

CONDOMINIUM PUBLIC REPORT

Prepared & issued by: Developer Savio Development Co., Inc. Address 931 University Avenue, Suite 105

Project Name(\*): Ka Momi Nani Heights Address: 2156 Aumakua Street, Pearl City, Hawaii 96782

Registration No. 3288 Effective date: March 30, 1995 Expiration date: April 30, 1996

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: (yellow) 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: (white) 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: (pink) 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:

.....

**SPECIAL ATTENTION**

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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## General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Savio Development Co., Inc. Phone: (808) 942-7701  
Name (Business)  
931 University Ave., Suite 105  
Business Address  
Honolulu, HI 96826

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

Pres/VP/Treas - Peter Savio  
Sec - Phyllis Savio

Real Estate Broker: Savio Realty, Ltd. Better Homes Phone: (808) 942-7701  
Name and Gardens (Business)  
931 University Ave., Suite 202  
Business Address  
Honolulu, HI 96826

Escrow: Title Guaranty Escrow Services Phone: (808) 521-0211  
Name (Business)  
235 Queen Street  
Business Address  
Honolulu, HI 96813

General Contractor: Eastwood Construction, Inc. Phone: (808) 961-9616  
Name (Business)  
162 Kinoole St., Suite 101  
Business Address  
Hilo, HI 96720

Condominium Managing Agent: Certified Management, Inc. Phone: (808) 836-0911  
Name (Business)  
3179 Koapaka Street  
Business Address  
Honolulu, HI 96819-1927

Attorney for Developer: Edward R. Brooks  
Foley Nip Chang Brooks Tom & Miller Phone: (808) 526-3011  
Name (Business)  
737 Bishop St., Suite 2700  
Business Address  
Honolulu, HI 96813

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

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2213163

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

First Amendment of Declaration dated January 25, 1995, recorded as Land Court Document No. 2215754

- 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. 1065

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. 2213164

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	--	<u>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:

See Exhibit "A"

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: 2156 Aumakua Street Tax Map Key: (1) 9-7-57: 48  
Pearl City, Hawaii 96782 (TMK)

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

Land Area: 111,566 [X] square feet [ ] acre(s) Zoning: R-5

Lessor  
 (Fee Owner): Savio Development Co., Inc.  
 Name 931 University Avenue, Suite 105  
 Address Honolulu, Hawaii 96826

Sublessor:  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

C. Buildings and Other Improvements:

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

2. Number of Buildings: 13 Floors Per Building 2

Exhibit B contains further explanations.

3. Principal Construction Material:

Concrete     Hollow Tile     Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>13</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: \_\_\_\_\_
- [ ] Number of Occupants: \_\_\_\_\_
- [ X ] Other: See Exhibit C
- [ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None      Stairways: 18      Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A/AR</u>	<u>2</u>	<u>3/2.5</u>	<u>1,538</u>	<u>91</u>
<u>B/BR</u>	<u>3</u>	<u>"</u>	<u>1,607</u>	<u>78</u>
<u>C/CR</u>	<u>5</u>	<u>"</u>	<u>1,349</u>	<u>0</u>
<u>D/DR</u>	<u>3</u>	<u>"</u>	<u>1,489</u>	<u>96</u>

Total Apartments: 13

\*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:**

The outside surfaces of the perimeter walls and roof and the bottom surface of the footings of each apartment.

**Permitted Alterations to Apartments:**

See Exhibit D

7. Parking Stalls:

Total Parking Stalls: 31

	<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>22</u>	<u>4</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>26</u>
Guest	<u>    </u>	<u>5</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>5</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>31</u>	<u>    </u>	<u>0</u>	<u>    </u>	<u>0</u>	<u>    </u>	

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

Commercial parking garage permitted in condominium project.

Exhibit E 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):

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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

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 F.

as follows:

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

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

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

[ X ] described in Exhibit F.

[ ] 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:

[ X ] described in Exhibit G.

