

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

"637 Manu O'o" is a CONDOMINIUM PROJECT, **not** a subdivision. The private land area immediately adjacent to each apartment is a LIMITED COMMON ELEMENT appurtenant to the apartment and is **not** a legally subdivided lot. The boundaries of each limited common element land area, as shown on the Condominium Map, are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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.

TABLE OF CONTENTS

	page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	5
Attorney for Developer	5
General Contractor	5
Real Estate Broker	5
Escrow Company	5
Condominium Managing Agent	5
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Description of Buildings	
EXHIBIT B: Alteration of Project	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Encumbrances Against Title	
EXHIBIT F: Estimated Maintenance Fees	
EXHIBIT G: Summary of Condominium Deposit Receipt and Sales Contract	
EXHIBIT H: Summary of Escrow Agreement	

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 owner/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 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 they 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 a 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 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: Lucy Kamalanai Ahau and Jolene Kehaulani Haruyo Craig Phone: (808) 262-2321
Name (Business)
637 Manu O'o Street
Business Address
Kailua, Hawaii 96734

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

N/A

Real Estate Broker: Lucy K. Ahau and Jolene K.H. Craig (as the owners Phone: (808) 262-2321
Name of the two apartments) (Business)
637 Manu O'o Street
Business Address
Kailua, Hawaii 96734

Escrow: Bank of Hawaii--Escrow Services Department Phone: (808) 537-8111
Name (Business)
P.O. Box 2900
Business Address
Honolulu, Hawaii 96846

General Contractor: Hawaiian Pacific Homes Phone: (808) 263-4903
Name (Business)
P.O. Box 727
Business Address
Kailua, Hawaii 96734

Condominium Managing Agent Self-managed by Association of Apartment Owners Phone: _____
Name (Business)
N/A
Business Address

Attorney for Developer: Case Myrdal Bigelow & Lombardi (David F. Andrew) Phone: (808) 547-5400
Name (Business)
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances Document No. _____
Book 22129 Page 1
 Filed - Land Court Document Number _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

Amendment to Declaration of Horizontal Property Regime of 637 Manu O'o (Amendment to Condominium Map No. 1141), dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004458.

- 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. 1141
 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]:

Amendment to Declaration of Horizontal Property Regime of 637 Manu O'o (Amendment to Condominium Map No. 1141), dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004458.

- 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 22129 Page 1 (Exhibit "A" to Declaration)
 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]:

Amended and Restated Bylaws of the Association of Apartment Owners of 637 Manu O'o, dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004459.

- 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>100%</u>
House Rules	---	<u>N/A</u>

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

2. **Developer:**

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

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

Developer may amend the Declaration to file an "as-built" verified statement of a registered architect or professional engineer.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.

[] Leasehold or Subleasehold: Individual apartments and the common elements, which includes 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 cancelled 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 provisions.

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: 637 Manu O'o Street Tax Map Key: (1) 4-2-13-14
Kailua, Hawaii 96734 (TMK)

Address TMK the address for Apartment A will remain 637 Manu O'o Street; the City has given Apartment B an address of 637A Manu O'o Street

Land Area: 10,133 square feet acre(s) Zoning: Residential (R-5)

Fee Owner: Lucy K. Ahau, Trustee of the Lucy K. Ahau Revocable Trust, is the owner of Apartment A; Jolene Kehaulani Haruyo Craig is the owner of Apartment B
 Name

637 Manu O'o Street
 Address

Kailua, Hawaii 96734

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 Apt. A has 1; Apt. B has 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Glass and other related building materials

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<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:

Pets No livestock, poultry, rabbits or other animals or pets whatsoever shall be allowed or kept in any part of the Project without the prior written consent of the Board.

