

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer SAVIO DEVELOPMENT CO., INC.

Address 931 University Avenue Suite 105, Honolulu, Hawaii 96826

Project Name(\*): KAPALAMA GARDENS

Address: 1325 N. School Street, Honolulu, Hawaii 96817

Registration No. 3336 (conversion)

Effective date: June 9, 1995

Expiration date: July 9, 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: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

X FINAL: The developer has legally created a condominium and has filed complete information with the Commission.

- [X] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with

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

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

(\* Exactly as named in the Declaration

Disclosure Abstract Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

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## General Information On Condominiums

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

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

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

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

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

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

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

## Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: SAVIO DEVELOPMENT CO., INC. Phone: (808) 942-7701  
Name (Business)  
931 University Avenue, 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  
Secretary - Phyllis Savio  
\_\_\_\_\_  
\_\_\_\_\_

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

Escrow: Title Guaranty Escrow Servies, Inc. Phone: (808) 521-0211  
Name (Business)  
235 Queen Street  
Business Address  
Honolulu, Hawaii 96813

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

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

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

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

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 95-034875  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2224309

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

The First Amendment of Declaration of Kapalama Gardens was recorded on May 10, 1995, as Document No. 95-062179 and Land Court Document No. 2234884.

- 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. 2219  
 Filed - Land Court Condo Map No. 1075

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. 95-034876  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2224310

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>pending</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 Converted 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 lessor'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: 1325 N. School Street Tax Map Key: (1) 1-6-5-58  
Honolulu, Hawaii 96817 (TMR)

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

Land Area: 39,996  square feet  acre(s) Zoning: A-2

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: Four (4) Floors Per Building Bldg. A - basement + 3 stories  
Bldg. B - 2 stories  
Bldg. C & D - 3 stories  
 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>48</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>9</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

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

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

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

Other: SEE EXHIBIT C \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None      Stairways: 3      Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sq)*</u>	<u>Lanai/Patio (sq)</u>
<u>see page 11a</u>	<u>11a</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Total Apartments: 57

\*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 interior surfaces of the perimeter walls, floors and ceilings of each of the 57 apartment in the Project.

Permitted Alterations to Apartments:

SEE EXHIBIT D

<u>Apartment Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)</u>	<u>Lanai/ Patio</u>
A	20	2/1	556	None
B	16	2/1	556	None
C	3	1/1	376	None
D	3	1/1	397	None
E	2	1/1	414	None
F	1	0/1	496	None
G	1	0/1	529	None
H	1	0/1	505	None
I	1	0/1	656	None
A-01	1	0/0	1,172	None
A-02	1	0/0	603	None
A-03	1	0/0	638	None
A-101	1	0/0	568	None
A-102	1	0/0	590	None
A-103	1	0/0	859	None
A-104	1	0/0	830	None
A-201	1	0/0	295	None
A-202	1	0/0	308	None

NOTE: Apartment Types A through I are residential apartments.  
Apartments A-01 through A-202 are commercial  
apartments.



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 (see DISCLOSURE ABSTRACT and page 20 for	
Structures	_____	_____	_____ further information
Lot	_____	_____	_____

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.

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

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:

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 May 31, 1995 and issued by Title Guaranty of Hawaii, Inc.

**Blanket Liens:**

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

- There are no blanket liens affecting title to the individual apartments.
- 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>
Purchase Money First Mortgage; Second Mortgage; Security Agreement and Financing Statement dated May 25, 1995, by Savio Development Co., Inc., a Hawaii corporation, as mortgagor, in favor of Central Pacific Bank, a Hawaii banking corporation, as mortgagee, recorded as Document No. 95-071864 and Land Court Document No. 2240222	If the Mortgagor defaults under the Mortgage, or if Developer defaults under any future mortgage given by Developer prior to conveying the apartment to buyer, buyer's interest could be terminated. In that event, buyer's deposit would be returned as set forth in buyer's 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:**

SEE EXHIBIT I

**2. Appliances:**

SEE EXHIBIT I

G. Status of Construction and Estimated Completion Date:

Building A in the Project was constructed in 1947 and Building B, C and D were constructed in 1974.