[ ] 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 H describes the encumbrances against the title contained in the title report dated February 8,  
and issued by Title Guaranty of Hawaii, Inc. 1995

**Blanket Liens:**

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage, Security Agreement and Financing Statement dated December 22, 1993, executed by Savio Development Co., Inc., as mortgagor, in favor of American Savings Bank, F.S.B., as mortgagee, recorded as Land Court Document No. 2114117	The Mortgage will be fully released upon sale of each individual apartment. If Developer defaults under the Mortgage prior to conveying the apartments to buyers, buyers' interests could be terminated. In the event of termination, buyers' deposits would be returned as set forth in the sales contract.

**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 I

**2. Appliances:**

NONE. See Exhibit I

**G. Status of Construction and Estimated Completion Date:**

Construction began in March, 1995 and the apartments are estimated to be completed beginning in July, 1995 and continuing until March, 1996.

**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 \_\_\_\* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

\* See Disclosure Abstract

C. Utility Charges for Apartments:

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

- None  Electricity  Gas  Water
- Sewer (common areas)  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:

- [ X] Notice to Owner Occupants
- [ X] Specimen Sales Contract  
Exhibit   J   contains a summary of the pertinent provisions of the sales contract.
- [ X] Escrow Agreement dated   January 20, 1995    
Exhibit   K   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. , as amended
- 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. 3288 filed with the Real Estate Commission on Feb. 9, 199

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

- yellow paper stock                       white paper stock                       pink paper stock

C. Additional Information Not Covered Above

NONE

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.

Savio Development Co., Inc.  
Name of Developer

By: *Peter Savio* 2-7-95  
Duly Authorized Signatory Date

Peter Savio, President  
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

DEVELOPER'S RESERVED RIGHTS  
TO CHANGE CONDOMINIUM DOCUMENTS

Following is a brief summary of certain provisions in the Declaration, By-Laws and the apartment sales contract, as indicated, wherein the Developer has reserved the right to change the condominium documents, including the Declaration, By-Laws and the Condominium Map:

I. DECLARATION

In paragraph S of the Declaration, the Developer reserves the right, at any time prior to the conveyance of an apartment to a buyer, to amend the Declaration and the By-Laws in any manner as the Developer may deem fit, and specifically, may amend the designation of the parking stalls appurtenant to the apartments. In addition, and notwithstanding the sale and conveyance of any of the apartments, the Developer reserves the right to amend the Declaration to file the "as built" verified statement (with plans, if so applicable) required by Section 514A-12, Hawaii Revised Statutes, as amended, provided (1) such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, numbers and dimensions of the apartments as built, or (2) the plans filed therewith involve only immaterial changes to the layout, location, numbers and dimensions of the apartments as built.

In paragraph U of the Declaration, the Developer reserves the right for itself and its agents, until such time as all the apartments in the Project are sold, to:

1. Grant utility and access easements, and quitclaim any easements in favor of the Project which are not required for the Project. Apartment owners agree, upon request, to join in and execute any and all documents designating, granting and quitclaiming any such easements.

2. Amend the Declaration, the Condominium Map and By-Laws consistent with any such rights granted by the Developer.

3. Maintain development facilities and conduct sales of apartments at the Project, including, maintaining model apartments, operating a sales and construction office, conducting advertising, placing signs, utilizing parking stalls, and erecting lighting in connection with such sales; provided, however, the Developer does not use any apartment (or its limited common elements) for such purposes other than an apartment owned by the Developer; provided, further, that in exercising such right, the Developer does not interfere with the right of any

apartment owner to the use of, or access to, his apartment or any of the common elements or limited common elements appurtenant thereto.

## II. BY-LAWS

In Article II, Section 2 of the By-Laws, the Developer reserves the right to exercise the powers, vote and act for the Association and the Board on all matters until the first apartment in the Project is conveyed to a buyer (except as to those rights reserved to the Developer in paragraph U of the Declaration, which rights are reserved until all of the apartments in the Project have been sold).

## III. APARTMENT SALES CONTRACT

In paragraph 13 of the sales contract the Developer, as Seller, reserves the right to modify all documents related to the Project, including the Declaration, By-Laws, Condominium Map, Apartment Deed, Rules and Regulations, the Seller's Disclosure Abstract and any exhibits to such documents.

