CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer **ROBERT ALAN BOROFSKY and NANCY ANN SCHILDT**
Address **814 Kaipii Street, Kailua, Hawaii 96734**

Project Name(*): **WALI WAKALUA**
Address: **909 & 911 Kaipii Street, Kailua, Hawaii 96734**

Registration No. **3310 (Partial Conversion)**

Effective date: **June 23, 1995**
Expiration date: **July 23, 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 governmental 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 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
[ ] Supersedes all prior public reports
[ ] Must be read together with _____

_____ **SUPPLEMENTARY:** (pink) Updates information contained in the
[ ] Prelim. Public Report dated _____
[ ] Final Public Report dated _____
[ ] Supp. 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

FORM: RECO-30 286/986/189/1190/892 F:\CPR\BOROFSKY.FIN

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required [ ] Not Required - disclosures covered in this report.
and attached to this report as Exhibit H

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.

[X] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

SPECIAL ATTENTION

The Developer has disclosed the following:

(a) 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 does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

(b) No warranties are given to the purchaser as to the construction, materials or workmanship of Dwelling 911. Dwelling 911 is being sold in "as is" condition (pages 12 and 15).

(c) The Sales Contract provides that the purchaser will not have the right to sue the declarant for damages and defects of Dwelling 911 (see page 20).

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

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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Developer | Attorney for Developer | General Contractor
Real Estate Broker | Escrow Company | Condominium Managing Agent

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EXHIBIT A: Developer's Reserved Rights
EXHIBIT B: Permitted Alterations to Apartments
EXHIBIT C: Common Elements
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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 lese 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 apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Robert Alan Borofsky and Nancy Ann Schildt
Name
814 Kaipii Street
Business Address
Kailua, Hawaii 96734

Phone: (808) 263-0902
(Business)

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

Real Estate Broker: The Developer intends to sell the units as owner
Name
Business Address

Phone:
(Business)

Escrow: Hawaii Escrow & Title, Inc.
Name
700 Bishop Street
Business Address
Honolulu, Hawaii 96813

Phone: (808) 523-2977
(Business)

General Contractor: Unit 909: Stanley Bowers dba Kanale Builders
Name
834 Kainui Place
Business Address
Kailua, Hawaii 96734

Phone: (808) 262-8906
(Business)

Condominium Managing Agent: Self-Managed by the Association of Apartment Owners
Name
Business Address

Phone:
(Business)

Attorney for Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

Phone: (808) 521-4757
(Business)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances - Document No. **95-010080**
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

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

Amendment No. 1 dated May 23, 1995, recorded as Document No. 95-070658

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
[X] Recorded - Bureau of Conveyances Condo Map No. **2185**
[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded - Bureau of Conveyances - Document No. **95-010081**
[ ] Filed - Land Court Condo Map No. _____

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

Amendment No. 1 dated May 23, 1995, recorded as Document No. 95-070659

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. 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 [**X**] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75% *	**75%**
Bylaws	65%	**65%**
House Rules	--	**n/a**

* 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.

[**X**] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules.

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] 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 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 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 Apartment 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: **909 & 911 Kaipii Street**
Kailua, Hawaii 96734

Tax Map Key: **(1) 4-3-81-82** (TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: **8,132** [**X**] square feet [ ] acre(s) Zoning: **R-5**

Fee Owner : Robert Alan Borofsky and Nancy Ann Schildt
Name

814 Kaipii Street
Address

Kailua, Hawaii 96734

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building Dwelling 911: 1
   Dwelling 909: 2

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [X] Wood

   [ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[X] Residential	2	[X] Yes [ ] No	[ ] Ohana		[ ] Yes [ ] No
[ ] Commercial		[ ] Yes [ ] No	[ ] Industrial		[ ] Yes [ ] No
[ ] Mix Res/Comm		[ ] Yes [ ] No	[ ] Agricultural		[ ] Yes [ ] No
[ ] Hotel		[ ] Yes [ ] No	[ ] Recreational		[ ] Yes [ ] No
[ ] Timeshare		[ ] Yes [ ] No	[ ] Other		[ ] Yes [ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[X] Pets: **Permitted in reasonable number**

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators **-0-** Stairways **Dw. 909: 1** Trash Chutes **-0-**

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
Dw.911	**1**	**4/2**	**1,638**	
Dw.909	**1**	**3/3**	**1,614**	**227**

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:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Dwelling.

