

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer DOUGLAS TU, CUONG LE TU, CUONG NGOC TRAN &  
Address 1112 and 1114 Peterson Lane MUOI LY TRAN  
Honolulu, Hawaii 96817

Project Name(\*): PETERSON LANE CONDOMINIUM  
Address: 1112 and 1114 Peterson Lane, Honolulu, Hawaii  
96817

Registration No. 3007 (Conversion) Effective date: February 7, 1994  
Expiration date: March 7, 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.  
       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:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The "Limited Common Element Land Area" beneath and immediately appurtenant to each apartment is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted or dashed lines on the Condominium Map bounding the designated number of square feet in each Limited Common Element Land Area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

The Developer make no warranties with respect to any building, fixtures, site conditions of any apartment, or the common elements. No warranties are given as to the appliances.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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## 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: DOUGLAS TU, CUONG LE TU,  
CUONG NGOC TRAN & MUOI LY TRAN Phone: 847-0967  
Name (Business)  
1112 & 1114 Peterson Lane  
Business Address  
Honolulu, Hawaii 96817

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

Not applicable  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate  
Broker: Not selected at the present time Phone: \_\_\_\_\_  
Name See P. 20 (Business)  
Business Address  
\_\_\_\_\_

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

General  
Contractor: N/A This is a conversion project Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Condominium  
Managing  
Agent: Self managed by Association of Phone: \_\_\_\_\_  
Name Apartment Owners (Business)  
Business Address  
\_\_\_\_\_

Attorney for  
Developer: Reuben S. F. Wong Phone: 531-3526  
Name (Business)  
1001 Bishop St., #1902, Pacific Tower  
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. 94-014012  
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. 1986
- 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. 94-014013  
Book \_\_\_\_\_ Page \_\_\_\_\_
- Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments (state name of document, date and recording/filing information):

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>not applicable</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
    Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                  Canceled             Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
    Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 1112 and 1114 Peterson Lane Tax Map Key: 1-6-01:73 (1st Div.)  
Honolulu, Hawaii 96817 (TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 6000 [X] square feet [ ] acre(s) Zoning: R-5

Lessor

(Fee Owner): DOUGLAS TU & CUONG LE TU  
Name  
1112 Peterson Lane  
Address  
Honolulu, Hawaii 96817

~~Sublessor~~ CUONG NGOC TRAN & MUOI LY TRAN  
Name  
1114 Peterson Lane  
Address  
Honolulu, Hawaii 96817

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 2 Floors

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>2</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:

[X] Pets: Dogs, Cats and other household pets permitted in reasonable number.

[ ] Number of Occupants: \_\_\_\_\_

[X] Other: No time sharing, including "vacation license", "travel club membership" or "time interval ownership"

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0                      Stairways: 1 per apartment                      Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>1112</u>	<u>1</u>	<u>6/2</u>	<u>1033</u>	<u>0</u>
<u>1114</u>	<u>1</u>	<u>6/2</u>	<u>1031</u>	<u>0</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

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

Permitted Alterations to Apartments: See Exhibit "B" attached hereto.

7. Parking Stalls:

Total Parking Stalls: 4

	<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>2</u>	_____	_____	_____	_____	<u>4</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>4</u>	_____	_____	_____	_____	_____	_____

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

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis Court                       Trash Chute
- Other: \_\_\_\_\_

9. 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):

A report prepared by A.E.F. Wung Engineers, Inc. describing the present condition of the structural components and mechanical and electrical installations material to the use and enjoyment of the Project is attached hereto as Exhibit "C". No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the Project.

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>  X  </u>	<u>          </u>	<u>          </u>
Structures	<u>          </u>	<u>See Exhibit I</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   D  .

as follows:

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

[ ] There are no limited common elements in this project.

[ X ] The limited common elements and the apartments which use them, as described in the Declaration, are:

[ X ] described in Exhibit  D .

[ ] 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 \_\_\_\_\_.