The Seller also reserves the right to change the configurations of, or to alter the number of rooms of or to decrease or increase the size of, or to change the location of any apartment, and to make other changes in the apartments and in the common elements, and to increase or decrease the purchase price of the apartment or any other apartment in the Project, and the Seller shall disclose to Buyer all material changes in the Project which directly, substantially and adversely affect the use or value of the apartment being purchased or the common elements.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE DECLARATION, THE BY-LAWS AND THE SALES CONTRACT RESPECTING THE DEVELOPER'S RESERVED RIGHTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO THE DEVELOPER'S RESERVED RIGHTS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT B

DESCRIPTION OF BUILDINGS

The Project consists of thirteen (13) two- and three-story residential detached houses designated as apartments A through H and J through N, respectively. None of the apartments contain basements. Except for apartments K and L, each apartment includes a two-car garage. Two uncovered parking stalls on the grounds of the Project have each been assigned to apartments K and L.

## EXHIBIT C

### USE RESTRICTIONS FOR APARTMENTS AND COMMON ELEMENTS

The following provisions in the Declaration and By-Laws, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

#### I. DECLARATION

Pursuant to paragraph J of the Declaration, each residential apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the apartment owners thereof for transient or hotel purposes, as defined in the Declaration. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. Other than the foregoing restrictions, the apartment owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws.

#### II. BY-LAWS

Article VIII, Section 5 of the By-Laws lists a variety of restrictions affecting the use of the apartments and common elements, including, without limitation, restrictions as to the posting of advertisements, posters or other signs on or about the Project; noise; disposal of garbage; uses which may cause an increase in the ordinary premium rates or cancellation or invalidation of any insurance maintained by or for the Board; noxious or offensive activities; the storage of furniture, packages or other objects which could obstruct transit through the common elements; the alteration or removal of any furniture belonging to the Association; the construction or placement in the Project of any building or structure; and the alteration of any common elements of the Project.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN USE PROVISIONS STATED IN THE DECLARATION AND BY-LAWS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE USE RELATED PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

## EXHIBIT D

### PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws permit alterations to the apartments as follows:

#### I. DECLARATION

Subparagraph Q of the Declaration provides that except for changes to apartments, rebuilding, restoration or replacement of the Project, or construction of any additional building or structural alteration or addition to any building different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) or more of the apartment owners, accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file 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.

Any alterations or additions to an apartment different in any material respect from the Condominium Map of the Project, shall be undertaken by an apartment owner in accordance with the Declaration of Covenants, Conditions and Restrictions recorded as Land Court Document No. 2213162 and pursuant to an amendment of the Declaration, duly executed by the owner and accompanied by the written consent of the holders of all liens affecting the apartment, and subject to the following conditions:

1. All changes shall be at the sole expense of the apartment owner making such changes and shall be completed expeditiously and in a manner that will not unreasonably interfere with any other apartment owner's use of his apartment or yard area.

2. During construction, the apartment owner will obtain at its sole expense builder's all-risk insurance in an amount not less than the estimate cost of construction. The Association and the Developer shall be named as additional insured and, upon the Association's or the Developer's request, evidence of such insurance shall be deposited with the Developer and the Association or the Managing Agent, if any.

3. Promptly upon completion of such restoration, replacement or construction, the owner shall duly record or file of record such amendment together with a complete set of floor plans of the apartment as so altered, certified as built by a registered architect or professional engineer.

## II. BY-LAWS

Article VIII, Section 3(A) of the By-Laws provides that additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board, except as provided for in the Declaration.

THIS EXHIBIT CONTAINS EXCERPTS OF THE PROVISIONS CONTAINED IN THE DECLARATION AND THE BY-LAWS RESPECTING PERMITTED ALTERATIONS TO THE APARTMENTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO PERMITTED ALTERATIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT E

PARKING

Except for apartments K and L, each apartment includes a two-car garage. Two uncovered parking stalls on the grounds of the Project have each been assigned to apartments K and L.