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each units)	1	3					4
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	4						

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

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] 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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

The present condition of all structural components and mechanical and electrical installation material to the use and enjoyment of Dwelling 911 appears to be good. No warranty is made as to the expected useful life of the Project.

11. Conformance to Present Zoning Code

a. [X] 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.

	Conforming	Non-Conforming	Illegal
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:

[X] 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.

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

[X] described in Exhibit D

[ ] as follows:

Note: Reference in said Exhibit D to "Dwelling Areas" 911 and 909 does not mean legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[ ] described in Exhibit _____.

[X] as follows:

Dwelling 911 - 50%
Dwelling 909 - 50%

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit E describes the encumbrances against the title contained in the title report dated March 9, 1995 and issued by Hawaii Escrow & Title, Inc.

Blanket Liens:

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

[ ] There are no blanket liens affecting title to the individual apartments.

[x] There are blanket liens which may affect title to the individual apartments.

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgages	**Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit less escrow cancellation fees.**

F. **Construction Warranties:**

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

1. Building and Other Improvements:

Purchaser understands that Dwelling 911 was built approximately in 1955. Seller is selling Dwelling 911 together with the appliances and other personal property in "as is" condition. The Seller is giving no warranties to Purchaser with respect to the construction, materials or workmanship of Dwelling 911. Seller is giving a one year warranty from the date of substantial completion on the materials and workmanship of Dwelling 909.

2. Appliances:

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

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

Dwelling 911 was built approximately in 1955.
Dwelling 909 was completed in March, 1995.

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 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

[X] the developer or the Developer's affiliate

[ ] self-managed by the Association of Apartment Owners

[ ] other _____

B. Estimate of Initial Maintenance Fees:

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

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

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

See attached Disclosure Abstract (Exhibit H)

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:

[X] None [ ] Electricity [ ] Gas [ ] Water

[ ] Sewer [ ] Television Cable [ ] Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ ] Notice to Owner Occupants

[**X**] Specimen Sales Contract
Exhibit **F** contains a summary of the pertinent provisions of the sales contract.

[**X**] Escrow Agreement dated **January 11, 1995**
Exhibit **G** contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the developer unless the Developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, 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 form 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 condominium which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. these include but are not limited to the:

   A) Condominium Public Reports issued by the Developer which have been given an effective date by the Hawaii Real Estate Commission.
   B) Declaration of Condominium Property Regime.
   C) Bylaws of the Association of Apartment Owners.
   D) House Rules (none).
   E) Condominium Map.
   F) Escrow Agreement.
   G) Hawaii's Condominium Law (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 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. **3310** filed with the Real Estate Commission on **March 28, 1995**.

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C. Additional Information Not Covered Above

SPECIAL NOTATION

The specimen Sales Contract provides in part that Purchaser understands Dwelling 911 is being sold in "as is" condition. The existence of any defect in Dwelling 911 or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his contract.

The Specimen Sales Contract further states that the Purchasers will not have any right to file any lawsuit for damages against the Seller for any defects in Dwelling 911 or in the Project.

). 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.

ROBERT ALAN BOROFSKY and NANCY ANN SCHILDT
Name of Developer

By _____ March 27, 1995
Duly Authorized Signatory Date

Robert Alan Borofsky
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraph 20 of the Declaration states:

"Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Dwelling owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such owners or by the proper officers of the Association. In addition, the approval of eligible holders of first mortgages on Dwellings to which are appurtenant at least 51% of the common interest of the project shall be required for any material amendment to the Declaration or any amendment of a provision for the express benefit of holders or insurers of first mortgages on Dwellings. An eligible holder is a holder of a first mortgage on a Dwelling which has made a written request to the Association that it receive notices of proposed changes to the Declaration. A material amendment to the Declaration is one which establishes, provides for, governs or regulates any of the following: (1) voting; (2) assessments, assessment liens, or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements; (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) responsibility for maintenance and repair of the project; (7) expansion or contraction of the project for the addition, annexational or withdrawal of property to or from the project; (8) boundaries of any Dwelling; (9) the interest in the common elements; (10) convertibility of Dwellings into common elements or of common elements into Dwellings; (11) leasing of Dwellings; (12) imposition of any right of first refusal or similar restriction on the right of a Dwelling owner to sell, transfer or otherwise convey his or her interest in the Dwelling; or (13) establishment of self management by the Association after professional management has previously been required by any of the mortgage holders.

Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Bureau of Conveyances of the State of Hawaii of a conveyance of a Dwelling, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Dwelling purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions

of an improvement or change in a Dwelling as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

Notwithstanding the foregoing, the owner of any Dwelling shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to a Dwelling in accordance with Paragraph 20.1 of this Declaration. Promptly upon completion of such changes, the owner of the changed Dwelling shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Dwelling owners and all future Dwelling owners and their mortgagees, by accepting an interest in a Dwelling, shall be deemed to have given each Dwelling owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Dwelling on the Declaration so that each Dwelling owner shall hereafter have a Power of Attorney from all the other Dwelling owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each owner's interest in his Dwelling (including his common interest) and shall be irrevocable."

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 19.1 of the Declaration states:

"Each Dwelling owner, with the consent of any holder of any mortgage affecting the owner's Dwelling, shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all liens affecting his Dwelling, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Dwelling or portions thereof or to make improvements upon the Dwelling Area appurtenant to the Dwelling (collectively, the foregoing are referred to "changes") subject to the following conditions:

(i) All building plans for any such changes shall be prepared by a licensed architect or professional engineer and conform with County building and zoning laws and other applicable County ordinances.

(ii) Any change to a Dwelling must be made within the Dwelling Area to which is appurtenant to the Dwelling.

(iii) No change shall affect the structural integrity of the common elements, and no change to a Dwelling will be made outside the Dwelling Area to which the Dwelling is appurtenant; and no change to a Dwelling will be made if the effect of such change would be to exceed the Dwelling's proportionate share of the allowable floor area or Lot area coverage for the Land or number of dwelling units or bedrooms or baths, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made. The proportionate share for each Dwelling shall be fifty percent (50%).

(iv) All such changes shall be at the expense of the Dwelling owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Dwelling owner's use of his Dwelling Area.

(v) During the entire course of such construction, the Dwelling owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(vi) The owner of the changed Dwelling shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Dwelling affected by such change for electricity, sewer and

other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project;

(vii) The owner of any changed Dwelling shall have the right and duty without the consent or joinder of any other person to amend and shall be required to amend this Declaration and the Condominium Map to accomplish any such changes. If the consent or joinder of another owner is required by the Act or to obtain a building permit or other permit for the change, then each owner hereby consents in advance to such change and agrees to sign all documents, such as permit applications, which may be necessary or desirable to effectuate the owner's consent or joinder. Promptly upon completion of such changes, the owner of the changed Dwelling shall duly record any amendment to this Declaration and Condominium Map with the Recording Office, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Dwelling owners and all future Dwelling owners and their respective mortgagees, by accepting an interest in a Dwelling, shall be deemed to have given each such other owner a Power of Attorney to execute an amendment to the Declaration and Condominium Map solely for the purpose of describing the changes to the Dwelling of such other owner in the Declaration or Condominium Map so that each owner shall hereafter have a Power of Attorney from all the other owners to execute such amendment to the Declaration and the Condominium Map. This Power of Attorney shall be deemed coupled with each owner's interest in his Dwelling (including his common interest) and shall be irrevocable.

(viii) Each and every conveyance, lease and mortgage or other lien made or created on any Dwelling and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to all owners the rights set forth in this paragraph."

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

1. The Land in fee simple;

2. The "Common Wall" separating the Dwellings as shown on the Condominium Map;

3. All other portions of the Land and improvements not specifically heretofore designated as Units, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set -aside for the exclusive use of each Dwelling, and each Dwelling shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne immediately by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Unit 911 is located, consisting of the land beneath and the portion of the Land immediately adjacent to Unit 911, as shown and delineated on the Condominium Map as "Dwelling Area 911", is for the exclusive benefit of Unit 911.

