

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer TERRAZZA, LTD. Address 1020 GREEN ST., HONOLULU, HI 96822

Project Name(\*): TERRAZZA Address: 1020 GREEN ST., HONOLULU, HI 96822

Registration No. 3494 (CONVERSION) Effective date: April 19, 1996 Expiration date: May 19, 1997

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.

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: TERRAZZA, LTD. Phone: (808) 533-4111  
Name  
1020 GREEN ST.  
Business Address  
HONOLULU, HI 96822  
(Business)

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

JASON PATRICK LUM - President  
MARTA GRESCHIK - Vice President  
STEPHEN WILLIAMS - Secretary  
VIVA LEFLAR - Treasurer

Real Estate  
Broker: CENTURION REALTY & MANAGEMENT CORP. Phone: (808) 949-6102  
Name  
2875 S. KING ST.  
Business Address  
HONOLULU, HI 96826  
(Business)

Escrow: LONG & MELONE ESCROW, LTD. Phone: (808) 523-2358  
Name  
1001 BISHOP ST. #2770  
Business Address  
HONOLULU, HI 96813  
(Business)

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

Condominium  
Managing  
Agent: ALII OHANA PROPERTY MANAGEMENT, INC. Phone: (808) 947-3331  
Name  
1580 MAKALOA ST. #1130  
Business Address  
HONOLULU, HI 96814  
(Business)

Attorney for  
Developer: RICHARD HACKER Phone: (808) 528-2882  
Name  
1188 BISHOP ST. #1703  
Business Address  
HONOLULU, HI 96813  
(Business)

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

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 95-146559  
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]:

FIRST AMENDMENT TO DECLARATION RECORDED AS DOC NO. 95-146561  
SECOND AMENDMENT TO DECLARATION RECORDED AS DOC NO. 96-009080

- 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. 2309  
 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  
 Recorded - Bureau of Conveyances: Document No. 95-146560  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                   Canceled             Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payment 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: 1020 GREEN ST., Tax Map Key: (1) 2-4-017:006  
(TMK)

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

Land Area: 22,799 [X] square feet [ ] acre(s) Zoning: A-2

Fee Owner : TERRAZZA, LTD.  
 Name 1020 GREEN STREET  
 Address HONOLULU, HAWAII 96822

Sublessor: N/A  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

C. Buildings and Other Improvements:

1.  New Building(s)     Conversion of Existing Building(s)     Both New Building(s) and Conversion  
 2. Number of Buildings: 2 Floors Per Building 4 & 8 (BLDG A & B)

Exhibit \_\_\_\_\_ 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>61</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: SMALL ANIMALS PERMITTED BY BOARD

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

Other: SEE EXHIBIT G

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1                      Stairways: 3                      Trash Chutes: 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>101A</u>	<u>24</u>	<u>1/1</u>	<u>410</u>	<u>88</u>
<u>PH1A</u>	<u>1</u>	<u>1/1</u>	<u>1257</u>	<u>37</u>
<u>PH2A</u>	<u>2</u>	<u>1/1</u>	<u>727</u>	<u>22</u>
<u>PH4A</u>	<u>1</u>	<u>1/1</u>	<u>718</u>	<u>22</u>
<u>PHSA</u>	<u>1</u>	<u>1/1</u>	<u>315</u>	<u>14</u>

\*\*\*\* CONTINUED ON EXHIBIT B

Total Apartments: 61

\*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:      NONE

Permitted Alterations to Apartments:      SEE EXHIBIT H

7. Parking Stalls:

Total Parking Stalls: 42

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)			22	20			42
Guest							0
Unassigned							0
Extra for Purchase							0
Other:							0
Total Covered & Open	0		42		0		

Each apartment will have the exclusive use of at least \_\_\_\_\_ parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use. CERTAIN APARTMENTS DO NOT HAVE A PARKING STALL. SEE EXHIBIT C OF THE SECOND AMENDED DECLARATION FOR ADDITIONAL INFORMATION.

Commercial parking garage permitted in condominium project.

Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool       Storage Area       Recreation Area

Laundry Area       Tennis Court       Trash Chute

Other: \_\_\_\_\_

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

There are no violations.       Violations will not be cured.

