REAL ESTATE COMMISSION
STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

549 KAWAILOA ROAD / 107 ALALA ROAD
549 Kawailoa Road / 107 Alala Road
Kailua (Oahu), Hawaii

Registration No. 2518 (Conversion)

Issued: November 8, 1991
Expires: December 8, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 24 ,19 91 , 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.

_x_ **FINAL:** *(white)* The developer has legally created a condominium and has filed complete information with the Commission.
[x] 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 [x] 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.

[x] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

SPECIAL ATTENTION

THE DEVELOPER HAS DISCLOSED THE FOLLOWING:

1. This Public Report does not constitute an approval of the Project, nor does it ensure that all County codes, ordinances and subdivision requirements have necessarily beem complied with.

2. The land area beneath and adjacent to each unit is designated as a limited common element and does not represent a legally subdivided lot. Therefore, the lines in the Condominium Map bounding the designated number of square feet in each limited common element land area should not be considered as formal subdivision lot lines.

3. Unit "107 Alala Road" is an ohana dwelling. Said unit, which previously conformed to the Land Use Ordinance of the City and County of Honolulu ("LUO"), does not comply with Section 6.20 of the LUO, as amended. Said unit is, therefore, a non-conforming structure to the extent that it exceeds 700 square feet in size. While the unit, subject to certain conditions, may be rebuilt to its original size, the unit may not be expanded under present ordinances. See Exhibit "H" attached hereto.

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

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GENERAL INFORMATION ON CONDOMINIUMS

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

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.

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.

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:

[x] Fee simple interest in an apartment and an undivided fee hold 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) [x] Conversion
   [ ] Both New Building(s) and Conversion

2. [x] Residential [ ] Commercial [x] Ohana
   [ ] Mixed Residential and Commercial [ ] Agricultural
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [x] Low Rise

4. [ ] Single or [x] Multiple Buildings

5. Apartment Description

Apt. No.	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
549 Kawailoa Rd.	1	3/1	742	n/a
107 Alala Road	1	3/3	1,324	518

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:

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

7. Recreational amenities: NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: FRANK P. HARDING
Name
Phone: 714: 776-1400 (Business)

1781 W. Romneya Drive, Suite G
Business Address

Anaheim, California 92801

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

Real Estate Broker: KAILUA REALTY, LTD.
Name
Phone: 263-6000 (Business)

130 Kailua Road
Business Address

Kailua, Hawaii 96734

NOTE: The units of the Project are not being offered for sale at this time.

Escrow: TITLE GUARANTY ESCROW SERVICES, INC.
Name
Phone: 521-0211 (Business)

235 Queen Street, 1st Floor
Business Address

Honolulu, Hawaii 96813

General Contractor: N/A
Name
Phone: (Business)

Business Address

Condominium Managing Agent: Self-managed by the Association of Condominium Owners
Name
Phone: (Business)

Business Address

Attorney for Developer: ROGER V. MEEKER
Name
Phone: 524-6335 (Business)

1188 Bishop Street, Suite 2503
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
[x] Recorded - Bureau of Conveyances - Document No. 91-049375
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

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
[x] Recorded - Bureau of Conveyance Condo Map No. 1488
[ ] 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
[x] Recorded - Bureau of Conveyances - Document No. 91-049376
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

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 [x] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	n/a

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

2. Developer:

[x] 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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[x] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

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

The 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; 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:

For Subleaseholds:

[ ] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[ ] Cancelled [ ] 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 cancelled or foreclosed.

B. **Underlying Land:**

Address: 549 Kawailoa Road / 107 Alala Road Tax Map Key (TMK): 4-3-9: 51 (1st)

Kailua, Hawaii

[ ] Address [ ] TMK is expected to change because _____

Land Area: 6,000 [x] square feet [ ] acre(s) Zoning: R-7.5

Fee Owner: FRANK POLAK HARDING
Name

1781 W. Romneya Drive, Suite G
Address

Anaheim, California 92801

Sublessor: _____
Name

_____
Address

C **Buildings and Other Improvements:**

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

2. Buildings: 2 Floors Per Building 1 and 2

[x] Exhibit A contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [x] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
[ ] Commercial			[ ] Industrial		
[x] Residential	2	yes	[ ] Agricultural		
[ ] Timeshare/Hotel			[ ] Recreational		
[ ] Other:					

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?
[x] Yes [ ] No

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):

Elevators NONE Stairways NONE Trash Chutes NONE

Apt. No.	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
549 Kawailoa Rd.	1	3/1	742	n/a
107 Alala Road	1	3/3	1,324	518

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.

