued and Escrow has received a copy of buyer's receipt for the final public report.

(e) The escrow agreement does not provide for disbursement of purchaser's funds to pay for construction costs until completion of project and expiration of the mechanics and materialmen's lien period.

(f) Escrow will arrange for and supervise the signing of all necessary documents.

(g) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.

The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

EXHIBIT G  
DEPARTMENT OF PUBLIC WORKS LETTER  
DEPARTMENT OF PUBLIC WORKS  
**CITY AND COUNTY OF HONOLULU**  
DIVISION OF WASTEWATER MANAGEMENT  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813

FRANK F. FASI  
MAYOR



SAM CALLEJO  
DIRECTOR AND CHIEF ENGINEER  
  
GEORGE M. UYEMA  
CHIEF

In reply refer to  
WPC 89-131

December 12, 1989

Mr. Jerry Park  
Meridian Properties, Inc.  
222 S. Vineyard Street  
Royal Queen Emma, PH3  
Honolulu, Hawaii 96813

Dear Mr. Park:

Subject: Your November 30, 1989 Letter Relating  
to the Sewage Disposal Scheme for the  
Proposed two (2) Dwelling Units.  
Tax Map Key: 3-1-34: 16

We will allow the temporary use of a holding tank to service one (1) of the proposed two (2) units provided you comply with the following conditions:

1. Discharges shall be strictly controlled to ensure that the holding tank wastes are released to the municipal sewer system only during periods of low sewage flow - 1:00 a.m. to 4:00 a.m. A recording device shall be installed to daily chart the release of wastes to the sewer system. The charts shall be submitted to the Division of Wastewater Management (DWWM) no later than ten (10) days after the end of the each calendar year quarter for City use.
2. Holding tank wastes may be pumped or discharged by gravity directly from the tank to the municipal sewer system.
3. The use of the holding tank is considered a temporary action to provide sewer service for the subject developments. The owner shall be required to eliminate the holding tank and connect directly to the municipal sewers in the future when the wastewater system becomes adequate.

4. The holding tank facility shall be available for inspection by the DWWM personnel when requested.
5. The holding tank shall be constructed in a location approved by the City to ensure easy accessibility by City personnel for inspection purposes.
6. The owner shall be responsible for the proper operation and maintenance of the holding tank and appurtenances. In the event of improper operation and maintenance, the City reserves the right of terminating the connection to the municipal wastewater system.
7. No overflow or bypass line will be permitted. We recommend the installation of a sewage level alarm to alert of possible sewage overflow.
8. The construction plans of the holding tank system shall be submitted to my office for review and approval. At that time, other details relating to the holding tank shall be addressed.
9. The owner shall be responsible for the disclosure of this agreement to a succeeding owner or lessee (successor). Such disclosure shall be in the form of a supplement to this agreement containing all the provisions of this agreement and duly acknowledged and accepted by the Successors with a copy being forwarded to the City.

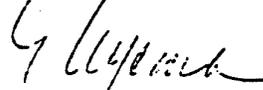
Mr. Jerry Park

-3-

December 12, 1989  
WPC 89-131

Please indicate your acceptance of the above terms by signing and returning the original copy of this letter to us.

Very truly yours,



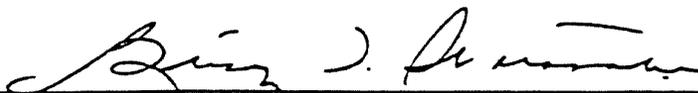
GEORGE M. UYEMA  
Chief

  
\_\_\_\_\_  
Property Owner or Lessee (Signature)

6-28-90  
Date

JERRY D.C. PARK  
Type or Print Name

Subscribed and sworn to before me this 28<sup>th</sup> day  
of June, 19 90

  
\_\_\_\_\_  
Notary Public, First Judicial Circuit,  
State of Hawaii

My commission expires: 11-16-91

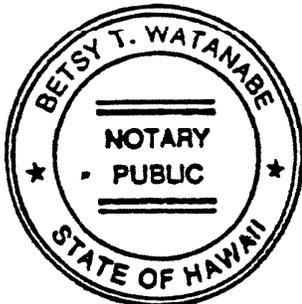


Exhibit H

VILLAS AT DIAMOND HEAD  
Maintenance Budget  
12/8/92

<u>ITEM</u>	<u>AMOUNT</u>	<u>Pro-rated Share</u>	
		<u>UNIT A</u>	<u>UNIT B</u>
Fire/Liability Insurance (Island Insurance)	\$1,008	768	240
Utilities (Separately Metered)	N/A	---	---
<b>TOTAL</b>	<u>\$1,008</u>	<u>768</u>	<u>240</u>
Per Month (·/. 12)	<u>\$84</u>	<u>64</u>	<u>20</u>

The undersigned, as Developer of the Project, hereby certifies that the above estimated initial maintenance budget was prepared in accordance with generally accepted accounting principles.

By: Serry D.C. Park

EXHIBIT I

PERSONS CONNECTED WITH THE PROJECT

The Developer has added and signed a listing agreement with the following real estate broker to sell apartments in the Project:

Bradley Properties, Ltd.  
4211 Waialae Avenue, Suite 111  
Honolulu, HI 96816  
Phone: 732-1414