



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

SCHNEIDER HILL
 45-055A Lilipuna Road
 Kaneohe, Hawaii 96744

Registration No. 2753 (Partial Conversion)

Issued: February 5, 1993
 Expires: March 5, 1994

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of January 25, 1993, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

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*****
*                                     *
*                               SPECIAL ATTENTION                               *
*                                     *
*   This is CONDOMINIUM PROJECT, not a subdivision. The                       *
*   land area beneath and immediately appurtenant to each                       *
*   unit is designated a LIMITED COMMON ELEMENT and is                           *
*   not a legally subdivided lot. The dotted lines on the                       *
*   Condominium Map bounding the designated number of square                       *
*   feet in each limited common element land area are for                       *
*   illustrative purposes only and should not be construed                       *
*   to be the property lines of legally subdivided lots.                       *
*                                     *
*   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 REFERENCED IN THIS                       *
*   PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE                     *
*   FOREGOING.                                                                    *
*****
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TABLE OF CONTENTS

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

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.

SUI LARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>4/3</u>	<u>2,196</u>	<u>394</u>
<u>B</u>	<u>1</u>	<u>3/3</u>	<u>2,296</u>	<u>1,248</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>Apt. A: 2 stalls</u>
Guest Stalls	<u>Apt. B: 2 stalls</u>
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>4</u>

7. Recreational amenities:

I. P 'LE CONNECTED WITH THE PR(

Developer: Leonard A. Schneider and Darlene
Name Marie Schneider
P. O. Box 821
Business Address
Clearwater, Florida 34617

Phone: (813) 595-8013
(Business)

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

N/A

Real Estate Broker: N/A Developers have indicated
Name that they do not plan to
sell at this time
Business Address

Phone: _____
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Phone: 521-0211
(Business)

General Contractor: N/A
Name

Business Address

Phone: _____
(Business)

Condominium Managing Agent: None The Developer is the initial
Name managing agent
Business Address

Phone: _____
(Business)

Attorney for Developer: Diane S. Kishimoto, Esq.
Name
Ashford & Wriston
Business Address
1099 Alahea Street, Suite 1200
Honolulu, Hawaii 96813-4500

Phone: 539-0400
(Business)

**III. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1405256

Amendment date(s) and recording/filing information:

First Amendment to the Declaration of Horizontal Property Regime,
filed in the Office of the Assistant Registrar, Land Court, State
of Hawaii as Document No. 1953487
Second Amendment to the Declaration of Horizontal Property Regime,
filed in said Registry Office as Land Court Document No. 1970395.

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 612

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1405257

Amendment date(s) and recording/filing information:

First Amendment to the By-Laws of the Association of Apartment Owners
of Schneider Hill, filed in the Office of the Assistant Registrar,
Land Court, State of Hawaii, as Document No. 1953488.

The Condominium Statute (Chapter 46A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

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

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

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

Boundaries of Each Apartr

Each apartment shall be deemed to include all the walls and partitions within its perimeter walls, all walls, floors, ceilings and roofs, doors and door frames, windows and window frames, the appurtenant lanais, any appurtenant terraces, the appurtenant entry, the appurtenant decks, the appurtenant balcony or balconies, the appurtenant court yards, the appurtenant motor court, the appurtenant gardens, and all fixtures originally installed therein.

Permitted Alterations to Apartments:

See Exhibit "A"

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>3</u>	<u>1</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Guest	<u> </u>						
Unassigned	<u> </u>						
Extra Available for Purchase	<u> </u>						
Other:	<u> </u>						
Total	<u> </u>						
Covered & Open	<u>4</u>	<u> </u>					

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

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

The present condition of all structural components appears to be good; see letter from John M. Shubert, Registered Professional Engineer, attached as Exhibit "B" of this public report. An inspection done by John M. Shubert on September 8, 1992 revealed minor water intrusion problems.

The Declarants make no representations with respect to the condition of the mechanical and electrical installations, nor to the expected useful life of the structural components.

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

The project met all applicable code requirements when they were constructed. See Exhibit "C", letter from the Building Department.

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

Exhibit "D" describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit "E"

as follows:

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

Exhibit _____ describes the common interests for each apartment.

As follows:

Each apartment shall have an undivided fifty percent (50%) common interest.

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 3, 1992 and issued by First Hawaii Title Corporation.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	Buyer's contract may be canceled and Buyer may lose all rights to acquire the unit. Buyer's deposit will be returned if default and foreclosure occur before conveyance.