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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- 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 (common elements)
- Sewer
- Gas
- Television Cable
- Water
- Other refuse collection \_\_\_\_\_

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit J contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated March 28, 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 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. 3336 filed with the Real Estate Commission on May 11, 1991

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C. Additional Information Not Covered Above

Pursuant to Sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that the Developer, Peter B. Savio, (RB-7459), is a current and active Hawaii-licensed real Estate broker. Further, that Peter B. Savio is the principal broker for Savio Realty, Ltd. Better Homes and Gardens and pursuant to Section 16-99-119c), HAR, "(n)o licensee shall advertise 'For Sale by Owner, . . .'"

The Commercial Building of this project is considered legally nonconforming. Accordingly, the City and County of Honolulu on January 26, 1995 stated;

"If the building is destroyed by any means to an extent of more than 50% of its replacement value at the time of destruction, it shall not be reconstructed except in conformity with the provisions of Sections 3,120 and 3,130 of the Land Use Ordinance."

The Developer has not applied for an Existing Use Permit.



## 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, Rules and Regulations ("House Rules") 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 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 16 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 make minor changes in any apartment sold under a sales contract, other apartments in the Project and in the common elements or limited common elements; provided, however, that except as provided in the Declaration, no changes shall be made which substantially affect the physical location or design of the apartment sold under the sales contract.

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 four (4) buildings containing a total of fifty-seven (57) condominium apartments (the "apartments"), of which nine (9) are commercial apartments and forty-eight (48) are residential apartments. The commercial apartments are designated as Apartments A-01 through A-03, A-101 through A-104, A-201 and A-202. The residential apartments are designated as Apartments A-301 through A-304, B-211 through B-214, B-311 through B-314, C-121 through C-126, C-221 through C-226, C-321 through C-326, D-101 through D-106, D-201 through D-206, and D-301 through D-306.

Building A is comprised of a basement and three (3) stories. The building contains a total of thirteen (13) apartments - three (3) commercial apartments in the basement, four (4) commercial apartments on the first floor, two (2) commercial apartments on the second floor and four (4) residential apartments on the third floor.

Building B is comprised of two (2) stories built over a first floor/ground level parking area and laundry room. Building B has no basement. The building contains a total of eight (8) residential apartments - four (4) on the second floor and four (4) on the third floor.

Building C is comprised of three (3) stories, without a basement. The building contains a total of eighteen (18) residential apartments - six (6) on each floor.

Building D is comprised of three (3) stories, without a basement. The building contains a total of eighteen (18) residential apartments - six (6) on each floor.

The buildings are constructed primarily of masonry. There are sixty-six (66) parking stalls in the Project, of which seventeen (17) are covered and fifteen (15) are compact.

## EXHIBIT C

### USE RESTRICTIONS FOR APARTMENTS AND COMMON ELEMENTS

The following provisions in the Declaration, By-Laws and House Rules, 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 owners of the residential 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.

The commercial apartments may be used for any purpose which may be permitted by applicable zoning ordinances and other laws. An owner of a commercial apartment may lease such apartment provided that such lease 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; the alteration of any common elements of the Project; installation or maintenance of any television or other antennas in the Project visible from any point outside of the Project; and the keeping of pets.

### III. HOUSE RULES

Section A of the House Rules lists restrictions affecting the apartments, including, without limitation, restrictions as to the exterior appearance of the apartments (i.e., prohibitions against attaching or hanging awnings, venetian blinds, window guards, radio or television antenna, planters, garments and other objects to the exterior of the apartments); noise; the keeping of pets; disposal of rubbish; the keeping of explosives or other flammable, noxious materials; and the conduct of guests.

Section B of the House Rules lists restrictions affecting the common and limited common elements of the Project, including, without limitation, restrictions as to soliciting for sales of goods and services; the storage of surfboards and bicycles; the alteration or removal of the furniture made available in the common areas; obstructing access in the Project; litter; the conduct of children; and removal, picking or transplanting of any of the Project landscaping.

Section C of the House Rules lists general restrictions affecting the Project, including, without limitation, restrictions as to creating any hazards in the Project; waterbeds; hazardous materials; fireworks; and renting of the apartments.

Section D of the House Rules lists restrictions affecting vehicles in the Project, including, without limitation, restrictions as to the washing, cleaning or polishing of cars and motorcycles; storage of personal items in the parking stalls; movement of vehicles while in the Project; parking which may impede or prevent ready access to any entrance or to any exit from the Project by another vehicle; and repairing automobiles or motorcycles in the Project.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN USE PROVISIONS STATED IN THE DECLARATION, BY-LAWS AND HOUSE RULES. 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 as otherwise provided in the Declaration, 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 or any apartment owner only 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.