Boundaries of Each Apartment: See Exhibit "A" attached hereto.

Permitted Alterations to Apartments:

As noted in Section XVI of the Declaration, individual unit owners may, at their sole discretion and at their own expense, remodel, expand or otherwise alter their unit, provided said alterations are done in complete accordance with all applicable ordinances, codes, rules, regulations and other requirements in force at the time of said construction. All alterations shall be completed expeditiously and in the manner set forth in said Section XVI.

7. Parking Stalls:

Total Parking Stalls: 2

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

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

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[x] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[ ] Other: _____

_____

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

Based on a report prepared by an independent registered architect, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, no representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installations material to the use and enjoyment of the condominium unit(s). See Exhibit "G" attached hereto.

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

The Project is a conversion of fully constructed and existing structures to condominium status. Said structures are in compliance with all zoning and building ordinances and codes applicable to the Project. No variance has been granted to achieve such compliance. Unit "107 Alala Road" of the Project is considered a legal non-conforming structure to the extent that its size exceeds 700 square feet; however, it may be rebuilt to its original existing size in the event of accidental destruction. See Exhibit "H" attached hereto for further explanation.

10. Conformance to Present Zoning Code

a. [x] 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.

	Conforming	Non-Conforming	Illegal
Uses	x		
Structures	x	x (see Exhibit "H")	
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.

   [x] Exhibit B 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.

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

   [x] described in Exhibit C

   [ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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.

   [x] Exhibit B 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 August 27, 1991 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest If Developer Defaults
Mortgage	Buyer's deposit will be returned if default and foreclosure occur before conveyance. The Buyer's contract may be cancelled and the Buyer may lose all rights to acquire the unit. Title to individual units will be free and clear at the time of conveyance to Buyer.

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

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

The initial managing agent for this condominium is:

[ ] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

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

[ ] other _____

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

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

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

Exhibit 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:

[ ] Not applicable

[ ] Electricity

[ ] Gas

[ ] Other _____

[ ] Television Cable

[x] Water & Sewer

I. **Construction Warranties:**

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

1. Building and Other Improvements: NONE

2. Appliances: NONE

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

The Project is comprised of existing structures being converted to condominium status. Unit "549 Kawailoa Road" was constructed in 1948. Unit "107 Alala Road" was constructed in 1986.

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:

[ ] Notice to Owner Occupants -- not applicable

[x] Specimen Sales Contract -- standard DROA contract will be used

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

[x] Escrow Agreement dated October 1, 1990

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

An inspection conducted by the City and County Building Department noted that the two-story dwelling (107 Alala Road) with two off-street parking spaces is not provided with an all-weather-surfaced driveway, a requirement of the Land Use Ordinance. A copy of the letter is hereto attached as Exhibit "I".

Purchasers of this unit should be aware that sale is based on an "as is condition", including the herein above-noted faults.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

Final Report, 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, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2518 filed with the Real Estate Commission on September 17, 1991 .

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

[ ] yellow paper stock [X] 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

PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, County of Hawaii
Planning Department, County of Hawaii
Federal Housing Administration

INDIVIDUAL UNIT DESCRIPTIONS

The Declaration of Condominium Property Regime and plans submitted by the Developer indicate that 549 KAWAILOA ROAD / 107 ALALA ROAD is a fee simple condominium conversion project consisting of a total of two condominium units, each unit comprised of a separate or structures. The units are described as follows:

(a) "549 Kawailoa Road" consists of the following: (1) a separate one-story wood-frame structure, without basement, containing three bedrooms, one bath, living room and kitchen -- all containing a net interior living area of approximately 742 square feet; (2) an attached two-car carport of approximately 352 square feet; and (3) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

(b) "107 Alala Road" consists of the following: (1) a separate two-story wood-frame structure, without basement, containing three bedrooms, three baths, two living rooms, kitchen and dining area -- all containing a net interior living area of approximately 1,324 square feet; (2) attached wooden balcony areas totalling approximately 518 square feet; an attached two-car garage of approximately 596 square feet; and (4) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

COMMON ELEMENTS

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

(a) The land in fee simple;

(b) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;

(c) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium unit(s) which are filed of record.

