

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer RICHARD R. RAND AND GREGORY K. RAND
Address 3859 Pokapahu Place, Honolulu, Hawaii 96816

Project Name(*): CROZIER DRIVE BEACH AND FARM LOTS
Address: 68-770 Crozier Drive, Mokuleia, Oahu, Hawaii 96791

Registration No. 2883

Effective date: August 2, 1993

Expiration date: September 2, 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 or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing 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 an 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.
[x] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] 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:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS A RESTRICTION IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME WHICH PERMITS A RESIDENTIAL STRUCTURE ONLY ON UNIT 2. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD ANY OTHER TYPE OF STRUCTURE UPON THE PROPERTY.

1. This Public Report does not constitute an approval of the project, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

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

IMPORTANT NOTICE:

A CONDEMNATION ACTION HAS BEEN INITIATED BY THE CITY AND COUNTY OF HONOLULU AGAINST A PORTION OF THE PROJECT. THE CONDEMNATION ACTION WAS FILED IN THE CIRCUIT COURT OF THE FIRST CIRCUIT, STATE OF HAWAII, AS CIVIL NO. 93-2172-05. A COPY OF THE COMPLAINT WILL BE PROVIDED TO EACH PROSPECTIVE PURCHASER. A PURCHASER SHOULD BE AWARE OF THE FOLLOWING:

1. The Developer makes no statement or representation of the possible outcome of the condemnation action nor how long the case may take.
2. The area affected by the condemnation action as described in the Complaint affects the entire limited common land area of unit 10 of the Project.
3. If the condemnation action is successful, unit 10 and its entire land area will no longer be a part of the Project. This also means the common interest appurtenant to each unit will increase because there will be one less unit in the Project. Your attention is directed to Exhibit "J" attached hereto which contains an excerpt of Paragraph 14.0 from the Declaration which describes the procedure that occurs when a part of the Project is taken away. If unit 10 is taken away, each remaining apartment unit will have a common interest of 1/13th or approximately 7.692% or 7.693%.
4. If the condemnation action is successful, any compensation paid for the land area will belong exclusively to the owner of unit 10. None of the other owners in the Project or the Association of Unit Owners will be entitled to any compensation for the taking of the limited common area of unit 10.

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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 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 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 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: Richard R. Rand
Gregory K. Rand **Phone:** 946-7222
Name _____
3859 Pokapahu Place
Business Address
Honolulu, Hawaii 96816
(Business)

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

Real Estate Broker: Scully Rogers, Ltd. **Phone:** 922-4622
Name _____
2222 Kalakaua Avenue, Suite 700
Business Address
Honolulu, Hawaii 96815
(Business)

Escrow: Title Guaranty Escrow Services, Inc. **Phone:** 521-0211
Name _____
235 Queen Street
Business Address
Honolulu, Hawaii 96813
(Business)

General Contractor: N/A **Phone:** _____
Name _____
Business Address _____
(Business)

Condominium Managing Agent: Self Managed by Association of Unit Owners **Phone:** 946-7222
Name _____
c/o 3859 Pokapahu Place
Business Address
Honolulu, Hawaii 96816
(Business)

Attorney for Developer: Michael H. Sakai, Esq. **Phone:** 531-4171
Name _____
201 Merchant Street, #902
Business Address
Honolulu, Hawaii 96813
(Business)

**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. 92-165100
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]:

First Amendment to the Declaration of Condominium Property Regime, dated April 15, 1993 recorded as Document No. 93-073861

Proposed Second Amendment to Declaration. (See item 6 on Page 20 of this Report).

- 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 Conveyances Condo Map No. 1748
 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]:

Amended by First Amendment to the Declaration, dated April 15, 1993, recorded as Document No. 93-073861.

- 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. 92-165101
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date 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>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>By 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:

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(s): _____

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: 68-770 Crozier Drive, Mokuleia Tax Map Key: (1) 6-8-13-66
Oahu, Hawaii 96791 (TMK)

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

Land Area: 2.367 [] square feet [x] acre(s) Zoning: AG 2

Lessor
(Fee Owner): See Exhibit "A"

Name

Address

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: 14 Floors Per Building 1

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Galvanized steel _____

4. **Permitted Uses by Zoning:**

	<u>No. of</u>	<u>Use Permitted</u>		<u>No. of</u>	<u>Use Determined</u>
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input type="checkbox"/> Residential	_____	<input 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 checked="" type="checkbox"/> Agricultural	<u>14</u>	<input checked="" 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 type="checkbox"/> Other: _____	_____	<input 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: Two domestic animals per unit are permitted

Number of Occupants: _____

Other: Only unit 2 may be improved with a residential structure.