Subject to the satisfaction of certain specified conditions, the following non-structural alterations or improvements may be made with the written consent of the Board and the holders of all liens affecting the apartment (if the lien holders require such consent and approval), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project so altered:

(a) The owner of any two or more residential apartments may alter or remove all or portions of the intervening wall, floor or ceiling at his own expense.

(b) Any residential apartment owner may from time to time, at his own expense, install, maintain and rearrange partitions and other improvements within his apartment, including a wall and door to replace the flexible partition described in paragraph D above.

Subject to the satisfaction of certain specified conditions, (x) any commercial apartment owner may from time to time, without the consent or joinder of the Association, the Board or any other apartment owner, subdivide an apartment into two or more apartments; (y) any owner of two or more adjacent commercial apartments may from time to time, without the consent or joinder of the Association, the Board or any other apartment owner, consolidate the apartments into a single apartment; (z)

any commercial apartment owner may from time to time, without the consent or joinder of the Association, the Board, or any other apartment owner, do architectural, structural, mechanical and electrical renovation work to the commercial apartments and their limited common elements, as well as to the common elements adjacent to such apartments or limited common elements.

## 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

Each apartment has appurtenant to such apartment as a limited common element the parking space(s) designated in Exhibit "B" to the Declaration, attached hereto as Exhibit E-1 and incorporated herein by reference.

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.

The House Rules contain specific provisions concerning vehicles and parking, which owners should thoroughly understand. The provisions cover restrictions relating to, without limitation, vehicle registration by residents with the Board of Directors or Managing Agent, washing of vehicles, storage of personal items in parking stalls, and avoidance of access problems caused by vehicles. The House Rules also address particular problems such as tow-away for unauthorized parking and operation of vehicles while in the Project. Nuisances created by repairs, maintenance, noise and improper or unsafe vehicle operating conditions are prohibited. Owners will be held responsible for violations of parking rules by their lessees, renters or guests.

EXHIBIT E-1

<b>Apartment Number</b>	<b>Parking Stall</b>
A-01	6,7,8,9
A-02	4,5
A-03	2,3
A-101	41
A-102	40
A-103	43
A-104	42
A-201	10
A-202	44
A-301	51
A-302	50
A-303	49
A-304	48
B-211	61
B-212	18
B-213	57
B-214	12
B-311	27
B-312	17
B-313	36
B-314	33
C121	1
C122	13
C123	19
C124	64
C125	31
C126	30
C221	11
C222	52
C223	26
C224	29
C225	34
C226	22
C321	15
C322	53
C323	24
C324	14
C325	21
C326	63

<b>Apartment Number</b>	<b>Parking Stall</b>
D-101	39
D-102	37
D-103	38
D-104	20
D-105	25
D-106	28
D-201	62
D-202	55
D-203	56
D-204	16
D-205	23
D-206	32
D-301	59
D-302	60
D-303	54
D-304	58
D-305	35
D-306	65
Guest	45, 46, 47, 66

## 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. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surfaces within each apartment), roofs, corridors, stairways, walkways, entrances and exits of said building.
3. All yards, grounds, planters, landscaping, refuse and like facilities.
4. All driveways, parking area entryways and exitways, and the sixty-six (66) parking stalls designated on the Condominium Map, including four (4) guest parking stalls as designated on the Condominium Map.
5. The laundry room located on the ground level below Building B, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all boilers, tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the buildings for common use.
6. All balconies, corridors and stairways situate within the Project and not within any apartment.
7. Eighteen (18) garden plots located along the Ewa and Makai boundaries of the Project, behind Buildings C and D, as shown on the Condominium Map.
8. Any and all other apparatus and installations of common use and all other parts of the property 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 parking stall(s) designated for such apartment in Exhibit "B";
2. One (1) mailbox located on the ground level below Building B, which mailbox bears the same number as the number of the apartment.
3. The first floor frontage areas located at the front of each of apartments A-101, A-102, A-103 and A-104, as shown on the Condominium Map, shall be limited common elements appurtenant to and for the exclusive use of the respective apartments which they front.
4. The room containing a toilet and a sink located at the Ewa-Makai corner of the first floor of Building A, shall be a limited common element appurtenant to and for the exclusive use of Apartments A01, A02 and A03.
5. The basement frontage areas located at the front of each of apartments A01, A02, and A03, as shown on the Condominium Map, shall be limited common elements appurtenant to and for the exclusive use of the respective apartments which they front.
6. The balcony located at the rear of apartments A-101 and A-102, shall be a limited common element appurtenant to said apartments and shall be used solely for access, ingress and egress, and no other purposes. (NOTE: There is no door in either apartment A-101 or A-102 which opens on to such balcony. The Developer does not make any representation as to whether such a door may be installed and shall in no event be responsible for such installation.)
7. The balcony located at the rear of apartments A-103 and A-104, shall be a limited common element appurtenant to said apartments and apartments A01, A02 and A03, and shall be used solely for access, ingress and egress, and no other purposes. (NOTE: There is a door in apartment A-104 which opens on to such balcony. However, there is no such door in apartment A-103. The Developer does not make any representation as to whether such a door may be installed and shall in no event be responsible for such installation.)