COMMON INTEREST

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

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein referred to as the "limited common elements", are designated and set aside for the exclusive use of one or more apartments, and such apartment(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) That certain land area upon and around which "549 Kawailoa Road" is located, shown and designated on the Condominium Map and being approximately 3,480 square feet in area, is deemed a limited common element appurtenant to and for the exclusive use of "549 Kawailoa Road". (SEE BELOW)

(b) That certain land area upon and around which "107 Alala Road" is located, shown and designated on the Condominium Map and being approximately 2,520 square feet in area, is deemed a limited common element appurtenant to and for the exclusive use of "107 Alala Road". (SEE BELOW)

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

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

SUMMARY OF SALES CONTRACT

Developer is using the standard Hawaii Board of Realtors' Deposit Receipt, Offer and Acceptance (DROA) form as the intended sales contract for the Project. A copy of said DROA is attached hereto for reference.

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

This form was prepared by the HAWAII AS ION OF REALTORS
for use by its members.

HAWAII ASSOCIATION OF REALTORS® STANDARD FORMS

DEPOSIT RECEIPT, OFFER AND ACCEPTANCE 9/89 ("DROA")

(The Standard Terms on the Reverse Side are part of the DROA)

REALTOR®

REALTORS and REA SOCIATES are professionals who are members of the NATIONAL ASSO N OF REALTORS® and subscribe to its strict Code of Ethics.

If this transaction involves a sale of property at a price less than $25,000, Hawaii's Plain Language Statute may apply. If so, ATTACH AN EXECUTED PLAIN LANGUAGE ADDENDUM.

Reviewed by: _____ (Principal Broker, Broker in Charge, Authorized Signature)

Reference Date: _____

DEPOSIT RECEIPT

Received from _____ herein called Buyer the sum of $ _____

in the form of _____ as an initial deposit on account of this offer. Receipt is acknowledged by (REALTOR)(REALTOR-Associate) _____ REALTOR'S firm and address _____

_____ PHONES (Bus.) _____ (Home) _____ (FAX) _____

OFFER

1. **PURCHASE PRICE:** _____

2. **PROPERTY DESCRIPTION:** Tax Map Key Division _____ /Zone _____ /Sec _____ /Plat _____ /Parcel _____ /CPR _____

(a) **Realty:** *All of that (leasehold) (fee simple) property situated at* _____ Hawaii, described as follows: _____

(b) **Seller's Real Property Disclosure Statement** dated _____ (has) (has not) been received by Buyer. If not, address in paragraph 8, Special Terms. (b-1) **Residential Leasehold Property Addendum** (is) (is not) made a part of this DROA.

(c) **Sale Includes:** *All built-in furniture, attached fixtures, built-in appliances,* water heater, electrical and/or gas and plumbing fixtures, attached carpeting, existing drapes, and the following items if checked: Chandelier ( ); Range ( ); Refrigerator ( ); Disposal ( ); Dishwasher ( ); Compactor ( ); Washer ( ); Dryer ( ); Air Conditioner ( ); TV Antenna ( ); TV Cable Outlet ( ); Ceiling Fan ( ); Furnishings per attached inventory ( ); Pool Equipment ( ); and _____

Specifically excluded: _____

(d) **Title:** Seller agrees to convey the property with warranties vesting marketable title in Buyer, free and clear of all liens and encumbrances except _____ and any other covenants, easements, reservations or restrictions now of record which do not materially affect the value of the property.

(e) **Assessments:** _____ shall be (paid by Seller at closing) (assumed by Buyer).

3. **FINANCING:** *Buyer agrees to pay said purchase price as follows:*

ADDITIONAL DEPOSIT: $ _____ in cash to be made on or before _____.

$ _____ in cash at closing including all deposits herein.

$ _____ *by way of* _____

$ _____

$ _____ Total Purchase Price (see paragraph 1 above)

4. **CLOSING:** Closing will be on or before _____, 19____. Escrowed by _____.