[ X ] as follows:

<u>Apt. No.</u>	<u>Percentage of Common Interest</u>
1112	50%
1114	50%

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  Sept. 28, 1991  and issued by  Title Guaranty of Hawaii, Inc. .

Blanket Liens:

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest will be terminated and Buyer's deposit will be refunded, less escrow cancellation fees.

F. Construction Warranties:

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

- 1. Building and Other Improvements:

None given by the Developer.

- 2. Appliances:

None given by the Developer.

G. Status of Construction and Estimated Completion Date:

Construction of all buildings and improvements in the Project has been completed. Units 1112 and 1114 were originally constructed in 1927.

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):



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

[X] Specimen Sales Contract - The Developer will use the form of Deposit, Receipt, Offer & Acceptance as prepared by the Hawaii Association of Realtors  
Exhibit G contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated December 22, 1993  
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. 3007 filed with the Real Estate Commission on Nov. 24, 199

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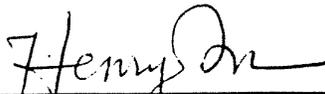
C. Additional Information Not Covered Above

Disclosure re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until the Developer submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a copy of which shall be attached to this public report, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, as applicable. If the Developer(s), as the owners, will represent themselves, the disclosure abstract shall so state.

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.

DOUGLAS TU, CUONG LE TU, CUONG NGOC TRAN & MUOI LY  
Name of Developer

By:   
Duly Authorized Signatory

Nov. 22, 1993  
Date

HENRY TU, agent for Developer  
print name & title of person signing above

Distribution:

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

## EXHIBIT "A"

Boundaries of Each Apartment

Each apartment shall consist of the building of which it is a part and all other improvements, including without limitations, all foundations, walls, floors, columns, supporting beams, ceilings, roofs and other structures supporting an apartment and located within the Limited Common Element Land Area appurtenant to such apartment and designated on the Condominium Map, including but not limited to all driveways, uncovered parking stalls, walkways, mail boxes, fence, meters, ducts, pipes, wires, cables, conduits, utility apparatus and equipment, poles and other improvements which serve only such apartment. An apartment shall not be deemed to include, however, any pipes, wires, fence, cables, conduits or other utility apparatus and equipment which are used for or serve more than one apartment, such items being deemed common elements.

Exhibit "B"

Permitted Alterations To Apartments

An apartment owner may modify or alter his apartment at any time by submitting all plans and specifications for such alteration, prepared by a licensed architect or engineer if the Board so requires, together with a statement of the estimated cost of construction and estimated completion date to the Board of Directors for approval. For purposes hereof, the only alterations of any apartment requiring the prior approval of the Board of Directors are those which affect the external appearance, size or elevation of such apartment. The Board of Directors shall approve or reject the plans for alteration within fourteen (14) calendar days after submission of said plans and statement. Plans shall be rejected only upon the unanimous vote of all Directors. The Board shall not unreasonably or capriciously disapprove any such proposed alteration. Any disapproval shall be given in writing to the proposing apartment owner within said fourteen (14) day period and shall state the basis for such disapproval. If the Board fails to take any action within such time period, approval of the plans shall be deemed to have been automatically granted.

An alteration of an apartment building may decrease or increase the size or change the elevation of such apartment, or alter its configuration, provided that the same shall not extend or place the apartment outside of the "buildable limits" of its surrounding Limited Common Element Land Area, which Limited Common Element Land Area is shown on the Condominium Map. The "buildable

limits" are the area within a Limited Common Element Land Area. The boundaries and designation of the Limited Common Element Land Areas shall not be altered except by general amendment to this Declaration and the Condominium Map in accordance with the Act. Nothing herein shall affect the right of an apartment owner to design or decorate the interior of his apartment in his sole discretion.