The Condominium Property Act (Chapter 514A, Hawaii Revised Statutes) provides that owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the Declaration and the respective apartment deeds or condominium conveyance documents involved, which said amendment need only be signed and approved by the owners of the apartments whose parking stalls are being changed, their respective mortgagees, if any, and the condominium conveyance document lessor, if applicable.

## EXHIBIT F

### DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### I. COMMON ELEMENTS

Paragraph E of the Declaration describes the common elements as all portions of the land and improvements (other than the apartments), the land on which the buildings are located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements shall include, but shall not be limited to the following:

1. The land described in Exhibit "A".
2. Five (5) uncovered guest parking stalls;
3. The road which runs through the Project, together with the curbs, the 3-foot wide sidewalk, the 3-foot wide grass area and the retaining walls adjacent to the road and located within the limited common element yard areas of apartments A, E, F, G, H, K, L and N, all as designated on the Condominium Map.
4. The park areas adjacent to apartments A and N, which contain 7,880 square feet and 7,250 square feet, respectively, as designated on the Condominium Map.
5. 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, and normally in common use and which are not part of any apartment.

#### II. LIMITED COMMON ELEMENTS

Paragraph F of the Declaration describes the limited common elements as certain parts of the common elements which are set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. The two (2) uncovered parking stalls designated on the Condominium Map for use by apartment 30 for parking purposes only;
2. The two (2) uncovered parking stalls designated on the Condominium Map for use by apartment 31 for parking purposes only;
3. The yard areas designated on the Condominium Map and bearing the same number as each apartment, and the

irrigation systems and all trees, shrubs, grass and other plantings located therein; and

4. One (1) mailbox bearing the same letter as each apartment.

EXHIBIT G

COMMON INTERESTS

Each apartment shall have appurtenant thereto an undivided percentage interest (the "common interest") in all common elements of the Project and in all common profits and expenses of the Project and for all other purposes including voting. The common interest appurtenant to each apartment is set forth in Exhibit "B" to the Declaration, attached hereto as Exhibit G-1 and incorporated herein by reference.

EXHIBIT G-1

DESCRIPTION OF APARTMENTS & PERCENTAGE INTERESTS

<u>Apartment</u>	<u>Percentage Common Interest</u>
A	8.410
B	7.792
C	8.410
D	7.792
E	7.792
F	8.410
G	7.060
H	7.060
J	7.060
K	8.047
L	8.047
M	7.060
N	7.060

EXHIBIT H

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Designation of Easement "17" (25 feet wide) for electric power line as shown on Map 46, set forth by Land Court Order No. 19211, filed on July 24, 1961.

3. Grant dated May 14, 1965, to Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company, Incorporated, granting a perpetual easement to build, etc. for utility purposes, filed as aforesaid as Land Court Document No. 365814.

4. Designation of Easement "123" for sewer purposes as shown on Map 74, set forth by Land Court Order No. 24381, filed on June 17, 1965.

5. Designation of Easement "124" for sewer purposes as shown on Map 74, set forth by Land Court Order No. 24381, filed on June 17, 1965.

6. Grant to the City and County of Honolulu dated June 10, 1965, filed as aforesaid as Land Court Document No. 376920, granting an easement over said Easements "123" and "124".

7. Designation of Easement "A-176" for drainage purposes, as shown on Map 74, set forth by Land Court Order No. 24381, filed on June 17, 1965.

8. Designation of Easement "A-177" for drainage purposes, as shown on Map 74, set forth by Land Court Order No. 24381, filed on June 17, 1965.

9. Grant to the City and County of Honolulu dated June 10, 1965, filed as aforesaid as Land Court Document No. 376918, granting an easement over said Easements "A-176" and "A-177".

10. Covenants, conditions and restrictions set forth in Deed dated April 26, 1971, filed as aforesaid as Land Court Document No. 535874.

11. Agreement dated April 29, 1971, with Pacific Palisades Community Association regarding membership, filed as aforesaid as Land Court Document No. 535875.

12. Designation of Easement "A-311" for drainage purposes, as shown on Map 274, set forth by Land Court Order No. 52243, filed on January 19, 1979.

