

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: October 21, 1993

Expiration date: November 21, 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.
(yellow)

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

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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: *Spencer Terrace Limited Partnership Phone: 524-4024
Name (Business)
745 Fort Street, Suite 317
Business Address
Honolulu, Hawaii 96813

*See Page 20 for other disclosures

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

**Spencer Terrace, Inc., a Hawaii corporation--General Partner

**See Page 20 for other disclosures

Real Estate Broker: ***Howard Bilkiss, Ltd. Phone: 524-4024
Name (Business)
745 Fort Street, Suite 317
Business Address
Honolulu, Hawaii 96813

Escrow: ***See Page 20 for other disclosures
Long & Melone Escrow, Ltd. Phone: 532-6150
Name (Business)
810 Richards Street, Suite 644
Business Address
Honolulu, Hawaii 96813

General Contractor: To be selected Phone: _____
Name (Business)
Business Address

Condominium Managing Agent: REP Management, Inc. Phone: 523-5933
Name (Business)
1281 South King Street, Room 5
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Kobayashi, Sugita & Goda Phone: 539-8700
Name (Business)
Kenneth Y. Sugita, Esq.
745 Fort Street, 8th Floor
Business Address
Honolulu, Hawaii 96813

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

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

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

Lessor
 (Fee Owner): Spencer Terrace Limited Partnership
Name
745 Fort Street, Suite 317
Address
Honolulu, Hawaii 96813

Sublessor: _____
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building 3 plus Ground Floor Parking

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>18</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input 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: 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

7. Parking Stalls:

Total Parking Stalls: 20

	<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)	<u>10</u>	<u> </u>	<u>6**</u>	<u>2</u>	<u> </u>	<u> </u>	<u>18</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Covered & Open 10 10 0
 *Partially covered **includes one handicapped stall
 Each apartment will have the exclusive use of at least _____ 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 A 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):

Not Applicable

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code is being sought as follows:

Developer has applied for 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, if granted, is the Project will have 18 apartments. If the variance is not granted, the maximum number of units permitted will be 17.

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,	<u>above</u>)	<u> </u>	<u> </u>
Lot	<u> </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 September 3, 1991 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 August 23, 1993	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.

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 estimated commencement date of construction is November 1, 1993. The Project should be completed by the end of 1994, assuming no material delays.

H. Project Phases:

The developer [] has [X] 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):

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 July 21, 1993
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. 2962 filed with the Real Estate Commission on September, 1
1993

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

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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 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

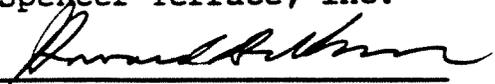
Solid Foundation, a Real Estate Corporation
745 Fort Street, Suite 333
Honolulu, Hawaii 96813
Phone: 531-4408

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

OCT 15 1993

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. First Mortgage, Security Agreement, Financing Statement and Assignment of Rentals dated August 23, 1993, from Spencer Terrace Limited Partnership, a Hawaii limited partnership, as Mortgagor, to First Hawaiian Creditcorp, Inc., a Hawaii corporation, as Mortgagee, recorded on August 26, 1993, in the Bureau of Conveyances of the State of Hawaii as Document No. 93-138996.
3. Financing Statement (UCC-1), 1993, from Spencer Terrace Limited Partnership, a Hawaii limited partnership, as Debtor, to First Hawaiian Creditcorp, Inc., a Hawaii corporation, as Secured Party, recorded on August 26, 1993, in the Bureau of Conveyances of the State of Hawaii as Document No. 93-138997.

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

common elements only

common elements and apartments

80.00

960.00

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

Bonding

Errors and Omission

Reserves(*)

425.00

5,100.00

30.00

360.00

30.00

360.00

300.00

3,600.00

Taxes and Government Assessments

10.00

120.00

Audit Fees

75.00

900.00

Other

31.00

372.00

TOTAL

\$2,736.00

\$32,832.00

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 after the following have happened:

(1) the Real Estate Commission has issued a final public report (the "Final Report") on the Project,

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

(3) two 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-39 and 514A-63, Hawaii Revised Statutes, then applicable to the Project, have been satisfied, and

(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 Section D.23 of the Sales Contracts have lapsed or have become void.

9. The Sales Contract provides that the Buyer's funds may be disbursed to pay for construction costs if the requirements of Paragraph 8, above, have been satisfied, and only if the following are also satisfied:

(1) there are sufficient funds in the Account to made the payment,

(2) the payment is for construction costs of the Project approved in writing by Seller's construction lender,

(3) Escrow receives certification and approval for payment by a registered architect or a professional engineer; and

(4) the payment amount and the cost being paid does not violate Sections 514A-40 and 514A-67 of the Condominium Law.

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 July 21, 1993, 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 under the following terms and conditions:

b. When Buyer's Funds May be Removed from the Trust Fund. Buyer's funds may be disbursed only after the following have happened:

(1) the Real Estate Commission has issued a final public report (the "Final Report") on the Project,

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

(3) two 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-39 and 514A-63, Hawaii Revised Statutes, then applicable to the Project, have been satisfied, and

(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 Buyer's rights of cancellation as provided in Section D.23 of the Sales Contracts have lapsed or have become void.

c. If Seller Wants to Use Buyer's Funds to Pay for Construction Costs. If the Buyer's funds may be disbursed because Paragraph 5.b above has been satisfied, then Seller may use the funds to pay for construction costs but only if the following are also satisfied:

(1) there are sufficient funds in the Account to make the payment,

(2) the payment is for construction costs of the Project approved in writing by Seller's construction lender,

(3) Escrow receives certification and approval for payment by a registered architect or a professional engineer; and

(4) the payment amount and the cost being paid does not violate Sections 514A-40 and 514A-67 of the Condominium Law.