There are no special use restrictions.

6. **Interior (fill in appropriate numbers):**

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>all</u>	<u>14</u>	<u>0/0</u>	<u>144</u>	<u>0</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 14

*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:

The boundary of each unit is the exterior finished surfaces of the unit's perimeter walls, roofs, foundations, windows and frames, doors, beams and post.

Permitted Alterations to Apartments:

Any unit may be altered provided such alteration meets all of the applicable building codes and zoning ordinances. However, only unit 2 may be altered by placing or constructing a residential type structure. See Exhibit "B".

7. Parking Stalls:

Total Parking Stalls: _____ Not designated* *NOTE: There is sufficient space within each unit's limited common land area for parking of at least two motor vehicles.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____		_____		_____		_____

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

N/A

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	_____X_____	_____	_____
Structures	_____X_____	_____	_____
Lot	_____X_____	_____	_____

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project 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 C .

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 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 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 D.

as follows:

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 E describes the encumbrances against the title contained in the title report dated May 20, 1993 and issued by Title Guaranty of Hawaii, Inc.

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 and entitled to refund of all deposits less a nominal cancellation fee.

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:**

None. There are no express or implied warranties being made by the Developer.

2. **Appliances:**

None. None of the units have any appliances.

G. Status of Construction and Estimated Completion Date:

The 14 storage structures were constructed in 1993.

H. Project Phases:

The developer 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):

None

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 _____ 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 _____

NOTE: At the present time, none of the units have any utilities available. Each unit owner is responsible for arranging for his own utility services.

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
- Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 26, 1992
Exhibit G 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 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 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. 2882 filed with the Real Estate Commission on June 3, 1993

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C. Additional Information Not Covered Above

1. **NOT A SUBDIVISION.** This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element.
2. **CONDEMNATION.** The City Council, City and County of Honolulu, has approved a Resolution (No. 33-79) which provides for the acquisition of a portion of the property where the project is for parking purposes. The area affected by the condemnation action consist of 11,400 square feet and encompasses the entire limited common land area of unit 10. The Developer makes no representation as to the affect of this proceeding. It is recommended that any prospective purchaser consider and discuss this matter with the City Council.
3. **NO RESIDENTIAL STRUCTURES.** Pursuant to the terms of paragraph 15.0 of the Declaration of Condominium Property Regime, none of the units except for unit 2 may be improved with a residential structure. This means that units 1 and 3 through 14 may only have non-residential structures such as a storage shed.
4. **DEVELOPER.** There are several fee owners of this project. Purchasers should be aware that only Richard Rand and Gregory Rand are the developers of this project. This means that the other fee simple owners only executed the project instruments in order to submit their respective interest in the underlying property to the condominium property regime.
5. **APARTMENT CONVEYANCES.** The various apartment units have already been conveyed by the owners to themselves. This was done in order to separate and distribute their respective interest in the property. However, this Final Public Report covers all 14 apartment units. The apartment deeds for each of the units was a part of the documentation submitted to the Real Estate Commission in connection with this registration.
6. **PROPOSED AMENDMENT TO DECLARATION.** The Apartment Owners are presently in the process of determining whether the Declaration of Condominium Property Regime will be amended. The amendment would affect paragraph 14.0 of the Declaration which describes what happens if a portion of the Project is condemned or taken by a governmental authority. The new provision would provide that if only a portion of the limited common land area of a unit is taken or condemned, then no change would occur to any of the apartments' percentage common interest. If the entire limited common land area of a unit is taken, then the common interest of the apartments would be redetermined. The new common interest would be determined by allocating an equal percentage to each of the apartments that are left in the project after the condemnation occurs. A form of the Written Consent and Ballot which is being utilized to obtain the approval of the owners in the project is attached hereto as Exhibit J. **THE DEVELOPER MAKES NO REPRESENTATION AS TO WHETHER OR NOT THIS AMENDMENT WILL ACTUALLY BE ADOPTED. IF THE AMENDMENT IS NOT APPROVED BY 75% OF THE OWNERS, THEN THE OLD PROVISION SET FORTH IN ARTICLE II(A) OF EXHIBIT J WILL STILL BE VALID.**

~~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.