Number of Occupants: _____

Other: See Article V, Section 3 of By-Laws for further restrictions on use

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Apartment B has one internal stairway 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>A</u>	<u>1</u>	<u>4/2</u>	<u>1,277</u>	<u>N/A</u>
<u>B</u>	<u>1</u>	<u>4/3</u>	<u>2,109.5</u>	<u>60</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: Each apartment includes, but is not limited to, the footings or slab on which it is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the apartment, the lanais and entrance ways, if any, and all fixtures originally installed in the apartment. Each apartment shall not include any pipes, shafts, 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

Permitted Alterations to Apartments:

See Exhibit B.

7. Parking Stalls:

Total Parking Stalls: 3

	<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 units)	<u>2</u>	<u>1</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>3</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>3</u>	<u> </u>	<u> </u>	<u> </u>	<u> </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 _____ 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):

With respect to Apartment A, based on a report prepared by a licensed professional architect, it is the Developers' opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of Apartment A are presently sound and appear to be in satisfactory working condition. However, NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF APARTMENT A.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

Though not technically a variance to the zoning code, on September 11, 1991, the State of Hawaii Department of Health did grant co-developer Craig a variance to construct and use an individual wastewater system (i.e., septic tank) for Apartment B. A condition of the variance is that only low flow plumbing fixtures be used. The septic tank has been built within Yard No. B and is for the exclusive use of Apartment B.

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 (See below)</u>	_____
Structures	<u>X</u>	_____	_____
Lot	<u>X</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 C.

as follows:

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

There are no limited common elements in this project.

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

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. 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 _____.

as follows:

Apartment A	50.00%
Apartment B	<u>50.00%</u>
	100.00%

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 November 29, 1994 and revised December 5, 1994 and issued by Title Guaranty 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.

[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. Buyer's interest will be affected only 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**

Mortgage in favor of Honolulu City & County Employees Federal Credit Union encumbering only Apartment A

Buyer's interest in Apartment A will be subject to lien holder's rights. Lien will be released prior to conveyance of Apartment A to a buyer.

The Developer plans to obtain a construction loan with Bank of Hawaii which would be secured by a mortgage lien only over Apartment B. The construction loan will be released upon the sale of Apartment B.

Buyer's interest in Apartment B will be subject to lien holder's rights. Lien will be released prior to conveyance of Apartment B to a buyer.

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:**

Apartment A has no warranties in effect.

Apartment B will have the benefit of a one-year limited warranty against all defects in material and labor with respect to the construction of Apartment B. The warranty will run from the date of the issuance of the Certificate of Occupancy.

2. **Appliances:**

Each apartment owner shall have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in his or her apartment. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer makes no warranties itself; however, the Developer will assign to each apartment owner the benefit of any such warranties.

G. Status of Construction and Estimated Completion Date:

Construction of Apartment B will begin upon the recording of the mortgage securing the construction loan and will be completed approximately eight (8) months from the start date. Construction of Apartment A was completed in 1963.

H. Project Phases:

The developer has has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

None Electricity Gas Water
 Sewer Television Cable Other _____

NOTE: The sewage for Apartment A is serviced by a cesspool/seepage pit, located within Yard No. A. The sewage for Apartment B is serviced by a septic tank located within Yard No. B. As such, neither apartment is connected to or serviced by a public sewer system.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated December 14, 1994

Exhibit H contains a summary of the pertinent provisions of the escrow contract.

Other Specimen Deed

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 buyers. 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, 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 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 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 3278 filed with the Real Estate Commission on January 25, 1995.

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C. Additional Information Not Covered Above

1. To secure the contractor's obligation to complete construction of Apartment B, the Developer will use a performance bond issued by a material house rather than by a surety. Pursuant to Real Estate Commission requirements, the Developer shall not be allowed to use purchaser's funds to pay for the costs of constructing Apartment B or for other expenses of the project until Apartment B has been completed and the sale of Apartment B has closed.
2. Apartment A utilizes a cesspool/seepage pit for sewage. Though cesspools/seepage pits are no longer permitted in the area of the Project for newly constructed homes, when Apartment A was built in 1963, cesspools/seepage pits were permitted by the City and County of Honolulu. As such, Apartment A's cesspool/seepage pit is a legal nonconforming use.
3. The City and County of Honolulu considers Apartment A's unpaved off-street parking space to be nonconforming.

