

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Barbara Jean Boone and Linda Geraldine Meyer
Address c/o Mather Real Estate Investments, 3566 Harding Avenue, Suite 205, Honolulu, Hawaii 96816
Project Name(\*): 1906 Fern Street
Address: 1906 Fern Street, Honolulu, Hawaii 96826

Registration No. 3008 (conversion) Effective date: December 27, 1993
Expiration date: January 27, 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.

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

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

And [ ] Supersedes all prior public reports
[ ] Must be read together with
[ ] This report reactivates the public report(s) which expired on

) Exactly as named in the Declaration

Disclosure Abstract Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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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:** Barbara Jean Boone and  
Linda Geraldine Meyer **Phone:** 735-8933  
**Name** Diane E. Mather dba  
c/o Mather Real Estate Investments  
**Business Address**  
3566 Harding Avenue, Suite 205  
Honolulu, Hawaii 96816  
**(Business)**

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Real Estate Broker:** Diane E. Mather dba  
Mather Real Estate Investments **Phone:** 735-8933  
**Name** 3566 Harding Avenue, Suite 205  
**Business Address**  
Honolulu, Hawaii 96816  
**(Business)**

**Escrow:** Old Republic Title & Escrow of Hawaii **Phone:** 531-0226  
**Name** 900 Fort Street, 10th Floor  
**Business Address**  
Honolulu, Hawaii 96813  
**(Business)**

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

**Condominium Managing Agent:** Self-managed by  
Association of Apartment Owners **Phone:** \_\_\_\_\_  
**Name** 1906 Fern Street  
**Business Address** \_\_\_\_\_  
Honolulu, Hawaii 96826  
**(Business)**

**Attorney for Developer:** Earl T. Sato/Caroline S. Otani **Phone:** 521-0400  
**Name** 745 Fort Street, 20th Floor  
**Business Address** \_\_\_\_\_  
Honolulu, Hawaii 96813  
**(Business)**

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances:

Document No. \_\_\_\_\_

Book \_\_\_\_\_ Page \_\_\_\_\_

Filed - Land Court:

Document No. 2086786

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. 1008

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. 2086787

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	—	majority vote of the <u>Board of Directors</u>

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

2. Developer:

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

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

See Exhibit "K"

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: 1906 Fern Street Tax Map Key: (1) 2-3-30-14  
Honolulu, Hawaii 96826 (TMK)

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

Land Area: 5,000  square feet  acre(s) Zoning: A-2

Lessor Barbara Jean Boone and  
 (Fee Owner): Linda Geraldine Meyer  
Name  
c/o Mather Real Estate Investments  
Address  
3566 Harding Avenue, Suite 205  
Honolulu, Hawaii 96816

Sublessor: N/A  
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: 2 Floors Per Building Apartment: 3/ Storage Shed: 1  
 Exhibit            contains further explanations.

3. Principal Construction Material:  
 Concrete  Hollow Tile  Wood  
 Other Glass

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>8</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>   </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: <u>          </u>	<u>   </u>	<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:

No livestock, poultry, rabbits or other animals, except household pets

Pets: of reasonable size and number, and certified guide dogs, service dogs and signals dogs.

Number of Occupants: \_\_\_\_\_

Other: No transient or hotel use or time-sharing.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0      Stairways: 2      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>2</u>	<u>studio/1</u>	<u>399</u>	<u>30</u>
_____	<u>4</u>	<u>1/1</u>	<u>492</u>	<u>none</u>
_____	<u>2</u>	<u>1/1</u>	<u>476</u>	<u>none</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 8      See Exhibit A for description of apartments.

\*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 B.

Permitted Alterations to Apartments:

See Exhibit C.

7. Parking Stalls:

Total Parking Stalls: 8

	<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>6</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8</u>
Guest	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0</u>
Unassigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0</u>
Extra for Purchase	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0</u>
Other:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0</u>
Total Covered & Open	<u>6</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>0</u>	<u>—</u>	<u>—</u>

Each apartment will have the exclusive use of at least 1 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):  
The Developer makes no representations regarding the condition and expected useful life of the structural components or mechanical and electrical installations of the project. See the letter attached as Exhibit B to the Disclosure Abstract, a copy of which will be given to each prospective buyer with this Public Report.

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>    X    </u>	<u>          </u>	<u>          </u>
Lot	<u>    X    </u>	<u>          </u>	<u>          </u>

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

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

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

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

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

described in Exhibit     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.

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

described in Exhibit E.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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 A.