RICHARD R. RAND and GREGORY K. RAND

Name of Developer

By: <u><i>Gregory Rand</i></u>	<u>5/20/93</u>
Duly Authorized Signatory	Date
<u><i>Richard Rand</i></u>	<u>5/20/93</u>
<u>GREGORY K. RAND</u>	<u>RICHARD R. RAND</u>
_____ 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"

CROZIER DRIVE BEACH AND FARM LOTS
FEE OWNERS

<u>Unit No.</u>	<u>Owner</u>	<u>Common Interest</u>
1	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073867	7.143%
2	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073868	7.143%
3	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073869	7.142%
4	Angelo Guerrero and Emma Guerrero, husband and wife, recorded as Document No. 93-073870	7.143%
5	Walker-Moody Construction Company, Limited, a Hawaii corporation, recorded as Document No. 93-073871	7.143%
6	Ross W. Moody and Marian S. Moody, husband and wife, recorded as Document No. 93-073872	7.143%
7	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073873	7.143%
8	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-0738674	7.143%
9	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073875	7.143%
10	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073876	7.143%
11	Deborah Fontenot, wife of James W. Birthrong, III, recorded as Document No. 93-073877	7.143%
12	Salvation Army, a California corporation recorded as Document No. 93-073878	7.143%
13	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073879	7.143%
14	Richard Russell Rand, husband of Sarah Rand and Gregory Kersten Rand, recorded as Document No. 93-073880	7.142%

FEE OWNERS ADDRESSES

WALKER-MOODY CONSTRUCTION COMPANY, LIMITED
a Hawaii corporation
2927 Mokumoa Street
Honolulu, Hawaii 96819

RICHARD RUSSELL RAND
GREGORY KERSTEN RAND
3859 Pokapahu Place
Honolulu, Hawaii 96816

SALVATION ARMY, a California corporation
30840 Hawthorne Boulevard
Rancho Palos Verdes, California 90274

ROSS W. MOODY and MARIAN S. MOODY
68-682 Crozier Drive
Waialua, Hawaii 96791

ANGELO GUERRERO and EMMA GUERRERO
1830 South Sierra Vista Avenue
Alhambra, California 91801

DEBORAH FONTENOT
59-538 Makana Road
Haleiwa, Hawaii 96712

EXHIBIT "B"

ALTERATIONS OF APARTMENTS

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area provided it is done in compliance with the terms of the Declaration, as amended.

However, only one residential structure may be constructed on the limited common land area of Unit 2. No other unit or appurtenant limited common land area may be improved with a residential structure. This restriction may not be amended in any way unless the written consent of the owner of Unit 2 is obtained. Notwithstanding the foregoing, there are no assurances that a residential structure could be constructed on the land area of unit 2.

EXHIBIT "C"

COMMON AND LIMITED COMMON ELEMENTS

Common Elements:

The common elements of the Project and which the units have immediate access to include:

- a. The land in fee simple.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services.
- c. Any common easements for ingress and egress described in Exhibit "A" to the Declaration and the Condominium Map.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

Limited Common Elements:

The land area delineated and designated in the Condominium Map are limited common elements of a Unit. Unless subject to an existing easement, the land area surrounding and under each Unit is set for the exclusive use of the Unit owner thereof. The following is the approximate size of the limited common land area:

a.	Unit 1:	10,805 square feet
b.	Unit 2:	10,080 square feet
c.	Unit 3:	10,120 square feet*
d.	Unit 4:	3,440 square feet
e.	Unit 5:	6,000 square feet
f.	Unit 6:	6,000 square feet
g.	Unit 7:	6,000 square feet
h.	Unit 8:	5,064 square feet
i.	Unit 9:	5,064 square feet
j.	Unit 10:	11,400 square feet
k.	Unit 11:	2,472 square feet
l.	Unit 12:	12,000 square feet
m.	Unit 13:	5,728 square feet
n.	Unit 14:	8,946 square feet*

*The square footage for land areas of units 3 and 14 include the area for the access easements.