Violations and cost to cure are listed below.       Violations will be cured by \_\_\_\_\_

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

EXISTING FOUNDATION: STABLE

FLOOR/EXTERIOR WALLS: STRUCTURALLY SOUND

ROOF: GOOD

PLUMBING/ELECTRICAL: MEETS CODE

The developer has expressed no opinion as to the useful life of the structure.

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	x		
Structures		x (See p.20)	
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 restriction 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 I.

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 \_\_\_\_\_.

as follows: One (1) mailbox located on the Project grounds, bearing the same number as the number of the apartment. Parking stalls 1 through 42 are assigned as follows: 1:308-A; 2:201-A; 3:301-A; 4:PH4-A; 5:PH2-A; 6:206-A; 7:PH1-A; 8:207-A; 9:302-A; 10:PHS-A; 11:105-a; 12:303-A; 13:107-A; 14:101-A; 15:305-A; 16:208-A; 17:711-B; 18:811-B; 19:410-B; 20:106-A; 21:203-A; 22:104-A; 23:306-A; 24:307-A; 25:411-B; 26:512-B; 27:809-B; 28:612-B; 29:613-B; 30:712-B; 31:710-B; 32:812-B; 33:511-B; 34:209-B; 35:709-B; 36:813-B; 37:413-B; 38:810-B; 39:713-B; 40:609-B; 41:509-B; 42:PH3-A

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 C.

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 A describes the encumbrances against the title contained in the title report dated JAN. 23 1996 and issued by LONG & MELONE, LTD.

Blanket Liens:

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
MORTGAGE	Buyers' interest will be terminated and deposits will be refunded, 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:** NO WARRANTIES; EACH APARTMENT IS "AS IS" THIS PROJECT IS A CONVERSION OF FULLY CONSTRUCTED BUILDINGS TO CONDOMINIUM STATUS. SAID BUILDINGS ARE IN COMPLIANCE WITH ALL ORDINANCES, CODES, RULES AND REGULATIONS, OR OTHER REQUESTS IN FORCE AT THE TIME OF THIS CONSTRUCTION. NO VARIANCE HAS BEEN GRANTED FROM ANY ORDINANCE, CODE, RULE, REGULATION OR FROM ANY OTHER REQUEST.
2. **Appliances:** THE BUILDINGS WERE CONSTRUCTED IN 1959 & 1961 AND ALL APARTMENTS, BUILDINGS, AND OTHER IMPROVEMENTS AND APPLIANCES ARE SOLD WITHOUT WARRANTIES, "AS IS".

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

BUILDING A, FOUR STORY STRUCTURE WAS CONSTRUCTED IN 1957

BUILDING B, EIGHT STORY STRUCTURE WAS CONSTRUCTED IN 1963

**H. Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

- None  Electricity  Gas  Water
- Sewer (COMMON ELEMENT ONLY)
- Television Cable  Other REFUSE COLLECTION

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated NOVEMBER 14, 1995  
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
  - AND
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime; AS AMENDED
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules. (NONE)
  - 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. 3494 filed with the Real Estate Commission on 1/29/96

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C. Additional Information Not Covered Above

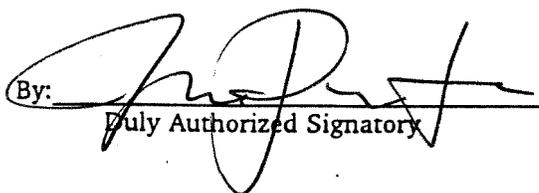
JASON LUM, PRESIDENT OF DEVELOPER TERRAZZA LTD., IS A REALTOR ASSOCIATE WITH CENTURION REALTY AND MANAGEMENT CORP. SECTION 19-99-11(c), HAWAII ADMINISTRATIVE RULES, SPECIFIES NOT "(N)O LICENSEE SHALL BE ALLOWED TO ADVERTISE 'FOR SALE BY OWNER', OR 'FOR RENT BY OWNER', 'FOR LEASE BY OWNER', 'FOR EXCHANGE BY OWNER'."