5. **OCCUPANCY:** Seller agrees to give Buyer occupancy at closing or on _____, 19____.

6. ***PRORATIONS:*** *Property taxes, lease rents, interest on assumed obligations,* mortgage insurance premiums, other insurance premiums, maintenance fees, tenants' rents, *if applicable, and* _____ shall be prorated as of the date of closing or on _____, 19____. Tenants' security deposit, if any, shall be charged to Seller and credited to Buyer at closing.

7. ***TENANCY:*** *Title shall vest in* Buyer(s) as follows: _____ *print full legal name(s) and marital status (no initials)*

_____ Tenancy: _____

8. **SPECIAL TERMS:** *(Please number)* _____

9. **AGENCY DISCLOSURE:** The Buyer is represented by _____ and all its salespeople. The Seller is represented by _____ *and all its salespeople. Oral or written disclosure was provided before the signing of this offer.*

10. **AGREEMENT TO BUY:** Buyer agrees to buy the property on the terms and conditions contained herein including **The Standard Terms On The Reverse Side,** acknowledges *receipt of a copy hereof,* and agrees that this offer shall be binding if accepted by Seller before _____, 19____, _____ AM/PM.

Offer Date _____, 19____, _____, AM/PM.

Buyer's address: _____

Phones: (Bus.) _____ (Home) _____

Buyer _____ signature

SS# _____

Buyer _____ signature

SS# _____

ACCEPTANCE

11. **AGREEMENT TO SELL:** Seller agrees to sell the property at the price and terms offered above, including **The Standard Terms On The Reverse Side,** and acknowledges *that he has* been given a copy of this offer.

12. **SELLER'S AGREEMENT TO PAY COMMISSION:** *I agree to pay to* _____ a commission for the above sale of _____ in U.S. dollars. I hereby instruct escrow to pay your commission directly to you at closing. I agree that I cannot change these instructions without your written consent. Unless otherwise agreed upon, I give you permission to share this commission as you see fit with the real estate company named here in the **DEPOSIT RECEIPT** section of this agreement. In the event of Buyer's default, if I retain the deposit(s), I agree to pay you one half of the amount I retain, but you shall not be paid more than what would have been your full commission.

Date _____, 19____, _____ AM/PM.

Seller's Name _____ print full legal name

Seller's Tax Identification # to be reported to IRS _____

Signature _____

Seller's Name _____ print full legal name

Seller's Tax Identification # to be reported to IRS _____

Signature _____

Foreign Person ( ) Owner occupant ( ) Other ( )

Seller's Address _____

Seller's Address _____

Phones: (Bus.) _____ (Home) _____

ACKNOWLEDGEMENT OF ACCEPTANCE: The undersigned acknowledges that he has been given a copy of the acceptance of this offer.

SUMMARY OF ESCROW ARRANGEMENTS

The Escrow Agreement, dated October 1, 1990, identifies Title Guaranty Escrow Services, Inc. as Escrow for the Project. The Escrow Agreement establishes how proceeds from the sale of condominium units and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds. The Escrow Agreement provides that a Purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to Purchaser, without interest and less cancellation fee and costs, if Purchaser shall in writing request refund of his funds and Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser. Said cancellation fee shall be in the minimum of $25.00, but in no event shall exceed the agreed-upon escrow fee provided for in said Escrow Agreement, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

Upon examination, the Developer represents that the Escrow Agreement is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is encumbant upon the purchaser and prospective purchaser that he reads with care the Escrow Agreement.

ENCUMBRANCES AGAINST TITLE

An encumbrance is a claim against or a liability on the property. The following list describes the encumbrances against the title contained in the status title report dated August 27, 1991, issued by Title Guaranty of Hawaii, Inc.:

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

2. Affidavit dated June 3, 1986, executed by FRANK P. HARDING in favor of the Building Department of the City and County of Honolulu, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19573 at Page 177.

3. Mortgage in favor of INTERNATIONAL SAVINGS AND LOAN ASSOCIATION, LIMITED, a Hawaii corporation, DATED April 21, 1987, recorded in Liber 20595 at Page 763. Original consideration: $186,900.00

4. Declaration of Condominium Property Regime dated October 1, 1990, recorded as Document No. 91-049375, as the same may hereafter amended in accordance with law or with said Declaration. Project covered by Condominium Map No. 1488.