EXHIBIT "D"

COMMON INTERESTS

Each unit shall have appurtenant thereto the following interest in the common elements and the same shall be determinative for all purposes including voting and the allocation of the common profits and expenses.

<u>Unit</u>	<u>Percentage Interest</u>	<u>Totals</u>
1, 2, 4, 5, 6, 7, 8 9, 10, 11, 12, 13,	7.143%	85.716%
3, 14	7.142%	<u>14.284%</u>
	Total	100.000%

The common interest was computed by allocating an equal percentage to each of the 14 units with some rounding in order to bring the total interest to 100%.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Designation of Easement "1" (area 1,932 square feet) for road and utility purpose, as shown on File Plan No. 1675.
3. Designation of Easement "2" (area 1,844 square feet) for road and utility purpose, as shown on File Plan No. 1675.
4. Grant in favor of Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company, Incorporated, dated October 20, 1981, granting a perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate poles and wire lines, etc., for the transmission and distribution of electricity over, under, upon, across and through said Easements "1" and "2", recorded in the Bureau of Conveyances, State of Hawaii, in Book 15983, Page 705. Consent given by First Hawaiian Bank, a Hawaii corporation, and Mokuleia Associates, a Hawaii corporation.
5. Grant in favor of the City and County of Honolulu, dated December 16, 1981, granting a nonexclusive easement to be exercised by the Board of Water Supply to construct, install, maintain, operate, replace and remove an underground water pipeline or pipelines, etc., through said Easements "1" and "2", recorded in said Bureau, in Book 16142, Page 642. Consent given by First Hawaiian Bank, a Hawaii corporation, by instrument dated January 8, 1982 and Mokuleia Associates, a registered Hawaii partnership, by instrument dated December 30, 1981.
6. Agreement dated October 3, 1950, by and between Helemano Company, Limited, and John H. Midkiff and Pearl Lee Beck Midkiff, husband and wife, as Joint Tenants, re: easement for crossing of Crozier Drive, recorded in said Bureau, in Book 2435, Page 124.
7. Lease in favor of Hawaiian Telephone Company, dated January 31, 1961, recorded in said Bureau, in Book 4011, Page 92; leasing and demising an easement to build, construct, reconstruct, rebuild, replace, repair, maintain, operate and remove pole and wire lines, etc., over and across the land described herein for a term of 40 years commencing on February 1, 1961, and ending on January 31, 2001, and thereafter from year to year until terminated.

8. Possible rights of others to cross Lot R-5.

9. The provisions of that certain Deposit Receipt, Offer and Acceptance, Addendum to DROA, and unrecorded Agreement, all said documents dated July 15, 1983, by and between Hello Easy Street, Ltd., and Walker-Moody Construction Company, Limited, as mentioned in Deed dated July 15, 1983, recorded in said Bureau, in Book 17205, Page 543.

10. Existing Hawaiian Electric Company, Inc. easement of right-of-way for power line purposes.

11. Covenant Concerning California Sales dated February 17, 1982, recorded in said Bureau, in Book 16171, Page 146, between Mokuleia Investment Partnership, a Hawaii limited partnership, "Subdivider", and First Hawaiian Bank, a Hawaii corporation, "Lender"; re: requirements and conditions for sale of Mokuleia Agricultural Subdivision lots in the State of California.

12. Covenants and agreements contained in Affidavit dated August 10, 1989, recorded in said Bureau, in Book 23540, Page 591, by Richard Rand, to-wit:

"(1) that the layout or use of the building will not be converted at a future date to some other layout or use which is illegal;

(2) that this covenant and agreement shall be binding upon ourselves, or any tenant or lessee or any subsequent owners of the building for as long as the building is in use or unless otherwise released by authority of the Director and Building Superintendent, City and County of Honolulu."

Note: There is no joinder by Walker-Moody Construction, Limited, Gregory Rand, husband of Cynthia Rand, and Salvation Army in the above Affidavit.

13. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration of Restrictive Covenants, dated May 22, 1992, recorded in said Bureau, as Document No. 92-090157.