Before the commencement of any construction, all plans shall be approved by the appropriate state and municipal agencies and the apartment owner's mortgagee(s) to the extent necessary. The apartment owner shall also obtain and deposit with the Association a bond or certificate thereof naming the Association as additional obligee, in a penal sum of not less than one hundred percent (100%) of the cost of such construction as the same may change from time to time and with a corporate surety authorized to do business in Hawaii guaranteeing performance of such construction, free and clear of all mechanics' and materialmen's liens.

# EXHIBIT C

7966

A.E.F. WUNG ENGINEERS, INC.  
1529 HAKU STREET  
HONOLULU, HAWAII 96819

August 1, 1993

To Whom It May Concern,

The attached assessment of two buildings located at 1112 and 1114 Peterson Lane, Honolulu, Hawaii is based on a site visit and inspection conducted on July 27, 1993. The inspection of the property was limited in scope. No tests were conducted to determine whether appliances were in working order. No inspection was conducted for termite damage or infestation. No inspection was conducted for concealed items including, but not limited to the structural, electrical and mechanical systems; the heating, or irrigation systems, and plumbing. No inspection or testing was done for chemicals, water, air quality, asbestos, urea-formaldehyde, gasses or any other health hazards. Comments are based on observed general condition and informed opinion.

## Structure & Finishes

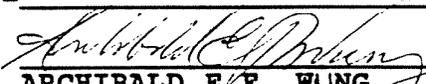
Component	Type(s)	Condition & Comments
<b>Roof:</b>		
Framing	Conventional wooden trusses	
Roofing	Shingles on plywood sheathing	Appears in good condition
<b>Ceilings:</b>		
Framing	2 x 4 ceiling joists, 2nd floor Wooden floor joists, 1st floor	
Finish	½" gypsum board, painted	Appears in good condition
<b>Walls:</b>	Exterior T-1-11 Siding on 2 x 4 studs. Interior ½" gypsum board on 2 x 4 studs....2nd floor Cement masonry units exterior walls on ground floor.	Good condition
<b>Floors:</b>		
Finish	Floor tile	Excellent

REPORT ON 1112 AND 1114 PETERSON LANE, HONOLULU, HAWAII  
August 1, 1993

Component	Type(s)	Condition & Comments
<b>Structure:</b>		
Site	Dirt with gravel parking Concrete slab between units	Good
<b>Conditions</b>		
Drainage:	Site slopes gradually Ground floor units are below grade.	Maintenance and Repair of waterproofing and drainage may be required in future
<b>Electrical System:</b>		
Panel	Not Inspected	Lights and appliances in good condition
Wiring	Not Inspected	
GFI Circuits	Not Inspected Not Inspected	
<b>Plumbing Systems:</b>		
Waste Lines	Not Inspected	Plumbing fixtures in good condition
Water Lines	Not Inspected	
Water Heater	Not Inspected	Appeared to be in good condition
Parking	Gravel on dirt	

This report was prepared by me. I consider this apartment building to be in very good condition for its age.

Date: Honolulu, Hawaii August 1, 1993

  
 ARCHIBALD E.F. WUNG  
 Hawaii Registration No. 14695

Subscribed and sworn to before  
 me this 5<sup>th</sup> day of August,  
 1993.

  
 Notary Public, First Circuit,  
 State of Hawaii

My commission expires: 11/3/96

65

Exhibit "D"

Common Elements

Common Elements.

(a) The common elements include all of the portions and appurtenances of the Project not otherwise designated as an apartment, including specifically, but not limited to:

(1) said Land in fee simple;

(2) all ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewage, refuse, telephone and radio and television signal distribution;

(3) all gates and entry ways that serve more than one apartment; and

(4) any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety or normally in common use.

(b) 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 an apartment and such apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are each of the Limited Common Element Land Areas beneath and surrounding the

apartments, as designated on the Condominium Map, which shall be appurtenant to and for the exclusive use of such apartments. For example, Limited Common Element Land Area 1112 is appurtenant to and for the exclusive use of Apartment Number 1112.