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 F describes the encumbrances against the title contained in the title report dated October 29, 1993 and issued by Old Republic Title & Escrow of Hawaii.

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.

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.

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults  
or Lien is Foreclosed Prior to Conveyance

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. See Exhibit G.

2. Appliances:

None. See Exhibit G.

G. Status of Construction and Estimated Completion Date:

Construction of the improvements was completed in 1973.

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):

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report, is:

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

B. Estimate of Initial Maintenance Fees:

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

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit H contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None                       Electricity (common area only)     Gas                       Water  
 Sewer                       Television Cable     Other Refuse Collection

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

Escrow Agreement dated November 15, 1993

Exhibit J 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. 3008 filed with the Real Estate Commission on Nov. 29, 1993

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

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C. Additional Information Not Covered Above

- 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.

BARBARA JEAN BOONE and LINDA GERALDINE MEYER

Name of Developer

By: *Diane E. Mather*  
Duly Authorized Signatory

Dec. 21, 1993  
Date

Diane E. Mather, Agent

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"APARTMENTS

<u>Apt.</u> <u>No.</u>	<u>Bedrooms/</u> <u>Bath</u>	<u>Interior</u> <u>Floor Area</u>	<u>Lanai</u> <u>Floor Area</u>	<u>Total</u> <u>Floor Area</u>	<u>Common</u> <u>Interest</u>	<u>Parking</u> <u>Stall*</u>
201	Studio/1	399 sq ft	30 sq ft	429 sq ft	11.36%	7c
202	1/1	492 sq ft	none	492 sq ft	13.02%	4
203	1/1	492 sq ft	none	492 sq ft	13.02%	5
204	1/1	476 sq ft	none	476 sq ft	12.60%	6
301	Studio/1	399 sq ft	30 sq ft	429 sq ft	11.36%	8c
302	1/1	492 sq ft	none	492 sq ft	13.02%	3
303	1/1	492 sq ft	none	492 sq ft	13.02%	2
304	1/1	476 sq ft	none	476 sq ft	12.60%	1

\* c denotes compact parking stall

EXHIBIT "B"

BOUNDARIES OF APARTMENTS

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS

Section 16 of the Declaration contain the following provisions regarding alterations of the apartments:

Except as otherwise provided by the Fair Housing Act, 42 U.S.C. § 3601, et seq., as amended by the Fair Housing Amendments Act of 1988, and Chapter 515, Hawaii Revised Statutes, and the rules and regulations promulgated thereunder, as the same may be amended from time to time, restoration or replacement of the Project or any building or other structure thereof or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to a vote of at least seventy-five percent (75%) of the apartment owners and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement, construction, alteration or addition the Association shall duly record or file of record such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. Provided, however, that notwithstanding any provision in this Declaration to the contrary other than the provisions of Section 19, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall require only the written approval thereof, including the plans therefor, by the holders of mortgages covering such apartment(s) (if the mortgagees require such approval), the Board, and all other apartment owners thereby directly affected (as determined by the Board), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered.

Non-material additions to the common elements, including, without limitation, the installation of solar energy devices as defined by Section 468B-1, Hawaii Revised Statutes, as amended, shall require approval only by the Board and by sixty-five percent (65%) of the apartment owners, together with the consent of all other apartment owners thereby directly affected (as determined by the Board). For so long as a statutory definition of "non-material structural additions to the common elements" shall be prescribed by Section 514A-89, Hawaii Revised Statutes, as amended, as it may be amended from time to time or by any substitute or successor statute, said statutory definition shall be applied in interpreting the foregoing sentence.

EXHIBIT "D"

COMMON ELEMENTS

The common elements of the Project include the following:

1. The land of the Project;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roof, entries, stairways, walkways, entrances and exits of the building;
3. All yards, grounds, landscaping and fences or walls, if any;
4. All driveways and parking areas;
5. The laundry room situated on the ground floor of the building;
6. The metal storage shed situated on the Land;
7. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any; and
8. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

The limited common elements of the Project include the following:

1. The respective lanais adjoining Apartment Nos. 201 and 301, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of such apartments.

2. One (1) parking space, as set forth on Exhibit "A" to this Public Report, shall be appurtenant to and for the exclusive use of each apartment.

3. One (1) mailbox bearing the same number as each apartment shall be appurtenant to and for the exclusive use of each apartment.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing reference is made to the Director of Finance, City and County of Honolulu.

2. Reservations in favor of the State of Hawaii on all mineral and metallic mines.

3. Covenants, conditions, restrictions, reservations, agreements, obligations and provisions set forth in the Declaration of Condominium Property Regime dated October 27, 1993, as Land Court Document No. 2086786, Land Court Condominium Map No. 1008.

