

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Spencer Terrace Limited Partnership
Address 745 Fort Street, Suite 317, Honolulu, Hawaii 96813

Project Name(*): Spencer Terrace
Address: 724 Spencer Street Honolulu, Hawaii 96813

Registration No. 2962

Effective date: July 8, 1994

Expiration date: August 8, 1995

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.
(yellow)

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

 SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] 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:

1. The Declaration of Condominium Property Regime, the Bylaws and the Condominium Map have now been recorded in the Bureau of Conveyances of the State of Hawaii.
2. The requested variance to the zoning code has been granted.
3. The construction commenced in March, 1994 and the estimated construction completion date is December 1, 1994
4. The disclosure of a covenant which has been added to the Apartment Deed regarding the Purchaser's obligations related to a surface encroachment has been added.
5. The disclosure of new blanket mortgage liens for the financing of the construction of the Project has been added.

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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.

**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. 93-208773
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):

- 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. 1972
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 93-208774
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>67%</u>
House Rules	—	<u>By Board</u> of Directors

* 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:

Developer has expressly reserved the right to successively amend the Declaration without the consent or joinder of persons then owning or leasing the apartments, (i) as may be necessary to redesignate any or all of the parking stalls as limited common elements appurtenant to certain apartments other than the apartment to which it is assigned as hereinbefore set forth, provided that no conveyance shall have previously been issued conveying such stall; or (ii) as may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the project, or any institutional lender lending funds on the security of the project or any of the apartments thereof; provided, however, that no such amendment (other than an amendment redesignating any or all of the parking stalls as limited common elements appurtenant to certain apartments) which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment shall be made without the consent to and joinder in such amendment by the owner of such apartment and all others, if any, having any interest therein.

Developer has expressly reserved the right to amend the By-Laws before the Association has been duly organized and before any apartment in the Project has been conveyed.

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: 724 Spencer Street Tax Map Key: 2-1-039-026 (1)
Honolulu, Hawaii 96813 (TMK)

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

Land Area: 10,000 * [X] square feet [] acre(s) Zoning: A-2

*8 foot street widening setback reduces the land area to 9,200 square feet.

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: Dogs, cats and other household pets are permitted in reasonable number (See Rules & Regs §2.02)
- Number of Occupants: 5 occupants per two bedroom Apartment (See Declaration, §9.03)
- Other: Residential use only; no water beds without written approval of the Board.
- There are no special use restrictions.

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

Elevators: None Stairways: 2 Trash Chutes: None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
01	3	2/1	590	---
02	3	2/1	592	40
03	3	2/1	591	28 and 40
04	3	2/1	592	28
05	3	2/1	592	---
06	3	2/1	591	---

Total Apartments: 18

* 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:

There are eighteen (18) freehold estates established in the spaces within the perimeter walls, floors and ceilings of the eighteen (18) apartments in said building. Each of the eighteen (18) apartments include the walls and partitions which are not load-bearing and which are within its perimeter walls; doors and door frames; windows and window frames; the appurtenant lanai air space, the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto; the inner perimeter of any lanai; and all fixtures originally installed therein. The eighteen (18) apartments do not include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements.

Permitted Alterations to Apartment: NONE

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:

Developer has been granted a variance from Section 5.50-1 (Table 10 C) of the Zoning District Regulation of the Land Use Ordinance (LUO) pertaining to required front yards and optional yard siting. Developer's request seeks relief from the 10-foot front yard requirement and equivalent areas of open space when parking encroaches into the required side yard, by allowing the development to encroach on the front yard by three feet for a distance of 38 feet and to allow the development to fall 134 square feet short of providing the required equivalent open space for parking lot encroachments into the required side yard area. The net effect of the variance is to allow the Project to have 18 apartments, rather than 17 apartment.

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures (see paragraph 11a, above)	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit B .

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 March 29, 1994 and issued by Long & Melone, Ltd.