ACCORDING TO A LETTER, DATED SEPTEMBER 29, 1995 FROM THE CITY BUILDING DEPARTMENT, THESE ARE NON-CONFROMING STRUCTURES. A POTENTIAL BUYER, THEREFORE, SHOULD REVIEW, AMONG OTHER THINGS, THE PROVISIONS OF §21-3.120(b) OF THE LAND USE ORDINANCE, RELATING TO THE CIRCUMSTANCES IN WHICH A NON-CONFORMING STRUCTURE MAY BE REBUILT IF IT WERE DESTROYED TO AN EXTENT OF MORE THAN 50% OF ITS UTILIZATION, THE PRESENT PRACTICE IS TO CONSIDER ON A CASE BY CASE BASIS WHETHER THE REBUILT STRUCTURE WOULD HAVE TO CONFORM WITH PRESENT REQUIREMENTS OF THE LAND USE ORDINANCE, INCLUDING PARKING REQUIREMENTS.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

TERRAZZA, LTD.

\_\_\_\_\_  
Name of Developer

By:   
Duly Authorized Signatory

3/31/96  
Date

JASON PATRICK LUM

\_\_\_\_\_  
print name & title of person signing above

Distribution:

Department of Finance, CITY & COUNTY OF HONOLULU  
Planning Department, CITY & COUNTY OF HONOLULU  
Federal Housing Administration

**EXHIBIT "A"**  
**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.

Tax Map Key: Oahu 1-2-4-17-6

2. Title to all of all mineral and metallic mines reserved to the State of Hawaii.

3. **MASTER LEASE**

Lessor(s) : Kathleen Ryan Hodges  
Lessee(s) : Terrazza, Ltd., a Hawaii corporation  
Dated : April 24, 1957  
Recorded in the Bureau of Conveyances in Book 3265, Page 161.  
Term : 74 years and 5 months from May 1, 1957  
Which said Lease was, by mesne assignments, assigned  
To : Terrazza, Ltd., a Hawaii corporation  
From : Clarence O. Furuya, husband of Lorna L.  
Furuya, and Yuriko Y. Furuya, wife of George  
K. Furuya

By Assignment of Lease dated May 9, 1991

Recorded in the Bureau of Conveyances as Document No. 92-078316.  
Consent thereto given by Edwin A. Hodges, Trustee under  
Declaration of Trust dated October 21, 1980, by instrument dated  
April 21, 1995, effective May 1, 1995, recorded in the Bureau of  
Conveyances as Document No. 95-057238.

The Lessor's interest in the foregoing Lease was assigned by  
mesne Assignments, to Terrazza, Ltd., a Hawaii corporation, by  
instrument dated May 1, 1995, recorded in the Bureau of  
Conveyances as Document No. 95-057238.

4. All other liens or other encumbrances under orders or other  
instruments that may be so recorded and that may affect the  
above-described parcel of land.

5. **MORTGAGE AND SECURITY AGREEMENT**

Mortgagor(s) : Terrazza, Ltd., a Hawaii corporation  
Mortgagee(s) : Bank of Hawaii, a Hawaii corporation  
Dated : April 21, 1995  
Recorded in the Bureau of Conveyances as Document No. 95-057239.  
To Secure : \$2,550,000.00

6. **ASSIGNMENT OF RENTS AND OTHER INCOME** dated April 21, 1995,  
recorded in the Bureau of Conveyances as Document No. 95-057240,  
by and between Bank of Hawaii, a Hawaii corporation and Terrazza,  
Ltd., a Hawaii corporation.

7. FINANCING STATEMENT

Debtor(s) : Terrazza, Ltd., a Hawaii corporation  
Secured Party : Bank of Hawaii, a Hawaii corporation  
Recorded May 1, 1995 in the Bureau of Conveyances as Document No. 95-057241.

8. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title, and all other provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime dated November 6, 1995, recorded in the Bureau of Conveyances as Document No. 95-146559 (By-Laws thereto dated November 6, 1995, recorded in the Bureau of Conveyances as Document No. 95-146560), Condominium Map No., 2309, as amended; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.

(Said Declaration was amended by instrument dated December 15, 1995, recorded in the Bureau of Conveyances as Document No. 96-009080.)