4. Terms and provisions contained in the By-Laws of the Association of Apartment Owners for 1906 Fern Street, dated October 27, 1993, as Land Court Document No. 2086787.

EXHIBIT "G"

CONSTRUCTION WARRANTIES

Paragraph H.3 of the Deposit Receipt and Sales Agreement used for the sale of the apartments of the Project provides:

"As Is" Condition; Warranties. The Project is a conversion of an existing building constructed in 1973. The Apartment and the Common Elements are being sold and will be transferred in their current "AS IS" condition with "ALL FAULTS". This means that Seller will not correct any defects in the Apartment, the Project or anything installed or contained therein. Seller also specifically discloses to Buyer that the report attached to Seller's Disclosure Abstract as Exhibit "C" states that the flooring material and the insulation attached to the underside of the kitchen sink contain asbestos, but that the potential health implications is minimal since "it is difficult to imagine a mechanism by which these materials can become finely divided and dispersed into the atmosphere and then become inhaled by people." Buyer acknowledges that Buyer has inspected the Apartment and the Project. Buyer also acknowledges that Buyer has received and read copies of the Final Public Report and Seller's Disclosure Abstract for the Project and all the exhibits attached to them.

It is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR USE OR PURPOSE OR FOR SUFFICIENCY OF DESIGN. SELLER WILL NOT BE LIABLE FOR ANY CONSTRUCTION OR OTHER DEFECTS, INCLUDING ANY LATENT OR HIDDEN DEFECTS IN THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED THEREIN. THIS MEANS THAT NO PERSON WILL HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST SELLER FOR ANY DEFECTS IN THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED THEREIN.

**EXHIBIT H**

**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>
201	\$85.59 x 12 months = \$1,027.08
202	\$98.11 x 12 months = \$1,177.32
203	\$98.11 x 12 months = \$1,177.32
204	\$94.94 x 12 months = \$1,139.28
301	\$85.59 x 12 months = \$1,027.08
302	\$98.11 x 12 months = \$1,177.32
303	\$98.11 x 12 months = \$1,177.32
304	\$94.94 x 12 months = \$1,139.28
	<hr/>
TOTAL	\$753.50 x 12 months = \$9,042.00

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

Air Conditioning  
Electricity

common elements only  
 common elements and apartments

\$129.20 x 12 months = \$1,550.40

Elevator

Gas

Refuse Collection

\$200.00 x 12 months = \$2,400.00

Telephone

Water and Sewer

\$175.00 x 12 months = \$2,100.00

Maintenance, Repairs and Supplies

Building

Grounds

\$100.00 x 12 months = \$1,200.00

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

\$ 66.00 x 12 months = \$ 792.00

Reserves(\*)

\$ 83.30 x 12 months = \$ 999.60

Taxes and Government Assessments

Audit Fees (1)

Other

TOTAL

\$753.50 x 12 months = \$9,042.00

I, Diane Mather, as agent for Barbara Jean Boone and Linda Geraldine Meyer, the developer, for the condominium project 1906 Fern Street, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Diane E. Mather

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

Date: 11-24-93

(1) It is anticipated that the Association of Apartment Owners will elect to waive the annual audit and annual unannounced cash balance verification, as permitted by HRS Section 514A-96(a). If the Association of Apartment Owners does not waive these requirements, the maintenance fees should be adjusted accordingly.

EXHIBIT "I"

SUMMARY OF SALES CONTRACT

Copies of the form of Deposit Receipt and Sales Agreement ("Sales Contract") to be used in connection with the sale of the apartments of the Project have been submitted to the Real Estate Commission and are available for inspection at the Seller's office. The following is a summary of some of the provisions of the Sales Contract. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS THEREIN.

1. If the Apartment covered by a particular Sales Contract is an Owner-Occupant Designated Apartment, and Buyer has executed an affidavit stating Buyer's intent to become an owner-occupant of the Apartment, then Buyer agrees when signing the Sales Contract that Buyer will occupy the Apartment as Buyer's principal residence. Any such Buyer shall be required to reaffirm his or her intent to be an owner-occupant no earlier than the Buyer's receipt of the Final Public Report and no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Seller shall constitute a default under the Sales Contract by such Buyer and Seller shall have the remedies provided in the Sales Contract.

2. Seller makes no warranties regarding the Project and the apartment is being sold in its current "as is" condition with "all faults."