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [x] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage dated January 19, 1994	Buyer's interest may be terminated, but in such event, Buyer will be entitled to a return of all deposits, less a nominal escrow cancellation fee.
Mortgage dated September 27, 1993	

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:

Developer makes no warranties or promises of any kind, express or implied, about the Apartment or the Project (including the common elements of the Project), or about any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the Apartment or the Project (including the common elements of the Project), including any warranties or promises of "merchantability", "Workmanlike Construction" or "Fitness for a particular use or purpose". Without limiting the generality of any of the foregoing, Developer makes no warranties or promises that the Apartment or the Project or any improvements in the Apartment or the Project (including the common elements of the Project) will be free from cracks in, or other damage to, the concrete or other building materials. In other words, Developer makes no warranties or promises at all, except to complete the construction of the Project by the date provided in Paragraph J.6.g of the Sales Contract.

Developer expects (but does not warrant or promise) that Developer's construction contracts with the contractors for the Project will contain a warranty section something like Section 13.2.2 of the AIA Document A201 which states, in substance, that if, within one year after the date of substantial completion of the work or designated portion thereof, or within one year after acceptance by Developer of designated equipment, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of written notice from Developer to do so unless Developer has previously given the contractor a written acceptance of such condition, Developer shall give such notice promptly after discovery of the condition.

2. Appliances:

The Developer will transfer to Buyer any manufacturer's or dealer's warranties which can be transferred, covering, any furnishings, fixtures, appliances or consumer products in the Apartment. The Developer is not adopting any such contractor's, manufacturer's or dealer's warranties, or acting as co-warrantor, but is only attempting to pass on to Buyer the benefit of any such warranties.

G. Status of Construction and Estimated Completion Date:

The commencement date of construction was March 18, 1994. The estimated completion dated for the Project is on or about December 1, 1994.

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):

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 the Developer or the Developer's affiliate.
- self-managed by the Association of Apartment Owners 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 F 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 (common elements only) Television Cable Other elevator, refuse collection and entry telephone

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

Escrow Agreement dated May 23, 1994
Exhibit H 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. 2962 filed with the Real Estate Commission on September 17
1993

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

[] yellow paper stock [X] white paper stock [] pink paper stock

C. Additional Information Not Covered Above

1. Additional Information Regarding Page 5, Persons Connected with the Project:

Developer:

The Developer, Spencer Terrace Limited Partnership, is a registered Hawaii limited partnership.

76.9% of the limited partnership interest is owned by Howard Bilkiss, Ltd. (RB-7934), the lead broker for the Project.

Howard J. Bilkiss (RB-7662) and Kathryn G. Bilkiss (RB-8529), husband and wife, are the co-trustee of two irrevocable trusts which are limited partners in the Developer. Howard J. Bilkiss is a licensed broker with Howard Bilkiss, Ltd. and Kathryn G. Bilkiss is a licensed broker with her own sole proprietor real estate brokerage firm.

General Partner of Developer:

Howard J. Bilkiss (RB-7662) is the Director, President and Principal Broker of Howard Bilkiss, Ltd. (RB-7934) and is the Director and President of Spencer Terrace, Inc., the General Partner of the Developer.

Kathryn G. Bilkiss (RB-8529) is the Director, Vice President, Secretary and Treasurer of, and a Broker with, Howard Bilkiss, Ltd. and is Vice President, Secretary and Treasurer of Spencer Terrace, Inc., the General Partner of the Developer.

Real Estate Broker:

Howard Bilkiss, Ltd. (RB-7934) is the lead real estate broker for the Project. Other brokers for the Project are:

General Pacific Realty, Incorporated
1441 Kapiolani Boulevard, Suite 1704
Honolulu, Hawaii 96814
Phone: 947-1833

Solid Foundation, a Real Estate Corporation
745 Fort Street, Suite 333
Honolulu, Hawaii 96813
Phone: 531-4408

2. Disclosure regarding use of a nonsurety bond by the Developer and restrictions on the Developer's use of Buyer's funds.

Spencer Terrace Limited Partnership ("Developer") submitted a nonsurety performance bond for \$1,890,000.00, which is 100% of the Developer's verified estimate of the cost of construction of this condominium project. The surety for the performance bond is MidPac Lumber Co., Ltd. (the "Bonding Company"). A copy of the bond was included in the filing submitted to the Real Estate Commission, State of Hawaii ("Commission"). Before signing the sales contract, a prospective purchaser may review this bond and the entire filing by the Developer at the Commission's offices.