8. The balcony located at the rear of apartments A-201 and A-202, shall be a limited common element appurtenant to said apartments and shall be used solely for access, ingress and egress, and no other purposes.

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

<b>Apartment Number</b>	<b>Percentage Common Interest</b>
A-01	3.822%
A-02	1.966%
A-03	2.080%
A-101	1.852%
A-102	1.924%
A-103	1.911%
A-104	1.816%
A-201	0.962%
A-202	1.004%
A-301	1.617%
A-302	1.725%
A-303	1.647%
A-304	2.139%
B-211	1.350%
B-212	1.813%
B-213	1.813%
B-214	1.813%
B-311	1.350%
B-312	1.813%
B-313	1.813%
B-314	1.813%
C121	1.295%
C122	1.813%
C123	1.813%
C124	1.813%
C125	1.813%
C126	1.813%
C221	1.295%
C222	1.813%
C223	1.813%
C224	1.813%
C225	1.813%
C226	1.813%
C321	1.295%
C322	1.813%
C323	1.813%
C324	1.813%
C325	1.813%
C326	1.813%

<b>Apartment Number</b>	<b>Percentage Common Interest</b>
D-101	1.226%
D-102	1.813%
D-103	1.813%
D-104	1.813%
D-105	1.813%
D-106	1.813%
D-201	1.226%
D-202	1.813%
D-203	1.813%
D-204	1.813%
D-205	1.813%
D-206	1.813%
D-301	1.226%
D-302	1.813%
D-303	1.813%
D-304	1.813%
D-305	1.813%
D-306	1.813%

EXHIBIT H

ENCUMBRANCES AGAINST TITLE

1. -AS TO PARCEL SECOND:- Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. -AS TO PARCEL SECOND:- Unrecorded letter agreement dated March 1, 1995, by and between Edwin Yamaguchi, Lillian Yamaguchi and the City and County of Honolulu, Department of Public Works, relative to a conditional approval of and for a variance to permit portions of a rock wall to encroach onto the bank of the adjacent drainage canal owned by the City.

3. -AS TO LOTS A-11 AND B OF PARCEL FIRST, AND PARCEL SECOND:-

(A) 10-foot Roadway Setback Line as shown on survey map prepared by Alden S. Kajioaka, Registered Professional Surveyor, with Controlpoint Surveying and Engineering, Inc., dated January 31, 1995.

(B) Eaves of three-story building on the northeast side of property encroaches into said 10-foot roadway setback line.

4. The restrictions on use and other restrictions and all other covenants, agreement, obligations, conditions, reservations, easements and other provisions set forth in Kapalama Gardens Declaration of Condominium Property Regime of dated ----- (acknowledged March 10 and 13, 1995), recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2224309 and in the Bureau of Conveyances of the State of Hawaii as Document No. 95-034875, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Land Court Condominium Map No. 1075 and Condominium Map No. 2219.) Said Declaration was amended by instrument dated May 2, 1995, filed as Land Court Document No. 2234884 and recorded as Document No. 95-062179.

5. Bylaws of the Association of Apartment Owners of Kapalama Gardens dated March 13, 1995, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2224310 and in the Bureau of Conveyances of the State of Hawaii as Document No. 95-034876, as the same may hereafter be amended.