3. Buyer agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. Buyer also agrees that any money that Buyer deposits with Escrow may be deposited together with other Buyers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to an Escrow Agreement between Seller and Escrow. Buyer also agrees that all the interest earned from the funds deposited by Buyers will be credited to Seller.

In case Buyer is late in making payments due under the Sales Contract, the late payment will bear interest at the rate of one percent (1%) per month until paid.

4. All taxes, assessments, and charges of any kind assessable against the Apartment or the land of the Project will be prorated as of the Closing Date. This means that Buyer will have to pay Buyer's share of these taxes and assessments at the

Closing Date. In addition, Buyer will be responsible for paying all closing costs in connection with the purchase of the Apartment, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Apartment Deed to Buyer.

5. In addition to all other funds due, Buyer must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the Condominium Association. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. This amount is separate from the purchase price and closing costs for the Apartment.

6. Buyer may not assign Buyer's rights under the Sales Contract without the prior written consent of Seller. Under no circumstances may Buyer assign Buyer's rights to the Sales Contract after the Preclosing or the Closing Date. If Buyer attempts to assign the Sales Contract without Seller's written consent, Buyer shall be in default under the Sales Contract.

7. The Seller may, at its option, preclose the sale of Apartments by requiring the Buyer to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the Closing Date. Buyer will have ten (10) days notice of the Preclosing. Buyer must deposit all funds other than the proceeds of Buyer's first mortgage loan or the balance of the purchase price for a cash sale with Escrow, including the advanced payment for a maintenance assessment fund. Buyer must also sign all documents required for closing.

8. Buyer shall not be able to occupy the Apartment until the Closing Date, except that if Buyer is the tenant of the Apartment, Buyer shall be entitled to possession of the Apartment pursuant to the terms and provisions of Buyer's lease or rental agreement. Seller or Escrow will notify Buyer of when the Closing Date will take place. Buyer will not be able to take occupancy until all payments required by the Sales Contract have been made. Keys will not be issued for the Apartment unless all payments have been made. If Buyer attempts to take occupancy of the Apartment prior to the Closing Date, then Buyer will be in default of the Sales Contract, and Seller has the right to remove Buyer from the Apartment using any lawful means.

9. By signing the Sales Contract, Buyer represents that Buyer is financially capable of paying the purchase price for the Apartment. Buyer also represents that any financial

data he has given Seller is accurate. If Buyer does not notify Seller that Buyer's financial situation has changed as of the Closing Date, Seller will assume that the information Seller has is accurate. If the Seller discovers that any important financial data provided by Seller is not accurate and Buyer failed to notify Seller of this inaccuracy, Seller has the right to cancel the Sales Contract.

If Buyer intends to finance the purchase of an Apartment, Buyer must apply for financing within five (5) days of the Seller's acceptance of the Sales Contract. Buyer agrees to do everything possible and/or necessary to successfully obtain a loan once applied for. Buyer agrees to immediately provide Seller with a copy of any loan commitment Buyer receives.

If Buyer tries to obtain financing but is unsuccessful in doing so within fifty (50) days after Seller's acceptance of the Sales Contract, Seller may notify Buyer that Seller is cancelling the Sales Contract. Upon cancellation in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and minus any costs incurred by Seller, Escrow, or any lending institution in processing the Sales Contract or the Buyer's loan application(s).

If Buyer is making a cash purchase of an Apartment, Buyer shall provide proof to Seller that Buyer is financially capable of making all payments under the Sales Contract within ten (10) days after Seller accepts the Sales Contract. Seller has the option to terminate the Sales Contract if Seller determines that Buyer is unable to make the required payments. If the Sales Contract is cancelled in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and less an escrow cancellation fee and any other escrow charges incurred by Seller. Seller will give Buyer notice of any such cancellation.

10. If Buyer defaults, Seller may cancel the Sales Contract by notifying Buyer in writing. The Seller may keep any amounts previously paid by Buyer as compensation for Seller's damages. In addition, Seller may also pursue any other appropriate means in order to be compensated for damages incurred by Buyer's default.

If Seller defaults, Buyer is entitled to cancel the Sales Contract and have all of Buyer's money refunded, if the Buyer cannot legally cause the Seller to fulfill Seller's obligations.

If, after the Closing Date for the sale of an Apartment, Buyer claims that Seller has violated certain federal

or state securities or disclosure laws, Buyer may cancel the Sales Contract and is entitled to a refund from Escrow of all money Buyer paid to Escrow, together with a statutory rate of interest. Cancellation as described above will be Buyer's only remedy for violations of this nature.