Central Pacific Bank, a Hawaii corporation, which is the construction lender for this Project, issued a letter dated April 5, 1994, stating, in part, that the lender reviewed the construction bond by the Bonding Company and approved the loan using the Bonding Company to bond the Project.

The Developer submitted an Escrow Agreement which was signed by the Developer and Long & Melone Escrow, Inc., a Hawaii corporation. A summary of that escrow agreement is attached to this public report as Exhibit H. Section 5.b(1) of the Escrow Agreement, provides, in pertinent part, that a purchaser's funds shall not be disbursed from Escrow to pay for construction costs until both the completion of the apartment to be conveyed and the closing of the sale. Section 5.b(2) provides, in pertinent part, that where closing is to occur prior to the escrow company receiving satisfactory evidence that all mechanics' and materialmen's liens have been cleared, if liens are filed, or prior to the expiration of the forty-five (45) day period commencing after publication of notice of completion, then the escrow company shall not release any of the purchaser's funds until the escrow company receives satisfactory evidence that the Developer has (1) provided the purchaser with an owner's title insurance policy with appropriate mechanics' lien endorsement, protecting the purchaser against all future mechanics' and materialmen's liens; and (2) provided the Commission with a release by Developer's general contractor of the general contractor's lien rights.

3. The Apartment Deed contains the following covenant running with the land regarding a surface encroachment, reading as follows:

Covenant Regarding Surface Encroachment:

The Grantee acknowledges that there exists a surface encroachment on the Spencer Street sidewalk area at the Diamond Head boundary of the property consisting of a four-foot high CMU retaining wall (the "Surface Encroachment"). The Grantee covenants and agrees with the Grantor and the City and County of Honolulu, State of Hawaii, as follows:

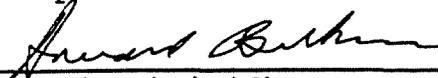
1. The Grantee, through the Association of Apartment Owners of Spencer Terrace (the "Association"), shall remove the Surface Encroachment at their expense if and when removal is requested by the City.
2. The Grantee, through the Association, shall be responsible for the maintenance of the Surface Encroachment.
3. The Grantee, through the Association, shall hold the City harmless against all liabilities arising from the Surface Encroachment.
4. The Grantee agrees that the City and County of Honolulu shall not be liable for the replacement or restoration of the Surface Encroachment if it is necessary for the City to destroy, remove, or alter the same in order to construct or reconstruct the sidewalk area or any utilities thereunder. The sidewalk area is defined as the area between the curb line or the pavement of a roadway, and the abutting property line, intended for pedestrian and utility use.
5. The Grantee shall be responsible for the disclosure of this agreement to a succeeding owner. Such disclosure shall be in the form of a supplement to this Agreement containing all provisions of this Agreement and duly acknowledged and accepted by the successor with a copy being forwarded to the City and County of Honolulu.

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.

SPENCER TERRACE LIMITED PARTNERSHIP

Name of Developer

Spencer Terrace, Inc.

By: 
Duly Authorized Signatory

5/27/94
Date

HOWARD BILKISS

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

PARKING STALL ASSIGNMENTS

Apartment Number	Percentage Interest	Parking Stall No.	Type
201	1/18th	11	Compact Handicap
202	1/18th	1	Regular
203	1/18th	3	Regular
204	1/18th	4	Regular
205	1/18th	20	Compact
206	1/18th	16	Compact
301	1/18th	2	Compact
302	1/18th	5	Regular
303	1/18th	6	Regular
304	1/18th	7	Regular
305	1/18th	9	Compact
306	1/18th	15	Compact
401	1/18th	17	Regular
402	1/18th	8	Regular
403	1/18th	19	Regular
404	1/18th	18	Regular
405	1/18th	10	Compact
406	1/18th	12	Compact
Guest Stall		13	Compact
Guest Stall		14	Compact