(b) The site on which Unit 909 is located, consisting of the land beneath and the portion of the Land immediately adjacent to Unit 909, as shown and delineated on the Condominium Map as "Dwelling Area 909", is for the exclusive benefit of Unit 909.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

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

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

3. Any rights, interests or claims which may exist or arise by reason of the facts shown on a survey map prepared by Wesley T. Tengan, Registered Professional Land Surveyor, Cretificate No. 6958, on October 30, 1994, as follows:

(a) an encroachment of a tile wall with wood fence situated on adjoining Lot 7 and extending onto said land by approximately 0.1 feet to 0.4 feet to 0.2 feet for length of 66.6 feet.

(b) an encroachment of a chainlink fence situated on adjoining Lot 84 and extending onto said land by approximately 0.2 feet to 0.5 feet for a length of 48.3 feet.

4. Mortgage dated September 15, 1993, recorded in said Bureau as Document No. 93-154013, in favor of Bank of Hawaii, a Hawaii corporation.

5. Declaration of Condominium Property Regime dated January 11, 1995, recorded in said Bureau as Document No. 95-010080 (Project covered by Condominium Map No. 2185). By-Laws dated January 11, 1995, recorded as Document No. 95-010081.

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the furnishings and appliances.

2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

a. An initial deposit;

b. The balance of the purchase price is to be paid to escrow by purchaser on the Closing Date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing all escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, the cost of any required title insurance, and appraisal fees and any obligations of purchaser to his mortgage lender. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, and prepay real property taxes for the remainder of the tax year.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract, which is expected to occur within 90 days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph 16); (b) Purchaser defaults under the Sales Contract (paragraph 5,2); or (c) Purchaser dies prior to Closing Date (paragraph 5.1). If

Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Purchaser to Cancel the Sales Contract. The Purchaser has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Purchaser. If Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to $250. If Purchaser does not act within the thirty (30) day period, or if the Apartment is conveyed to the Purchaser, Purchaser will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3).

b. The Purchaser may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 7.1). This right to cancel may be waived by the Buyer (read paragraph 7.2 carefully).

c. Purchaser fails to qualify for permanent financing (paragraph 16).

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow & Title, Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

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

(b) Developer shall have notified Escrow of Developer'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 Developer; or

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

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than $25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

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

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract;

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has cancelled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: WALI WAKALUA
911 Kaipii Street
Kailua, Hawaii 96734

(b) DEVELOPER: Robert Alan Borofsky and
Nancy Ann Schildt
814 Kaipii Street
Kailua, Hawaii 96734

Telephone: (808) 263-0902

(c) MANAGING AGENT: Self-Managed

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not making any warranties relating to the materials and workmanship of Dwelling 911 or the common elements. The Developer is making a one year warranty from the date of substantial completion on the materials and workmanship of Dwelling 909.

4. USE OF UNITS. The WALI WAKALUA Condominium Project will consist of two (2) unit(s) which will be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose.

5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by EDWARD A. RESH, Registered Professional Architect, the Developer states:

a. The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of the condominium appears to be good.

b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES

For Period February 1, 1995 to January 31, 1996
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance and *Water/Sewer and Electricity:	$-0-
**Fire/Liability Insurance:	$2,640
Management Fee:	$-0-
***Miscellaneous:	$-0-
TOTAL ANNUAL EXPENSES	$2,640

Estimated Monthly Expenses

($2,640 ÷ 12 months):	$ 220

Estimated Monthly Maintenance Fee for Each Apartment:

Estimated Monthly Expenses:	$ 110
TOTAL MONTHLY MAINTENANCE FEE FOR EACH APARTMENT:	$ 110

Note:

* All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

** It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and naming the Association of Apartment Owners as an additional insured. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association to be shared by the Apartment Owners.

*** When it will be necessary to repair and maintain the Common Driveway which is a common element to the Project, it is contemplated that the expense of such repair and maintenance will be shared equally among the apartment owners.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

ROBERT ALAN BOROFSKY

NANCY ANN SCHILDT

"Developer"

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