11. By entering into the Sales Contract, Buyer acknowledges that Buyer has never received any information of representations from Seller or any of Seller's agents regarding rental income from the Apartment or other economic or tax benefits that Buyer may receive from ownership of the Apartment. The Buyer further agrees that he or she will not participate in any rental pool for the renting of the Apartment. Buyer may be required to sign documents which satisfy the Seller that no such representations have been made.

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

A copy of the Escrow Agreement between the Developer and Old Republic Title & Escrow of Hawaii ("Escrow"), has been submitted to the Real Estate Commission and is available for inspection at the Developer's office. The following is a summary of some of the provisions of the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

1. A signed copy of each sales contract for an Apartment in the Project must be given to Escrow.

2. All purchasers who are to be owner-occupants as defined in Section 514A-103, Hawaii Revised Statutes, must submit an affidavit to Escrow affirming their owner-occupant status. The affidavit setting forth the purchasers' intent to be owner-occupants must be reaffirmed no earlier than their receipt of the final public report but no later than the closing of escrow for the Apartment and all prospective owner-occupants must submit the reaffirmed affidavit and proof of receipt of the final public report to Escrow.

3. All money received by the Developer from buyers under sales contracts for apartments in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits. Any interest earned on funds deposited into Escrow will accrue to the credit of the Developer unless otherwise provided.

4. Escrow may not make any disbursements of funds until certain conditions, including the issuance of a Final Public Report of the Project by the Real Estate Commission, have been met.

5. Under certain conditions, a buyer shall be entitled to a refund. Escrow shall pay this refund to the buyer without interest less a reasonable escrow cancellation fee.

However, no escrow cancellation fee will be deducted from refunds to individuals on the Developer's owner-occupant reservation list to whom no Sales Contract was ever offered.

6. If a buyer fails to claim a refund for a cancelled sales contract, Escrow shall deposit the refund in a special account in a bank or other depository selected by Escrow, in the name of the Developer as trustee for the benefit of the buyer. Escrow will then attempt to notify the buyer about the refund.

7. If a buyer is to make a payment under a sales contract directly to Escrow, Escrow shall promptly give the buyer notice of the amount and due date of the payment. If the buyer fails to make a payment to Escrow in a timely manner, Escrow will notify Developer. If the Developer subsequently notifies Escrow in writing that Developer has terminated the sales contract and provides Escrow with copies of all notices of termination sent to the buyer, Escrow will then treat any funds the buyer has already paid as though they belong to the Developer. Upon written request by the Developer, Escrow will pay all such sums to Developer minus any escrow cancellation fee.

EXHIBIT "K"

DEVELOPER'S RESERVED RIGHTS

1. VA/FHA APPROVAL. Notwithstanding any other provision in the Declaration to the contrary, the Developer reserves the right, but shall not be obligated to, obtain the approval of the Project from the Veterans' Administration ("VA") in order that loans secured by mortgages on apartments in the Project can be guaranteed through the VA Home Loan Guarantee Program and other federal housing assistance programs, including those administered by the Federal Housing Administration ("FHA"). In exercise of this reserved right, the Developer may, in its sole discretion, amend the Declaration to satisfy any VA or FHA requirements which the Developer deems necessary or convenient without being required to obtain the approval, consent or joinder of any person or group of persons, including without limitation, the Association of Apartment Owners, any apartment owner or any mortgagee, lien holder or any other person who may have an interest in the Project or any apartment, and may on behalf of the Association of Apartment Owners, execute and record as an amendment to the Declaration a Regulatory Agreement in form and substance meeting FHA requirements.

2. GRANTING OF EASEMENTS. The Developer reserves the right for itself and its agents to grant to any public utility or governmental authority easements for electricity, gas, sewer, drainage, water and other utilities over, under, along, across and through the Project, under the usual terms and conditions required by the grantee of such easement rights; to grant to any other person or entity any easements for ingress, egress or roadway purposes over, under along, across and through the Project (provided, however, that such easement rights shall be granted and exercised in such a manner as not to unreasonably damage the improvements of the Project or unreasonably interfere with the use of the land or the improvements of the Project by the apartment owners); to quitclaim any easements in favor of the Project which are not required for the Project; and to amend the Declaration, the By-Laws and the Condominium Map consistent with the granting or quitclaiming of such easement rights. Each apartment owner agrees that such apartment owner and any person claiming an interest in the Project by, through or under such apartment owner, shall, upon request, join in and execute any and all documents designating, granting and quitclaiming any such easement rights.