EXHIBIT B

COMMON ELEMENTS

One freehold estate is designated in all of the portions and appurtenances of the Project remaining after excluding the Apartments, including specifically, but not limited to:

- (1) The land in fee simple.
- (2) All foundations, floor slabs, floor supports, columns, girders, beams, supports, balconies, elevator, stairways, roof, unfinished perimeter, party and load-bearing walls, entries, entrances and exits of the building.
- (3) All lobby areas, mailboxes, switch room and other similar areas not located inside apartments;
- (4) All yards, grounds and landscaping, roads, walkways, parking areas, parking stalls, driveways and guest parking stalls (Parking Stall Nos. 13 and 14).
- (5) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.
- (6) Any and all apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT C

LIMITED COMMON ELEMENTS

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

(1) There will be **twenty (20)** parking stalls located in the Project, numbered 1 through 20, all located on the ground floor. **Ten (10)** parking stalls are compact stalls and **ten (10)** stalls are regular stalls. All parking stalls except for Parking Stall Nos. 13 and 14, are designated limited common elements. Except for Parking Stall Nos. 13 and 14, which shall remain as common elements for use as guest parking stalls, all **eighteen (18)** remaining parking stalls, as designated and shown on said Condominium Map, shall be a limited common element appurtenant to and reserved for the exclusive use of certain apartments, as set forth in **EXHIBIT A**, attached to this Condominium Public Report.

(2) There will be **eighteen (18)** mailboxes located in the Project, numbered identically with the apartment numbers. The mailbox bearing the same number as the apartment number shall be a limited common element appurtenant to and reserved for the exclusive use of the designated apartment.

(3) All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

EXHIBIT D

COMMON INTEREST TO BE CONVEYED TO BUYER

Each apartment shall have appurtenant thereto a **one-eighteenth (1/18) undivided interest** in and to all the common elements of the Project. Such interests are defined and referred to herein as the "**common interest**" and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting.

The common interest for each apartment is set forth in **EXHIBIT A** of this Condominium Public Report.

The common interest is based upon the ratio each apartment bears to the total number of all apartments in the Project.

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title, and all other provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime dated November 19, 1993, recorded in the Bureau of Conveyances as Document No. 93-208773, and By-Laws thereto dated November 19, 1993, recorded in the Bureau of Conveyances as Document No. 93-208774, Condominium Map No. 1972; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.
3. Proposed 8.0 feet Road Widening as shown on Surveyor's Report dated November 29, 1993 and March 1, 1994, by Lester T. Shimabukuro, Registered Professional Surveyor.
4. That certain First Mortgage, Security Agreement and Financing Statement dated January 19, 1994, from Spencer Terrace Limited Partnership, a Hawaii limited partnership, as Mortgagor, to Central Pacific Bank, a Hawaii corporation, as Mortgagee, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-033705, to secure a Promissory Note in the principal amount of **\$2,550,000**.
5. That certain Second Mortgage, Security Agreement and Financing Statement dated September 27, 1993, from Spencer Terrace Limited Partnership, a Hawaii limited partnership, as Mortgagor, to Kenneth Y. Sugita, Sub-Trustee of the Kenneth Y. Sugita Profit Sharing Sub-Trust, as Mortgagee, recorded as aforesaid as Document No. 93-162093, to secure a Promissory Note in the principal amount of **\$400,000.00**; said Mortgage being subordinated to the aforesaid Mortgage to Central Pacific Bank by instrument dated January 19, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-033705.
6. Financing Statement from Spencer Terrace Limited Partnership, a Hawaii limited partnership, as Debtor, to Central Pacific Bank, a Hawaii corporation, as Secured Party, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-033708.
7. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.