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

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

The initial managing agent for this condominium is:

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

G. Estimate of Initial Maintenance Fees:

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

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 H 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

Television Cable

Gas

Water & Sewer

Other _____

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

The apartments will be sold in an "AS IS" condition, without benefit of warranties. The buyers may have their own architects, engineers and other personnel examine the apartments with sufficient thoroughness to enable the buyers to decide if they want to purchase the apartments. The purchase of the apartments by the buyers shall be deemed to include (i) a complete and comprehensive assumption of all liabilities arising with respect to the apartments from and after closing, including all claims based on faulty planning, design, engineering, construction, or defective materials or workmanship; and (ii) a release and discharge of the sellers, their respective heirs, assigns, devisees and personal representatives, from all claims, obligations and liabilities arising out of the condition of the apartments, and any disclosures made or not made with respect thereto.**

2. Appliances: NONE

**The buyers recognize that the foregoing itemization of potential claims or liabilities is not intended to be exclusive, or to limit the generality of the buyers' acceptance of the apartments in an "AS IS" condition, given the most expansive interpretation of these words.

J. Status of Construction and Estimated Completion Date:

Apartment A was constructed in 1939 and was renovated in 1980.
Construction of Apartment B was completed in 1985.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated November 4, 1992

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding 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 part of Registration No. 2753 filed with the Real Estate Commission on November 13, 1992.

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

yellow paper stock

white paper stock

pink paper stock

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



MARCUS MISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu
Federal Housing Administration

Exhibit "A"

Alteration of Project

Paragraph D of the Declaration states the following with regard to alteration of the project.

Alteration and transfer of interest. Except as otherwise provided in this Declaration, the common interest and easements appurtenant to each apartment shall have a permanent character, shall not be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to this Declaration duly recorded, which amendment shall contain the consent thereto by the holders of any first mortgage of any apartment as shown in the Association's record of ownership, or who have given the Board notice of their interest through the Secretary of the Association or the Managing Agent, shall not be separated from such apartment and shall be deemed to be conveyed or encumbered with such apartment even though not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof or the apartments except as provided by said Horizontal Property Act; and, without limiting the provisions of Section 514A-21(a) of the Hawaii Revised Statutes, any such partition or division shall be subject to the prior written consent thereto by the holders of any first mortgage, filed of record, of any apartment.

SHUBERT CONSULTANTS

JOHN M. SHUBERT • STRUCTURAL ENGINEER

2191 Laukahi Street • Honolulu, Hawaii 96821 • Tel: 373-8818 Fax: 373-7715

September 8, 1992

Ms. Cynthia K. Ching
Ashford & Wriston
P. O. Box 131
Honolulu, Hawaii 96810

Subject: Residences at 45-055A Lilipuna Road, Kaneohe, Hawaii
TMK: 1-4-5-001-045(1)

Dear Ms. Ching:

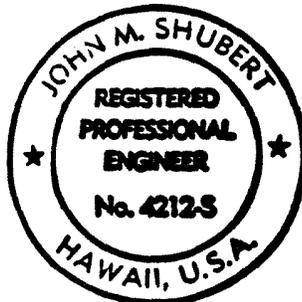
Pursuant to your request I inspected the above structures on September 4, 1992. The purpose of this inspection was to satisfy Real Estate Commission requirements.

Both houses are multi-level wood-frame constructions resting on poured-in-place concrete foundations. Roofs are open-beam, contain various skylights, with asphalt shingle roofing. Siding is standard plywood sheathing material. Concrete driveways and surrounding masonry walls are in good condition.

Both houses appear to be in sound structural condition, although minor water intrusion problems are evident. In addition, some minor carpentry work on the exterior wood decks of the upper house is advisable.

If there are further questions please call me.

SHUBERT CONSULTANTS



John M. Shubert
John M. Shubert

JMS:le

Exhibit "B"

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

WILLIAM F. REMULAR
DEPUTY

Ex92-117

September 25, 1992

Ms. Cynthia K. Ching
Ashford & Wriston
Attorneys at Law
P.O. Box 131
Honolulu, Hawaii 96810

Dear Ms. Ching:

Subject: Condominium Conversion Project
45-055 & 45-055A Lilipuna Road
Tax Map Key: 4-5-01: 45

This is in response to your letter dated August 6, 1992 requesting confirmation that the 2 two-story single-family dwellings located at the above address met all code requirements at the time of construction.