14. Matters as shown on Condominium File Plan No. 1748, as amended, filed in the Bureau of Conveyances.

15. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, and easements set forth in the

Declaration of Condominium Property Regime recorded October 12, 1992 in said Bureau, in Book 92-165100. As amended by instrument dated April 15, 1993, recorded in said Bureau, as Document No. 93-073861.

16. By-Laws of the Association of Unit Owners of Crozier Drive Beach and Farm Lots, recorded October 12, 1992, in said Bureau, as Document No. 92-165101.

17. For real property taxes, your attention is directed to the Tax Assessor, City and County of Honolulu.

EXHIBIT "F"

SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

The sales contract contains the purchase 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:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or canceled.

3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Provides the following remedies, in the event of default under the sales contract:

by Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocation of payment of closing costs.

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

EXHIBIT "G"

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"). Escrow is Title Guaranty Escrow Services, Inc. Under the Escrow Agreement these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser. The conditions include:

1. When Developer tells Escrow to refund the money to purchaser;
2. If Developer and purchaser notify Escrow of Developer's rescission of the purchase;
3. If a termination occurs pursuant to Section 514A-62 or 514A-63, Hawaii Revised Statutes.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser fails to make a payment or abide by the terms of the Sales Contract, Purchaser will be in default. If a default occurs, the purchaser could forfeit all of the deposits previously paid.

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

EXHIBIT "H"

**ASSOCIATION OF UNIT OWNERS
OF
CROZIER DRIVE BEACH AND FARM LOTS
WRITTEN CONSENT AND BALLOT**

I. DIRECTOR ELECTION. The undersigned apartment owner hereby nominates and elects the following individuals to serve as directors of the Association of Unit Owners to serve the terms indicated below:

Gregory Rand	3 years
Richard Rand	2 years
Ross Moody	1 year

II. AMENDMENT TO DECLARATION.

A) Paragraph 14.0 of the Declaration of Condominium Property for the Crozier Drive Beach and Farm Lots presently reads as follows:

14.0 CONDEMNATION. In case at any time or times the Project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of any improvements or limited common element shall be paid to the unit owner from which the improvements or limited common element is taken. And in the event of partial taking the Project will be reduced to the extent of the taking and the common interest of the unit owners shall be altered in proportion to the ground area that each unit bears to the other units and the Declaration shall be amended by the unit owners to reflect the reduction in size.

B) The new proposed Paragraph 14.0 of the Declaration of Condominium Property for the Crozier Drive Beach and Farm Lots would read as follows:

14.0 CONDEMNATION. In case at any time or times the Project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of any improvements or limited common element shall be paid to the unit owner from which the improvements or limited

common element is taken. In the event of a partial taking where such taking affects the entire limited common land area of one or more units and such taking causes the subject land area to be removed from the Project, then the common interest for the remaining units after such taking shall be determined by re-allocating an equal percentage to each of the remaining units (for example, if there are only 12 units remaining after a taking occurs, the common interest for each of the twelve units will be 1/12th each or approximately 8.333% per unit) with slight rounding to bring the total to 100%. In the event such taking affects less than the entire area of a unit's limited common land area, then the percentage common interest for the affected unit and all other units in the project will not be adjusted or changed. In connection with the foregoing, the Association shall cause an amendment to this Declaration to be made to effectuate and reflect the changes in the common interest of each unit and such change in common interest shall be effective from the date such amendment is recorded at the Bureau of Conveyances, State of Hawaii.

III. VOTE NEEDED. In order to adopt the foregoing change to Paragraph 14.0 of the Declaration of Condominium Property Regime, the affirmative vote of 75% of the membership (common interest of the Project) must be obtained.

BALLOT

I. DIRECTOR ELECTION.

[] I am in favor of and vote for the Directors identified above.

[] I am against the Directors identified above and cast my vote for the nomination and election of the following Directors _____.

II. AMENDMENT TO DECLARATION.

[] I am in favor of changing Paragraph 14.0 as described in article II(b) above.

[] I am not in favor of changing Paragraph 14.0 as described in article II(b) above.

APARTMENT UNIT: _____ PERCENTAGE INTEREST: _____

OWNERS NAME: _____

SIGNATURE: _____