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.

Lucy Kamalanai Ahau and Jolene Kehaulani Haruyo Craig
Name of Developer

By: Lucy Kamalanai Ahau ^{12/21/94} Date
Duly Authorized Signatory
Co-Developer

By: Jolene Kehaulani Haruyo Craig ^{12/21/94} Date
Duly Authorized Signatory
Co-Developer

Distribution:

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

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The project consists of two residential buildings. Each residential building contains one residential apartment. Apartment A consists of one story or level and Apartment B consists of two stories or levels. Both are constructed principally of wood, masonry, concrete flooring, glass and related building materials. Neither building has a basement. Apartment A has an uncovered, unpaved parking area for one full-sized car. Apartment B has a two-car, open garage for parking.

EXHIBIT "B"

ALTERATION OF THE PROJECT

Restoration or replacement or construction of any addition, building, structure or other facility of the Project, whether only a part of or all of such building or structure, or the construction or structural alteration or addition to any structure different in any material respect from the Condominium Map filed with the Declaration, shall be undertaken by the Board (or any apartment owner) only if the Declaration is amended by instrument duly executed by the Board, pursuant to the affirmative vote of all the apartment owners and with the consent of all lien holders affecting any of the apartments. All such work shall be done in accordance with complete plans and specifications as shall have been approved in writing by the Board.

Promptly upon the completion of any work described hereunder by the Association, it shall duly record or file of record such amendment or amendments to the Declaration, together with a complete set of "as built" floor plans of the Project as so altered and so certified by a registered architect or professional engineer.

HOWEVER, notwithstanding the foregoing provisions and notwithstanding any other provision which may provide otherwise, any work involving the alteration or addition or construction within an apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall require the written consent and approval of the plans and specifications and/or the work to be done only of such apartment owner; EXCEPT, that, whenever any of the proposed work will directly affect other apartment owners, or if any lien holder of any lien affecting such apartment requires that its consent and approval be obtained, then the apartment owner proposing the work shall obtain the consents of such apartment owners who will be thus affected and/or that of the lien holder(s) who require that its consent and approval be obtained before starting the work.

All of the construction, restoration, repair and addition work by the apartment owner hereunder may be undertaken without amendment to the Declaration and without the filing of "as built" plans and certification of a licensed architect and/or professional engineer.

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in the Declaration, in fee simple.
2. All yards, grounds, landscaped areas, retaining walls, parking areas and driveways around and between the apartments.
3. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, and installations over, under and across the Project which are used by more than one apartment for services such as power, light, water, gas, refuse, telephone and radio, television and cable signal distribution, if any.
4. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient.
5. The driveway area located within Yard B designated as "Common Access Driveway" and cross-hatched as shown on the Condominium Map.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain parts of the common elements, referred to as the "Limited Common Elements," are designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant easements for the exclusive use of such Limited Common Elements. The Limited Common Elements so set aside and designated are as shown on the Condominium Map and described as follows:

1. Private Yards. The land area (or "Yard") upon which each apartment is located, as shown on the Condominium Map, is appurtenant to and for the exclusive use of such apartment, as follows:

<u>Apartment No.</u>	<u>Yard No. (approx. land area)</u>
A	A (5,092 sq. ft.)
B	B (5,041 sq. ft.)

The boundaries of the yard area appurtenant to each apartment, as shown on the Condominium Map do not represent County-approved subdivided lots. Such boundaries serve only to delineate the limited common element yard area appurtenant to each apartment.

The "Common Access Driveway" shown on the Condominium Map, shall be common area (and not part of a private yard) for use by the owner(s) of each apartment for purposes of ingress to and egress from his or her respective yard and apartment.