13. Grant dated March 2, 1994, to Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company, Incorporated,

granting a perpetual right and easement to construct, reconstruct, operate, maintain and repair and remove poles, wires, guy wires, anchors, pull boxes, etc. for the transmissions and distribution of electricity, filed as aforesaid as Land Court Document No. 2135100.

14. Ka Momi Nani Heights Declaration of Covenants, Conditions and Restrictions dated January 13, 1995, filed as Land Court Document No. 2213162.

15. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated January 13, 1995, filed as Land Court Document No. 2213163, as amended by instrument dated January 25, 1995, filed as Land Court Document No. 2215754 and may hereafter be amended in accordance with law or with said Declaration. The premises being covered by Condominium Map No. 1065.

16. By-Laws of the Association of Apartment Owners of the Condominium Project known as "KA MOMI NANI HEIGHTS", dated January 13, 1995, recorded as aforesaid as Document No. 2213164.

17. The following encroachment, protrusion and/or other survey matters affecting Lot 42-F, as shown on survey prepared by Alden S. Kajioka, Registered Professional Land Surveyor with Controlpoint Surveying and Engineering, Inc., dated May 6, 1992, to wit:

(A) Encroachment or protrusion of concrete spillway into Lot 42-F, from adjoining Lot 152, Block "E" (Map 45) of Land Court Application No. 1695; and lack of drainage easement across Lot 42-F to handle (storm) drainage from said Lot 152.

18. Mortgage in favor of American Savings Bank dated December 22, 1993 and filed as Land Court Document No. 2114117.

19. Real property taxes as may be due and owing. Check with the office of the Tax Assessor for further information.

EXHIBIT I

CONSTRUCTION WARRANTIES

Paragraph 18 of the Deposit Receipt and Sales Contract used in connection with the Project is entitled "Completion Date/Warranties/Inspection" and provides:

18. COMPLETION DATE/WARRANTIES/INSPECTION.

Construction of the Project is scheduled to be completed incrementally beginning May, 1995. The closing of the sale of the Apartment shall constitute the assignment by Seller to Buyer of all unexpired warranties, if any, given to Seller by the contractor for the Project.

Buyer acknowledges that Seller has made no other warranties, express or implied, with respect to the Project or any common element or anything installed therein. The Apartment, the Project and anything installed or contained therein are being sold "AS IS" WITH "ALL FAULTS", and Seller shall not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer is assuming all risks concerning the Apartment, the Project and anything installed or contained therein and agrees not to sue Seller for any defects Buyer may discover.

Buyer shall inspect the Apartment at such time and on such date as shall be specified by Seller in a written notice to Buyer. Since the Apartment may be occupied by tenants, Buyer might not be able to change the date Seller specifies. Buyer acknowledges that the Apartment and anything installed or contained therein are being sold in "AS IS" condition with "ALL FAULTS", and Seller will not correct any defects or deficiencies that Buyer discovers in the Apartment or anything installed or contained therein. Buyer agrees to indemnify Seller for damages or losses, including interest and reasonable attorneys' fees, resulting from Buyer's refusal to accept the Apartment from Seller.

THIS EXHIBIT CONTAINS EXCERPTS OF PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT RESPECTING CONSTRUCTION WARRANTIES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AFORESAID DOCUMENT RELATING TO SUCH WARRANTIES.

EXHIBIT J

SUMMARY OF CERTAIN PERTINENT  
PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract with the Hawaii Real Estate Commission, which contains the certain pertinent provisions summarized as follows:

5. SELLER'S CANCELLATION RIGHTS. In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) Buyer should die prior to closing, or (c) Seller is unable to sell at least fifty percent (50%) of the apartments in the Project before the date stated in the contract, Seller reserves the right to return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of this Agreement. Until then this Agreement shall remain in full force and effect.

6. CONDOMINIUM DOCUMENTS. Buyer has examined or waives such examination and approves the form of the Apartment Deed, Declaration, By-Laws, Seller's Disclosure Abstract, Rules and Regulations, Condominium Escrow Agreement, Supplementary Public Report, Condominium File Plan, and any amendments to such documents or plan. The Condominium File Plan is intended to show only the layout, location, apartment numbers and dimensions of the apartments and is not intended to be any other representation or warranty.