9. Issuance of a Final Public Report from the State of Hawaii, Department of Commerce and Consumer Affairs, for Condominium Map No. 2309.

Tax Map Key: Oahu 1-2-4-17-6

EXHIBIT "B"

DISCLOSURE BY DEVELOPER RE: PAGE 11, ITEM III C6, INTERIOR

Continuation Sheet:

<u>Apt.</u> <u>Type</u>	<u>Quantity</u>	<u>Net</u> <u>Living Area (sf)</u>	<u>Lanai/Patio (sf)</u>
109-B	1	358	0
209-B	1	569	0
309-B	3	518	0
310-B	6	524	0
311-B	6	630	0
312-B	6	632	0
313-B	6	624	0
609-B	3	518	110

Total Apartments: 61

**EXHIBIT "C"**  
**PAGE 14, ITEM III D2, "COMMON INTEREST"**

**METHOD AND FORMULA USED IN COMPUTING COMMON AREA PERCENTAGES**

There currently exist sixty one (61) separate apartments in the Project. Each apartment is entitled to the fractional interest in the common elements in the pro-rata share of each apartment to the whole of all of the apartments.

Building "A":

<u>APT. NO.</u>	<u>NET LIVING AREA SQ.FT.</u>	<u>LANAI SQ.FT.</u>	<u>TOTAL SQ.FT.</u>	<u>PERCENT COMMON INTEREST</u>
101-A	410	88	498	1.43%
102-A	410	88	498	1.43%
103-A	410	88	498	1.43%
104-A	410	88	498	1.43%
105-A	410	88	498	1.43%
106-A	410	88	498	1.43%
107-A	410	88	498	1.43%
108-A	410	88	498	1.43%
201-A	410	88	498	1.43%
202-A	410	88	498	1.43%
203-A	410	88	498	1.43%
204-A	410	88	498	1.43%
205-A	410	88	498	1.43%
206-A	410	88	498	1.43%
207-A	410	88	498	1.43%
208-A	410	88	498	1.43%
301-A	410	88	498	1.43%
302-A	410	88	498	1.43%
303-A	410	88	498	1.43%
304-A	410	88	498	1.43%
305-A	410	88	498	1.43%
306-A	410	88	498	1.43%
307-A	410	88	498	1.43%
308-A	410	88	498	1.43%
PH1-A	1,257	37	1,294	3.73%
PH2-A	727	22	749	2.16%
PH3-A	727	22	749	2.16%
PH4-A	718	22	740	2.13%
PHS-A	315	14	329	0.94%

Building "B":

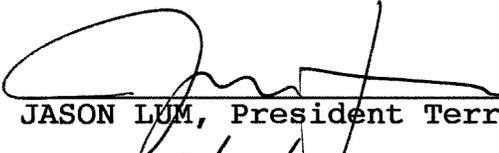
<u>APT. NO.</u>	<u>NET LIVING AREA SQ. FT.</u>	<u>LANAI SQ. FT.</u>	<u>TOTAL SQ. FT.</u>	<u>PERCENT COMMON INTEREST</u>
109-B	358	0	358	1.033%
209-B	569	0	569	1.64%
309-B	518	0	518	1.49%
310-B	524	0	524	1.51%
311-B	630	0	630	1.81%
312-B	632	0	632	1.82%
313-B	624	0	624	1.80%
409-B	518	0	518	1.49%
410-B	524	0	524	1.51%
411-B	630	0	630	1.81%
412-B	632	0	632	1.82%
413-B	624	0	624	1.80%
509-B	518	0	518	1.49%
510-B	524	0	524	1.51%
511-B	630	0	630	1.81%
512-B	632	0	632	1.82%
513-B	624	0	624	1.80%
609-B	518	110	628	1.81%
610-B	524	0	524	1.51%
611-B	630	0	630	1.81%
612-B	632	0	632	1.82%
613-B	624	0	624	1.80%
709-B	518	110	628	1.81%
710-B	524	0	524	1.51%
711-B	630	0	630	1.81%
712-B	632	0	632	1.82%
713-B	624	0	624	1.80%
809-B	518	110	628	1.81%
810-B	524	0	524	1.51%
811-B	630	0	630	1.81%
812-B	632	0	632	1.82%
813-B	624	0	624	1.80%