Investigation revealed that the two dwellings, each with two off-street parking spaces, at 45-055 and 45-055A Lilipuna Road met all applicable code requirements when they were constructed in 1939 and 1984, respectively.

For your information, the Building Department cannot determine whether this project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

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

Exhibit "C"

Ms. Cynthia K. Ching
September 25, 1992
Page Two

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

Very truly yours,


HERBERT K. MURAOKA
Director and Building
Superintendent

Submitted and sworn to
before me this 30th day of
September, 1992.



Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: June 21, 1995

Exhibit "D"

Description of Common Elements

Paragraph A.2. of the Declaration describes the common elements as follows.

The common elements include all portions of the Project other than the apartments. The common elements include but are not limited to the following.

1. The land upon which the Project is located in fee simple.
2. All roads, driveways and parking areas not otherwise described as limited common elements
3. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any.

Exhibit "E"

Description of Limited Common Elements

Paragraph A.3. of the Declaration describes the limited common elements as follows.

Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

Apartment A shall be located on Unit 1
Apartment B shall be located on Unit 2

The unit upon which each respective apartment is built, as outlined in red on said condominium map, shall be appurtenant to and for the exclusive use of such apartment.

NOTE: Land areas referenced herein are not legally subdivided lots.

EXHIBIT "F"

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Mortgage dated June 10, 1986, in favor of First Nationwide Bank, a Federal Savings Bank, filed in the Bureau of Conveyances of the State of Hawaii as Document No. 1378369.
3. Mortgage dated November 12, 1987, in favor of First Nationwide Bank, a Federal Savings Bank, filed in said Bureau as Document No. 1510898.
4. For real property taxes as may be due and owing reference is made to the Director of Finance, City and County of Honolulu.
5. Declaration of Horizontal Property Regime of Schneider Hill, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1405256, as amended.
6. Condominium Map 612.
7. By-Laws of the Association of Apartment Owners, so filed as Document No. 1405257, as amended.

Exhibit "G"

Summary of Sales Contract
(Hawaii Association of Realtors Standard DROA)

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

1. Whether a purchaser will be obtaining a mortgage loan to cover part of the purchase price.
2. That the apartment will be subject to various other legal documents which the purchaser should examine.
3. That certain expenses, such as property taxes and insurance premiums shall be prorated as of the date of closing.
4. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
5. That the Seller may take any or all of the following actions if Buyer fails to pay the balance of the purchase price or complete the purchase.
 - a. Bring an action for damages for breach of contract.
 - b. Retain the initial deposit and all additional deposits as liquidated damages.
 - c. Hold Buyer responsible for any costs incurred in accordance with the sale contract.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$45/mo = \$550.00 (cost of insurance)
B	\$45.00/mo. = \$550.00 (cost of insurance)
	<hr/> <u>\$1,100.00</u>

All costs associated with the maintenance of each apartment and its appurtenant limited common elements shall be the sole responsibility of the respective apartment owners.

Section 514A-86, Hawaii Revised Statutes, requires that the Association of Apartment Owners purchase and maintain fire insurance to cover the improvements of the project, and that fire insurance premiums shall be a common expense.

The developer anticipates that the Association will elect to require each owner to obtain separate fire insurance for his apartment pursuant to Paragraph J.(2). of the Declaration of Condominium Property Regime, and name the Association as an additional insured. In such case, insurance premiums will be the individual responsibility of each apartment owner.

The developer estimates the annual premium expense for each apartment to be approximately \$550.00 and certifies that this estimate was prepared based on generally accepted accounting principles.

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Exhibit "I"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

1. Escrow shall deposit all funds received under the Escrow Agreement in accounts at a federally insured bank, savings and loan association or other financial institution that pays interest on such deposit. All interest earned on funds deposited in Escrow shall accrue to the credit of Escrow.

2. Escrow will let purchasers know when payments are due.

3. Escrow will arrange for purchasers to sign all necessary documents.

4. Paragraph 4 of the Escrow Agreement says under what conditions a refund will be made to the purchaser.

5. Paragraph 6 says what documents Escrow must receive prior to closing. Upon receipt of all necessary documents, Escrow shall "close" the sale by having the affidavit by owner-occupants reaffirmed, recording any releases, conveyance document and mortgage and Escrow will deliver the recorded documents to the appropriate parties.

6. Paragraph 9 of the Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract by purchaser.

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