2. Yard A Sewage. The cesspool/seepage pit located within Yard No. A is a limited common element appurtenant to and for the exclusive use of Apartment A.
3. Yard B Sewage. The septic tank located within Yard No. B is a limited common element appurtenant to and for the exclusive use of Apartment B.

EXHIBIT "E"
ENCUMBRANCES AGAINST TITLE

Apartment A:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Grant in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, dated March 11, 1959, recorded in Liber 3589 at Page 11; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground power lines, etc., for the transmission of electricity.
3. The terms and provisions, including the failure to comply with the covenants, conditions and reservations, contained in Declaration of Horizontal Property Regime for "637 MANU OO" Condominium Project dated March 30, 1988, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22129 at Page 1 and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 1141.)
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated May 25, 1994, recorded as Document No. 94-098480.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Lucy K. Ahau Revocable Trust dated May 25, 1994.
6. Mortgage made by Lucy K. Ahau, Trustee of the Lucy K. Ahau Revocable Trust dated May 25, 1994, in favor of Honolulu City & County Employees Federal Credit Union, a federal corporation, dated July 14, 1994, recorded as Document No. 94-120381.
7. Amendment to Declaration of Horizontal Property Regime of 637 Manu O'o (Amendment to Condominium Map No. 1141), dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004458.
8. Amended and Restated Bylaws of the Association of Apartment Owners of 637 Manu O'o, dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004459.

Apartment B:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Grant in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, dated March 11, 1959, recorded in Liber 3589 at Page 11; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground power lines, etc., for the transmission of electricity.
3. The terms and provisions, including the failure to comply with the covenants, conditions and reservations, contained in Declaration of Horizontal Property Regime for "637 MANU OO" Condominium Project dated March 30, 1988, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22129 at Page 1 and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 1141.)
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated May 31, 1988, recorded in Liber 22510 at Page 680.

5. The terms and provisions, including the effect of any failure to comply with the covenants, conditions and reservations, contained in Affidavit dated July 7, 1993, recorded as Document No. 94-007955, by Jolene Craig, in consideration of the issuance by the Building Department, City and County of Honolulu, of a building permit.

6. Amendment to Declaration of Horizontal Property Regime of 637 Manu O'o (Amendment to Condominium Map No. 1141), dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004458.

7. Amended and Restated Bylaws of the Association of Apartment Owners of 637 Manu O'o, dated December 21, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-004459.

8. Mortgage made by Jolene Kehaulani Haruyo Craig and Pauline H. Craig, in favor of Bank of Hawaii, a Hawaii corporation, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-055706 on April 27, 1995.

EXHIBIT "F"

ESTIMATED MAINTENANCE FEES

The regular maintenance and repair of each unit and appurtenant limited common elements shall be the sole responsibility of each respective unit owner. Section 514A-86, Hawaii Revised Statutes, requires that the association purchase fire insurance to cover the improvements portion of the project. The Declarant anticipates that the association will elect to require each owner to obtain separate property (including fire) insurance policies for his or her respective unit pursuant to Section M of the Declaration. As such, premiums for such policies will be the individual responsibility of each unit owner. The Developer estimates that the annual premium for a fire insurance policy covering a unit in the project may be approximately \$1,200.

EXHIBIT "G"

SUMMARY OF
CONDOMINIUM DEPOSIT RECEIPT AND SALES CONTRACT

The Condominium Deposit Receipt and Sales Contract (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- (d) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- (e) Requirements relating to the purchaser's financing of the purchase of a unit.
- (f) That the unit and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- (g) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.
- (h) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (i) In the event of a default by the purchase under the Sales Contract, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

The Sales Contract contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.
- (d) Escrow may disburse Purchaser's funds only upon completion of construction of the unit, the closing of the sale of the unit and receipt by Escrow of satisfactory evidence that any mechanics' and materialmen's lines, if any, have been released, or sufficient funds have been set aside to cover such claims. Otherwise, disbursement may not occur until 46 days have elapsed since the filing with Escrow of a copy of the affidavit of publication of the notice of completion.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.