Note: The land area beneath and adjacent to each apartment (Limited Common Element Land Area) is not a legally subdivided lot.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Any unrecorded leases and matters arising from or affecting the same.
3. MORTGAGE  
MORTGAGOR : DOUGLAS D.L. TU, unmarried, CUONG LE TU, unmarried, and CUONG NGOC TRAN and MUOI LY TRAN, husband and wife  
MORTGAGEE : FINANCE FACTORS, LIMITED, a Hawaii corporation  
DATED : October 28, 1992  
RECORDED : Document No. 92-198788  
AMOUNT : \$269,500.00
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct boundary and improvement survey would disclose.
5. Condominium Map No. 1986 recorded on January 27, 1994.
6. The covenants, agreements, obligations, conditions and other provisions set forth in the Declaration of Condominium Property Regime of Peterson Lane Condominium dated November 17, 1993, recorded on January 27, 1994 as Document No. 94-014012, and the By-Laws of the Association of Apartment Owners of Peterson Lane Condominium dated November 17, 1993, recorded on January 27, 1994 as Document No. 014013.
7. For information regarding real property taxes due and owing, reference is made to the Director of Finance, City & County of Honolulu.

EXHIBIT     F    

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
1. 1112	\$212.50 x 12 = \$2,550.00
2. 1114	\$212.50 x 12 = <u>\$2,550.00</u>
	\$5,100.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services      N/A

Air Conditioning

Electricity

    [ ] common elements only

    [ ] common elements and apartments

Elevator

Gas

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

50 x 12 = \$600.00

Grounds

Management

Management Fee

Payroll and Payroll Taxes

50 x 12 = \$600.00

Office Expenses

Insurance

200 x 12 = \$2,400.00

Reserves(\*)

25 x 12 = \$300.00

Taxes and Government Assessments      N/A

Audit Fees      N/A

Other - Miscellaneous

100 x 12 = \$1,200

TOTAL

\_\_\_\_\_

\$5,100.00

I, HENRY TU of the developer  
~~as agent and employed by \_\_\_\_\_ the condominium managing agent~~  
~~or the developer,~~ for the condominium project Peterson Lane Condominium, hereby certify that the  
above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in  
accordance with generally accepted accounting principles.

  
\_\_\_\_\_  
HENRY TU

(\*) Mandatory reserves in effect January 1, 1993

Date: November 22, 1993

## Exhibit "G"

SUMMARY OF SALES CONTRACT

1. With respect to the sale of a condominium apartment the Developer will use the Hawaii Association of Realtors form of Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the Project.

2. Until Purchaser has received a copy of the Developers' Final Public Report and has waived or is deemed to have waived his or her rights of cancellation, the Sales Contract shall constitute a mere reservation and may be canceled at any time by either Developer or Purchaser.

3. Purchaser has the right to rescind the Sales Contract if there are any material changes to the Project (other than any additions, deletions and modifications permitted by and made pursuant to Developers' reserved rights set forth in the Declaration of Condominium Property Regime) which directly, substantially and adversely affects the use or value of the apartment or limited common elements appurtenant to the apartment or those amenities of the project available for such Purchaser's use. Under certain circumstances as set forth in Chapter 514A, Hawaii Revised Statutes, the right of rescission may be waived by Purchaser.

4. Pursuant to the Sales Contract, if the Developer and Purchaser enter into a binding Sales Contract and the Purchaser subsequently defaults (i.e., fails to perform Purchaser's

obligations under the Sales Contract) Developer may sue the Purchaser for breach of contract or retain the initial deposit and all additional deposits as liquidated damages, and Purchaser must pay for any cost incurred by Developer by reason of Purchaser's default.

5. The Sales Contract is subject to the provisions of the Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners, and other condominium documents for the Project.

THIS IS ONLY A SUMMARY OF SELECTED PORTIONS OF THE SALES CONTRACT. IT IS INCUMBENT ON ALL PROSPECTIVE PURCHASERS TO CAREFULLY READ THE ENTIRE SALES CONTRACT AND TO REVIEW ALL PROVISIONS PRIOR TO SIGNING A SALES CONTRACT.