5. By-Laws of the Association of Condominium Owners of the Condominium Project known as "549 KAWAILOA ROAD / 107 ALALA ROAD", dated October 1, 1990, recorded as Document No. 91-049376, as the same may hereafter amended.

6. Real property taxes due and owing, if any. Reference is made to the Office of the Tax Assessor, City and County of Honolulu.

DISCLOSURE ABSTRACT

549 KAWAILOA ROAD / 107 ALALA ROAD
Condominium Project

Pursuant to Section 514A-61, Hawaii Revised Statutes
Condominium Property Act

Developer

Frank P. Harding
1781 W. Romneya Drive, Suite G
Anaheim, California 92801
Phone: 714: 776-1400

Project Manager

Project is to be self-managed

Estimated Maintenance Fee Assessments and Disbursements

MAINTENANCE FEES: The regular maintenance and repair of each condominium unit, including all utility charges, is the sole responsibility of each respective unit owner. There are no common services and/or expenses which will require regular monthly assessments.

INDIVIDUAL INSURANCE: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the improvements portion of the Project. Developer anticipates that the Association will elect to obtain separate policies for each individual condominium unit pursuant to Section XIV(c) of the Declaration. As such, the premiums on said policies will be the individual responsibility of each unit owner rather than common expenses of the Project.

Warranties

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

Use of Condominium Units

Both units comprising the Project may be occupied and used for residential purposes and such other purposes as permitted by applicable zoning ordinances. There is no commercial or other non-residential development in the Project.

Structural Components and Mechanical & Electrical Installations

Based on a report prepared by an independent registered architect, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IF ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM UNIT(S).

Code Violations

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

FRANK POLAK HARDING

Developer

OHANA DISCLOSURE

RESPECTING UNIT "107 ALALA ROAD"

Unit "107 Alala Road" was constructed in 1986 as an "ohana dwelling" pursuant to the provisions of Section 6.20 ("Housing: Ohana Dwellings") of the Land Use Ordinance of the City and County of Honolulu ("LUO"). At the time of its construction, said dwelling was fully conforming to the LUO.

Subsequently, on April 28, 1988, said Section 6.20 was amended to provide, among other things, that the maximum size of an "Ohana" accessory dwelling unit on a residentially zoned lot shall be restricted. Specifically, in a zoning district designated as R-7.5, as is this Project, the maximum permitted floor area of an ohana accessory dwelling unit is 700 square feet.

Accordingly, dwelling "107 Alala Road", which previously conformed to the LUO, does not now comply with Section 6.20, as amended. The dwelling is, therefore, presently considered a "non-conforming structure" to the extent that its size exceeds 700 square feet. As such, under present law, the unit may not be expanded beyond its existing size.

In December 1989, the Honolulu City Council amended the Ohana Ordinance to permit dwellings that were approved as ohana accessory dwelling units prior to the square footage limitations imposed in 1988 to be rebuilt to their original size, subject to certain conditions.

BUILDING DEPARTMENT

CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

FRANK F. FASI
MAYOR

HERBERT K. MURAOKA
DIRECTOR AND BUILDING SUPERINTENDENT

Ex89-145

November 1, 1989

Mr. Roger V. Meeker
Century Square
1188 Bishop Street, Suite 2503
Honolulu, Hawaii 96813

Dear Mr. Meeker:

Subject: Condominium Conversion
579 Kawailoa Road/107 Alala Road
Tax Map Key: 4-3-09: 51

This is in reply to your letter dated October 2, 1989 requesting confirmation that the two-story one-family detached (ohana) dwelling and the one-story one-family detached dwelling located at 579 Kawailoa Road/107 Alala Road met all applicable code requirements at the time of construction.

Investigation revealed that the one-story dwelling with two off-street parking spaces constructed approximately in 1948 met the applicable code requirements at the time of construction. The two-story dwelling constructed in 1986 with two off-street parking spaces is not provided with an all-weather-surfaced driveway.

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

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

Very truly yours,

HERBERT K. MURAOKA
Director and Building Superintendent

Exhibit "I"