EXHIBIT F

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

Estimate of Initial Maintenance Fees:

Apartment Number	Monthly Maintenance Fee	Annual Maintenance Fee
201	\$152.00	\$1,824.00
202	\$152.00	\$1,824.00
203	\$152.00	\$1,824.00
204	\$152.00	\$1,824.00
205	\$152.00	\$1,824.00
206	\$152.00	\$1,824.00
301	\$152.00	\$1,824.00
302	\$152.00	\$1,824.00
303	\$152.00	\$1,824.00
304	\$152.00	\$1,824.00
305	\$152.00	\$1,824.00
306	\$152.00	\$1,824.00
401	\$152.00	\$1,824.00
402	\$152.00	\$1,824.00
403	\$152.00	\$1,824.00
404	\$152.00	\$1,824.00
405	\$152.00	\$1,824.00
406	\$152.00	\$1,824.00

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

EXHIBIT F

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	80.00	960.00
<input type="checkbox"/> common elements and apartments		
Elevator	250.00	3,000.00
Gas		
Refuse Collection	280.00	3,360.00
Telephone	45.00	540.00
Water and Sewer	500.00	6,000.00

Maintenance, Repairs and Supplies

Building	75.00	900.00
Grounds	75.00	900.00

Management

Management Fee	520.00	6,240.00
Payroll and Payroll Taxes		
Office Expenses	10.00	120.00

Insurance		
Fire and Liability	425.00	5,100.00
Bonding	30.00	360.00
Errors and Omission	30.00	360.00
Reserves(*)	300.00	3,600.00

Taxes and Government Assessments	10.00	120.00
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Audit Fees	75.00	900.00
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Other	31.00	372.00
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TOTAL	\$2,736.00	\$32,832.00
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I, Wallace Oki, as agent and employed by REP Management, Inc., the condominium agent or the developer, for the condominium project SPENCER TERRACE, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



 WALLACE OKI

(*) Mandatory reserves in effect January 1, 1993

EXHIBIT G

SALES CONTRACT PERTINENT PROVISIONS

1. The Sales Contract identifies the apartment, the common interest, the Purchase Price, the method of payment, the initial maintenance fees.

2. **For Regular Sales Not Covered By Chapter 514A, Part VI, Hawaii Revised Statutes.** If the Buyer wishes a mortgage loan on the Apartment for the payment of a portion of the Purchase Price described in **Paragraph J.2** above, Buyer shall absolutely and strictly comply with the following requirements:

(1) Within **five (5) working days** after acceptance of this Contract by Seller, Buyer shall apply to **BANK OF HAWAII**, or any other lending institution Seller designates (the "**Lender**") for the loan and apply for eligibility and credit approval necessary for the loan. Buyer shall have the Lender inform Seller that application for the loan has been made. After the application has been made, Buyer will, on request, promptly execute and deliver all documents and take all steps necessary to complete the loan. If Buyer does not make the loan application within said **five (5) working day period**, Buyer shall forfeit Buyer's deposit and this Contract shall be cancelled.

(2) Within **ten (10) calendar days** after acceptance of this Contract by Seller, Buyer shall secure a preliminary approval from the Lender.

(3) Within **forty-five (45) calendar days** after acceptance of this Contract by Seller, Buyer shall secure a loan commitment from the Lender.

If the application for such loan or eligibility and credit approval therefor is rejected by the Lender at any time, or not approved, or an irrevocable commitment is not issued by such Lender in a form satisfactory to Seller, within **forty-five (45) calendar days** after acceptance of this offer by Seller, Seller has the option to terminate this Contract and cause Escrow Agent to refund to Buyer all monies previously paid without interest less the cost of any credit reports and all other costs including but not limited to escrow charges incurred by Seller. Seller shall give written notice of such termination, and a copy thereof shall be given to Escrow Agent.

3. **For Owner-Occupant Sales Qualifying Under Chapter 514A, Part VI, Hawaii Revised Statutes.**

(1) If this Contract is made under **Chapter 514A, Part VI, Hawaii Revised Statutes, as amended**, and if the Buyer wishes a mortgage loan on the Apartment for the payment of a portion of the Purchase Price described in **Paragraph J.2** above, Buyer shall apply to **BANK OF HAWAII**, or any other lending institution Seller designates (the "**Lender**"), for such loan and for eligibility and credit approval necessary therefor. Buyer shall have the Lender inform Seller that application for loan has been made. After the application is made, Buyer will, upon the Lender's request, promptly execute and deliver all documents and take all steps necessary to complete such loan.