Exhibit "H"

SUMMARY OF ESCROW AGREEMENT

1. All funds paid to Escrow (Title Guaranty Escrow Services, Inc.) shall be deposited into interest-bearing accounts. All interest earned on such deposits belongs to Developer.

2. A Purchaser shall be entitled to a refund of all monies deposited with Escrow, less Escrow's cancellation fee (up to a maximum of \$250.00), and Escrow shall pay such funds to Purchaser, without interest, if any one of the following shall have occurred: (a) Developer and Purchaser have instructed Escrow in writing to return to the Purchaser the funds of such Purchaser then held by Escrow; or (b) Developer has notified Escrow in writing of Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission available to Developer; or (c) the Purchaser has exercised such Purchaser's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes.

3. If refunds are not claimed by the Purchaser within sixty (60) days, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow, in the name of Developer.

4. Developer shall give notice in writing to Escrow of the occurrence of each event that initiates an obligation of Purchaser to make a payment to Escrow pursuant to the Sales Contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the Purchaser notice of the amount and due

date of such payment. If Purchaser fails to make such payment to Escrow on or before the due date thereof or if the Purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the Purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the Sales Contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the Purchaser, Escrow shall thereafter treat all funds of the Purchaser paid on account of such Purchaser's Sales Contract as funds of Developer and not as funds of the Purchaser. Thereafter, such funds shall be free of the Escrow established by this Agreement and shall be held by Escrow for the account of Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer any partially executed conveyance documents that had been theretofore delivered to Escrow by Developer and shall hold all other documents theretofore delivered to Escrow in connection with the purchase of the apartment for the statutory period; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such Purchaser.

5. If any dispute or difference arises between Developer and Purchaser, or if any conflicting demand shall be made upon Escrow, Escrow shall not be required to take any action thereon; but may await settlement of the controversy by final appropriate legal proceedings or file a suit in interpleader in any court having jurisdiction in the matter and may deposit with the Court any and

all monies held.

6. Under the Escrow Agreement no disbursement of funds can be made to Developer until the Sales Contract becomes binding and effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

This is only a summary of selected portions of the Escrow Agreement. Purchasers are urged to carefully review all provisions of the Escrow Agreement prior to signing a Sales Contract.

BUILDING DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

HONOLULU MUNICIPAL BUILDING  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813



FRANK F. FASI  
MAYOR

HERBERT K. MURAOKA  
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR  
DEPUTY

Ex93-125

October 21, 1993

Mr. Erik W. Wong  
Suite 1902, Pacific Tower  
1001 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Wong:

Subject: Condominium Conversion Project  
1112 and 1114 Peterson Lane  
Tax Map Key: 1-6-001: 073

This is in response to your letter dated July 20, 1993 requesting confirmation that the two buildings located at 1112 and 1114 Peterson Lane met all code requirements at the time of construction.

Investigation revealed that the two one-story with basement one-family dwellings with at least four unpaved off-street parking spaces met the applicable code requirements when they were constructed in 1927.

For your information, the two dwellings are considered nonconforming dwelling units. If any of the dwelling units are destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with the provisions of the Land Use Ordinance Section 3.120D unless an existing use permit is obtained from the Department of Land Utilization prior to its destruction. The unpaved driveway and parking area are also considered nonconforming.

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

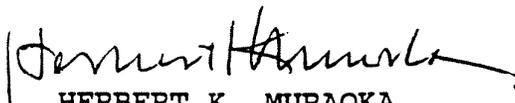
**EXHIBIT 1**

Mr. Erik W. Wong  
October 21, 1993  
Page 2

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

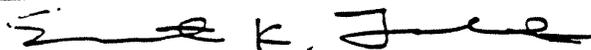
If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at telephone number 527-6341.

Very truly yours,



HERBERT K. MURAOKA  
Director and Building  
Superintendent

Subscribed and sworn to  
before me this 22nd day of  
October, 1993.



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