6. Any unrecorded tenant leases.

7. For real property taxes due and payable, refer to Director of Finance, City and County of Honolulu.

8. Purchase Money First Mortgage; Second Mortgage; Security Agreement and Financing Statement dated May 25, 1995, by Savio Development Co., Inc., a Hawaii corporation, as mortgagor, in favor of Central Pacific Bank, a Hawaii banking corporation,

as mortgagee, recorded as Document No. 95-071864 and Land Court Document No. 2240222.

9. Collateral Assignment of Leases and Rents dated May 25, 1995, by Savio Development Co., Inc., a Hawaii corporation, in favor of Central Pacific Bank, a Hawaii banking corporation, recorded as Document No. 95-071865. (Not noted on Transfer Certificate of Title No. 457,329.)

EXHIBIT I

CONSTRUCTION WARRANTIES

Paragraphs 7 and 8 of the Deposit Receipt and Sales Contract used in connection with the Project provide as follows:

7. APARTMENT BEING SOLD "AS IS" WITH "ALL FAULTS". The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

8. SELLER'S DISCLAIMER OF WARRANTIES.

(a) No Warranties of Seller. Buyer understands and agrees that Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" with "ALL FAULTS", and Seller will 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 will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer.

(b) Seller's Disclaimer as Essential Factor for Low Purchase Price. Buyer acknowledges and agrees that Seller's disclaimer of warranties contained in this paragraph 8 is an essential element in the determination of the low purchase price for the Apartment being sold to Buyer. This means that the Apartment would not have been sold to Buyer for the amount of the purchase price stated in this Agreement without Seller's disclaimer of warranties.

(c) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer

acknowledges that in light of the ages of the buildings in the Project, there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer and the Association should have the apartments and the Project inspected to determine the extent of such contamination and any necessary remedial action. Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

(d) Americans with Disabilities Act. Without limiting the generality of subparagraph (a) above, Seller shall in no event be liable or responsible for making any alterations or improvements necessary to ensure that the Project (including the common elements) or any Apartment are in compliance with the provisions of the Americans with Disabilities Act ("ADA"), 42 U.S.C. §§ 12101 through 12213, as amended, or any and all rules and regulations promulgated thereunder, including without limitation any and all design requirements specified by the ADA. The Association may use all or a portion of the capital improvement fund described in paragraph 6 above to make such alterations or improvements to the common elements.

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 PERTINENT  
PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract with the Hawaii Real Estate Commission, which contains 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, (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 the contract. Until then the contract remains 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, Final Public Report, Condominium Maps, and any amendments to such documents or plan. The Condominium Maps are intended to show only the layout, location, apartment numbers and dimensions of the apartments and are not intended to be any other representation or warranty.

17. BUYER'S RIGHT TO RESCIND. Notwithstanding anything contained in paragraph 16:

(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 the 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 the contract 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.

18. DEFAULT.

(a) Time is of the essence of the contract, and if Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer 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 the contract 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 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 the contract or Buyer shall have the right to cancel the contract. In the event of such cancellation, Seller shall repay to Buyer all sums paid by Buyer to Seller or Escrow Agent, 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.

20. 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.

21. SUBORDINATION. Buyer acknowledges that Seller may enter into agreements with First Hawaiian Creditcorp, Inc.,

American Savings Bank, F.S.B., GECC Financial Corporation and/or any other established financial institution (collectively, "Lender") pursuant to which Lender may loan an aggregate amount not to exceed TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00), at an interest rate which shall not be more than thirteen percent (13%) per annum or twenty-four percent (24%) per annum upon Seller's default, for a term not to exceed five (5) years. To secure the loan, Seller may grant to Lender security interests covering Seller's interest in the Project land and the Project, including the contract. Buyer acknowledges and agrees that all security interests obtained by 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 Apartment covered by the contract, prior to and superior to any and all liens or charges on the Project arising from the contract. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under the contract in favor of the lien or charge on the Project of the security interests of Lender. Buyer also consents to Seller's assignment by way of security of Seller's interests in the contract and Buyer's escrow deposits to Lender and agrees that in the event of passage of Seller's interests therein to Lender, Buyer shall attorn to and recognize Lender or its successor in interest as the Seller under the contract, with all of the rights of the Seller hereunder, as if Lender were the original Seller.

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 March 28, 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 THE PROVISIONS CONTAINED IN THE CONDOMINIUM ESCROW AGREEMENT. PROSPECTIVE BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AGREEMENT.