(2) Seller or Buyer may cancel this Contract and Seller shall cause Escrow to refund to purchaser all moneys previously paid without interest less the cost of any credit reports and all other costs including but not limited to escrow charges incurred by Seller, in the event that Buyer shall not secure adequate financing, or a commitment for adequate financing not later than **fifty (50) calendar days** from the date of this Contract; or

(3) Buyer shall reaffirm at closing of escrow the Buyer's intent to be an owner-occupant no earlier than the Buyer's receipt of a final public report and no later than closing of escrow for the Apartment. Failure to sign the reaffirmation upon reasonable request shall constitute a default under this Contract by the Buyer. In the event that Buyer fails, or is otherwise unable, to make such reaffirmation, Seller shall, as required by law, cancel this Contract. In such event, and if more than thirty days have passed since the date of delivery to Buyer of the final public report for the Project, Seller may exercise the remedies provided for in **Paragraph J.9** of this Contract and any other remedies provided by law.

(4) The party terminating this Contract shall give written notice of such termination, and a copy thereof shall be given to Escrow Agent.

4. The Sales Contract provides that the Buyer has the right to cancel the Sales Contract at any time prior to the **earlier of:**

(1) the conveyance of the apartment to Buyer, or

(2) midnight of the **thirtieth (30th) day** following the date of execution of the Sales Contract unless Buyer waives Buyer's right to cancel in writing prior to such time.

Should Buyer cancel the Sales Contract within such time, the amounts paid by Buyer, less any escrow cancellation fee and other costs associated with the purchase up to maximum of \$250.00, will be returned to Buyer and all rights and liabilities of Buyer under the Sales Contract will cease and terminate. Upon expiration of the time upon which Buyer may cancel, the Sales Contract shall be binding upon Buyer.

5. The Sales Contract provides that the Buyer shall pay, at the time of pre-closing, all closing fees and costs, including, but not limited to, the cost of preparing the Apartment Deed, all notary fees, the conveyance tax, recording fees, cost of credit report, cost of preparing note(s) and mortgage(s), if any, loan finance fees, the cost of a certificate of title, the cost of any title insurance required by the Lender, all of the escrow fee, and Buyer's share of maintenance fees payable to the Association of Apartment Owners including the first month's fee and start-up fee equal to two months' maintenance fees.

6. The Sales Contract provides that any interest payable on monies deposited with Escrow Agent shall belong to and be payable to Developer.

7. The Sales Contract provides that all of the Buyer's rights, title and interest in the Sales Contract are subject and subordinate to the lien of any mortgage or mortgages now or later made in acquiring the fee simple interest in the land and other associated costs of the Project and to all advances made thereon.

8. The Sales Contract provides that the Buyer's funds may be disbursed from the Trust Fund only at Closing and only after the following have occurred:

(1) the Real Estate Commission has issued a Final Public Report (the "**Final Public Report**") on the Project,

(2) the Buyer has received a copy and given the Seller a receipt for it,

(3) two (2) full working days have gone by since Seller notifies Escrow that Buyer has received the receipt,

(4) Seller notifies Escrow in writing that all of the requirements of **Section 514A-63, Hawaii Revised Statutes**, then applicable to the Project, have been satisfied,

(5) Seller notifies Escrow in writing that the Sales Contract for the Buyer has become a binding sales contract and that the Seller's and Purchaser's rights of cancellation as provided in **Paragraph J.23** of the Sales Contract have lapsed or have become void,

(6) The construction of the Project has been completed,

(7) Buyer's Apartment Deed has been recorded or filed for record, and

(8) Escrow has received evidence (such as title insurance) satisfactory to Escrow that **forty-five (45) days** have elapsed since the filing of the Affidavit of Publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed; or

If closing is to occur prior to the expiration of the applicable mechanic's lien period, the Seller shall have (a) provided the Purchaser with an owner's title insurance policy with a mechanic's lien endorsement that protect the Purchaser against all future mechanic's liens, and (b) provided the Real Estate Commission of the State of Hawaii with a release by the General Contractor of its lien rights.