14. BUYER'S RIGHT TO RESCIND. Notwithstanding anything contained in paragraph 13:

(a) Except for any changes made pursuant to the terms of the Declaration, if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) Buyer's Apartment or (2) those amenities of the Project available for Buyer's use, Buyer shall have the right to rescind this sale and to receive a refund of any monies paid.

(b) Buyer's right of rescission under subparagraph (a) above shall be waived upon (1) delivery to Buyer of a disclosure document which describes the material change and contains a provision for Buyer's written approval of such change, and (2) Buyer's written approval of the material change, or the lapse of ninety (90) days since Buyer has accepted the Apartment, or the occupancy of the Apartment by Buyer; provided, if Buyer does not rescind this Agreement or execute and return the written approval or acceptance of such change within thirty (30) days from the date of delivery of such disclosure document, Buyer shall be deemed to have approved such change; provided, further, that the deemed approval shall be effective only if at the time of delivery of the disclosure document, Buyer is notified in writing of the fact that Buyer will be deemed to have approved

the change upon Buyer's failure to act within the thirty (30) day period; provided, further, that if, prior to delivery of such disclosure document, ninety (90) days have lapsed since Buyer has accepted the Apartment, or Buyer has occupied the Apartment, then Buyer's right of rescission shall not be waived unless Buyer approves such change within thirty (30) days from the date of delivery of such disclosure document; otherwise Buyer is deemed to have approved such change.

15. DEFAULT.

(a) Time is of the essence of this Agreement, and if Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer hereunder and shall fail to cure such default within ten (10) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate this Agreement by written notice to Buyer. In the event of such default, the parties hereto understand and agree that in view of the various reasons specified in the sales contract, the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such default, the parties agree that the sums paid by Buyer hereunder prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for the preparation of documents in connection with Buyer's proposed purchase of the Apartment. Seller may also pursue any other remedy at law or in equity for specific performance, damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

(b) If Seller shall default in the performance of any obligation required of Seller hereunder, Buyer shall be entitled to specific performance of this Agreement or Buyer shall have the right to cancel this Agreement. In the event of such cancellation, Seller shall repay to Buyer all sums paid by Buyer to Seller or Escrow Agent pursuant to the provisions hereof, and, in addition, Seller shall pay Buyer ONE HUNDRED AND NO/100 DOLLARS (\$100.00) as liquidated damages for Seller's default. Buyer expressly waives any right or remedy against Seller.

17. PRE-PAID ITEMS. Buyer acknowledges that Buyer will be required to prepay: (a) maintenance fees for a period of two (2) months, which amount shall constitute a non-refundable start-up fee to be transferred to the Association for use in paying the initial operating costs of the Project, (b) maintenance fees for a period of two (2) months, which amount shall constitute a contribution to the maintenance reserve fund for the Project pursuant to the Declaration, (c) real property taxes for a period of six (6) months, and (d) insurance premiums to the extent required by any first mortgage lender. Real property taxes, insurance and maintenance expenses shall be prorated as of the Closing Date or the date of actual possession, whichever sooner occurs.

20. SUBORDINATION. Buyer acknowledges that Seller has entered into an agreement with American Savings Bank, F.S.B., a Hawaii corporation ("ASB"), pursuant to which ASB has agreed to loan to Seller an aggregate amount of not to exceed TWO MILLION FOUR HUNDRED FORTY-FIVE THOUSAND FORTY-SIX AND NO/100 DOLLARS (\$2,445,046.00). Buyer further acknowledges that Seller may enter into an agreement with ASB to increase the amount of such loan and/or extend the term of such loan. Alternatively, Seller may enter into an agreement with First Hawaiian Creditcorp, Inc., GECC Financial Corporation and/or any other established financial institution (collectively, "Lender"), pursuant to which Lender may loan an aggregate amount not to exceed SEVEN MILLION AND NO/100 DOLLARS (\$7,000,000.00). In each case, interest and term shall be as stated in the sales contract. To secure any of the foregoing agreements Seller may grant to ASB or such Lender security interests covering Seller's interest in the Project, including this Agreement and the property covered by this Agreement. Buyer acknowledges and agrees that all security interests obtained by ASB or Lender in connection with such loan as well as any extensions, renewals and modifications thereof, shall be and remain at all times a lien or charge on the Project, including the property covered by this Agreement, prior to and superior to any and all liens or charges on the Project arising from this Agreement. Buyer waives and subordinates the priority or superiority of any lien under this Agreement in favor of the lien or charge on the Project of the security interests of ASB or Lender. Buyer also consents to Seller's assignment by way of security of Seller's interests in this Agreement and Buyer's escrow deposits to ASB or Lender and agrees that in the event of passage of Seller's interests therein to ASB or Lender, Buyer shall attorn to and recognize ASB or Lender or its successor in interest as the Seller hereunder.

THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE AFORESAID DOCUMENT.

EXHIBIT K

SUMMARY OF PERTINENT  
PROVISIONS OF ESCROW AGREEMENT

The Condominium Escrow Agreement dated January 20, 1995 (the "Escrow Agreement"), executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and Savio Development Co., Inc., as Owner, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Owner and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held by Escrow; or

(b) Owner shall have notified Escrow of Owner's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Owner; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Public Report, the purchaser has exercised the purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended; or

(e) Owner and purchaser shall have requested Escrow in writing and any one of the following events has occurred:

(i) no sales contract has been offered to the purchaser who has been placed on the Owner's reservation list of owner-occupant applicants; or

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Owner is limited to selling to owner-occupants; or

(iii) the purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(iv) the purchaser indicates an intent not to become an owner-occupant of such unit.

No disbursement of purchasers' funds held in escrow shall be made unless and until the apartment deed relating to the disbursements has been recorded.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE CONDOMINIUM ESCROW AGREEMENT. PROSPECTIVE BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AGREEMENT.

KA MOMI NANI HEIGHTS CONDOMINIUM PROJECT  
REGISTRATION NO. 3288  
DISCLOSURE ABSTRACT AS OF FEBRUARY 7, 1995

1. Name and Address of Project:

Ka Momi Nani Heights  
2156 Aumakua Street  
Honolulu, Hawaii

2. Name, Address and Telephone Number of Developer:

Savio Development Co., Inc.  
931 University Avenue, Suite 202  
Honolulu, Hawaii 96826  
(808) 942-7701

3. Name, Address and Telephone Number of Managing Agent of Project:

Certified Management Inc.  
3179 Koapaka  
Honolulu, Hawaii 96819  
(808) 836-0911

4. Maintenance Fees: The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein.

Notwithstanding the foregoing, each apartment owner shall not be obligated for the payment of such apartment owner's monthly maintenance fees until the Developer files an amended Disclosure Abstract with the Hawaii Real Estate Commission providing for a specific date on which such apartment owner must commence payment of such apartment owner's respective monthly maintenance fees, which amended Disclosure Abstract shall be filed with the Hawaii Real Estate Commission at least thirty (30) days prior to the date on which each apartment owner must assume responsibility for payment of such apartment owner's respective

monthly maintenance fees. Developer will furnish each apartment owner with a copy of such amended Disclosure Abstract.

5. Warranties: The Project consists of thirteen (13) apartments consisting of two and three-story single family residences. None of the apartments have basements. The apartments are being constructed by the Developer and are scheduled to be completed incrementally beginning May, 1995. The Developer will assign to each apartment owner all unexpired warranties, if any, given to the Developer by the contractor for the Project. Other than such assignment, the Project, the apartments and anything installed or contained therein are being sold on an "AS IS" with "ALL FAULTS" basis, without any other warranties whatsoever, express or implied. Paragraph 18 of the Deposit Receipt and Sales Contract used in connection with the Project provides as follows:

"18. COMPLETION DATE/WARRANTIES/ INSPECTION.

Construction of the Project is scheduled to be completed incrementally beginning May, 1995. The closing of the sale of the Apartment shall constitute the assignment by Seller to Buyer of all unexpired warranties, if any, given to Seller by the contractor for the Project.

Buyer acknowledges that Seller has made no other warranties, express or implied, with respect to the Project or any common element or anything installed therein. The Apartment, the Project and anything installed or contained therein are being sold "AS IS" WITH "ALL FAULTS", and Seller shall not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer is assuming all risks concerning the Apartment, the Project and anything installed or contained therein and agrees not to sue Seller for any defects Buyer may discover.

Buyer shall inspect the Apartment at such time and on such date as shall be specified by Seller in a written notice to Buyer. Since the Apartment may be occupied by tenants, Buyer might not be able to change the date Seller specifies. Buyer acknowledges that the Apartment and anything installed or contained therein are being sold in "AS IS" condition with "ALL FAULTS", and Seller will not correct any defects or deficiencies that Buyer discovers in the Apartment or anything installed or contained therein. Buyer agrees to indemnify Seller for damages or losses, including interest and reasonable attorneys' fees, resulting from Buyer's refusal to accept the Apartment from Seller."

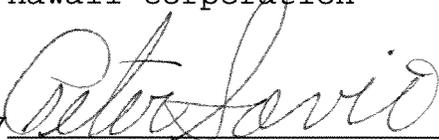
6. Number of Apartments. The Project includes thirteen (13) residential apartments. Each apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the apartment owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty (30) days; or (ii) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing restrictions, the apartment owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws.

7. Extent of Non-Residential Development. The Declaration of Condominium Property Regime for the Project does not authorize commercial or non-residential use in the Project of any of the apartments.

8. Handicap Accessibility. None of the apartments are handicap accessible.

Dated: Honolulu, Hawaii, February 7, 1995.

SAVIO DEVELOPMENT CO., INC.,  
a Hawaii corporation

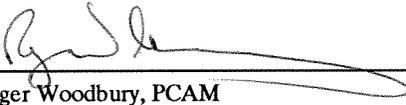
By   
Its President

Developer

EXHIBIT "A"  
 To The Disclosure Abstract  
 AOA KA MOMI NANI HEIGHTS  
 Estimated Annual Common Expense

	<u>Monthly</u>	<u>Annual</u>
<b><u>Utilities and Services</u></b>		
Electricity (common elements only)	\$60.00	\$720.00
Water and Sewer	\$75.00	\$900.00
<b><u>Maintenance, Repairs, and Supplies</u></b>		
Building	\$0.00	\$0.00
Grounds	\$225.00	\$2,700.00
<b><u>Management</u></b>		
Management Fee	\$469.00	\$5,628.00
Payroll and Payroll Taxes	\$0.00	\$0.00
Office Expenses	\$59.00	\$708.00
<b><u>Insurance</u></b>	\$1,772.00	\$21,264.00
<b><u>Reserves</u></b>	\$174.00	\$2,088.00
<b><u>Taxes and Government Assessments</u></b>	\$3.00	\$36.00
<b><u>Professional Services - Legal</u></b>	\$0.00	\$0.00
<b><u>Audit and Tax Preparation</u></b>	\$42.00	\$504.00
<b><u>Taxable Income</u></b>	( <u>\$55.00</u> )	( <u>\$660.00</u> )
<b>TOTAL</b>	<b><u>\$2,824.00</u></b>	<b><u>\$34,548.00</u></b>

I, Roger Woodbury, employed by CERTIFIED MANAGEMENT, INC. the condominium managing agent, for the condominium project AOA Ka Momi Nani Heights, hereby certify that the above estimates of the initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
 \_\_\_\_\_  
 Roger Woodbury, PCAM  
 Senior Community Association Manager

January 19, 1995  
 Date

EXHIBIT "A"  
Estimate of Initial Maintenance Fees  
and  
Maintenance Fee Disbursements

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 mos.</u>	<u>Yearly</u>
27, 28, 29, 32, 33 (7.060%)	\$200.08	\$2,400.96
22, 24, 25 (7.792%)	\$220.83	\$2,649.96
30 & 31 (8.047%)	\$228.05	\$2,736.60
21, 23, 26 (8.410%)	\$238.34	\$2,860.08

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

[ ] Revised on \_\_\_\_\_