EXHIBIT H

ESCROW AGREEMENT PERTINENT PROVISIONS

1. The Escrow Agreement by and between the Seller (the Developer of the condominium project) and Long & Melone Escrow, Ltd. dated May 23, 1994, establishes how proceeds from sales of apartments and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds.

2. The Escrow Agreement provides that Buyer shall be entitled to a refund of Buyer's funds, and Escrow shall pay said funds to said Buyer, without interest, if Buyer shall in writing request refund of Buyer's funds and any one of the following shall have occurred:

a. **When Will Refunds be Made.** The Sales Contract explains when Buyers may obtain refunds of their Escrow deposits. Escrow agrees to make the refunds promptly if Seller tells Escrow in writing that a refund should be made according to the Sales Contract. No refund is to be made at a Buyer's request unless Escrow receives written approval from the Seller.

b. **Interest.** The refunds will be made without any interest as stated in the Sales Contract.

c. **Deduct Cancellation Fees.** Under the Sales Contracts there are times when Escrow is to deduct cancellation fees from the refund amount. Escrow will deduct the cancellation fees from the refund unless Seller instructs Escrow not to do so. The words "cancellation fees" mean Escrow's cancellation fees which are defined in Paragraph 11.b of this Agreement and any cancellation fees of the lender from whom the Buyer has arranged a loan to buy the apartment.

d. **Notice of Refunds.** Escrow shall give each Buyer entitled to a refund notice of the refund by registered mail. It will be addressed to such Buyer at Buyer's address shown on Buyer's Sales Contract. If Buyer gives Escrow another address, then Escrow will send the notice to that address.

e. **Owner/Occupant Refunds.** Escrow will also refund a Buyer's deposits as required by Part IV of the Condominium Law, if the Buyer and the Seller request it in writing and if the Buyer is on the Developer's reservation list as an intended owner/occupant under Section 514A-104 of the Condominium Law and

- (1) the Developer does not offer such Buyer a Sales Contract; or
- (2) the Buyer fails to obtain financing satisfactory to Developer within the time required by Part VI of the Condominium Law; or
- (3) the Buyer asks to cancel because of hardship circumstances as described in Section 514A-104(1) of the Condominium Law; or
- (4) the Buyer does not plan to occupy the unit Buyer is buying.

Except for the refunds under subparagraph (1) above, Escrow will first deduct cancellation fees from the refund.

3. The Escrow Agreement provides that Escrow may disburse the Buyer's funds only at Closing in accordance and compliance with the terms and provisions of the Sales Contract and only under the following terms and conditions:

When Buyer's Funds May be Removed from the Trust Fund.

(1) Buyer's funds shall not be disbursed from Escrow to pay for construction costs until both the completion of the apartment to be conveyed and the closing of the sale.

(2) Buyer's funds may be disbursed only after the following have occurred:

(a) the Real Estate Commission has issued a Final Public Report (the "**Final Public Report**") on the Project,

(b) the Buyer has received a copy and given the Seller a receipt for it,

(c) two (2) full working days have gone by since Seller notifies Escrow that Buyer has received the receipt,

(d) Seller notifies Escrow in writing that all of the requirements of **Section 514A-63, Hawaii Revised Statutes**, then applicable to the Project, have been satisfied,

(e) Seller notifies Escrow in writing that the Sales Contract for the Buyer has become a binding sales contract and that the Seller's and Purchaser's rights of cancellation as provided in **Paragraph J.23** of the Sales Contract have lapsed or have become void,

(f) The construction of the Project has been completed,

(g) Buyer's Apartment Deed has been recorded or filed for record and

(h) Escrow has received evidence (such as title insurance) satisfactory to Escrow that **forty-five (45) days** have elapsed since the filing of the Affidavit of Publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed; or

If closing is to occur prior to the expiration of the applicable mechanic's lien period, the Seller shall have (a) provided the Purchaser with an owner's title insurance policy with a mechanic's lien endorsement that protect the Purchaser against all future mechanic's liens, and (b) provided the Real Estate Commission of the State of Hawaii with a release by the General Contractor of its lien rights.