**EXHIBIT "D"**  
**PAGE 17, ITEM IV B,**  
**ESTIMATE OF INITIAL MAINTENANCE FEES AND**  
**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Monthly x 12 months= Yearly Total

Utilities & Services	
Electricity	\$17,500.00
Gas	\$3,600.00
Refuse Collection	\$5,000.00
Water	\$5,000.00
Sewer	\$10,000.00
Maintenance, Repairs & Supplies	
Building - Maintenance	\$3,600.00
Building - Supplies	\$1,200.00
Equipment - Maintenance	\$2,000.00
Equipment - Supplies	\$1,500.00
Grounds - Maintenance	\$5,000.00
Grounds - Supplies	\$500.00
Pool - Maintenance	\$1,000.00
Pool - Supplies	\$1,750.00
Management	
Resident Manager Payroll	\$5,000.00
Resident Manager Payroll Taxes	\$600.00
Office Expenses (Telephone)	\$500.00
Fiscal Property Management (Alii Ohana)	\$9,000.00
Insurance	
Insurance - Liability	\$5,350.00
Insurance - Workers Comp	\$2,300.00
Reserves	
Reserve Account	\$50,000.00
Taxes & Government Assessments	
General Excise Tax	\$300.00
Audit Fees	
Audit & Tax Fees	\$1,500.00
Other	
Misc. Project Expense	\$2,000.00
Legal Fees	\$5,000.00

I, Jason Lum, as agent and President of the Board of Directors of Developer, for the condominium project TERRAZZA, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principals.

  
\_\_\_\_\_  
JASON LUM, President Terrazza, Ltd.

Date: 5/31/96

**EXHIBIT "E"**  
**SUMMARY OF ESCROW AGREEMENT**

The Escrow Agreement, dated November 14, 1995 identifies Long and Melone Escrow, Ltd. as Escrow for the Project. The Escrow Agreement establishes how proceeds from the sale of apartments and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds. The Escrow Agreement provides that a Purchaser shall be entitled to a refund of his or her funds, and Escrow shall pay said funds to said Purchaser, without interest and less cancellation fee and costs, if Purchaser shall in writing request refund of his funds and Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser. Said cancellation fee shall be in the minimum amount of \$25.00, but in no event shall exceed \$125.00, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

It is incumbent upon the purchaser and prospective purchaser that he or she reads with care the Escrow Agreement.

**EXHIBIT "F"**  
**SUMMARY OF SALES AGREEMENT**

The Developer is using the standard Hawaii Board of Realtors' Deposit Receipt, Offer and Acceptance (DROA) form as the intended sales contract for the project. Reference is hereby made thereto.

It is incumbent upon the purchaser and prospective purchaser that he or she reads with care the DROA and Escrow Agreement.

**EXHIBIT "G"**  
**SPECIAL USE RESTRICTIONS**

Each apartment shall be occupied and used only as a private dwelling by the respective owners thereof, their tenants, families, domestic servants and social guests. No apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the apartment owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than sixty (60) days; or (ii) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing restrictions, the apartment owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in this Declaration and in the By-Laws.

**EXHIBIT "H"**  
**INTERIOR PERMITTED ALTERATIONS TO APARTMENTS**

Rebuilding, restoration or replacement of the Project or of any building, 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.

Notwithstanding anything contained in this Declaration to the contrary, and subject to the Act, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment which do not alter the characteristics of such apartment or limited common element, shall require the written consent and approval of the apartment owner's plans therefor only by the holders of all liens affecting such apartment (if the lien holders require such consent and approval) and the Board, and such alterations or additions may be undertaken without an amendment to this Declaration or the filing of a complete set of floor plans of the Project so altered.

**EXHIBIT "I"**  
**COMMON ELEMENTS**

1. The land described in Exhibit "A" of the Second Amended Declaration of Condominium Property Regime of Terrazza.

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, stairways, elevator, walkways, entrances and exits of said buildings.

3. All yards, grounds, landscaping, refuse and like facilities.

4. All driveways, loading areas, ramps, parking area entryways and exitways as designated on the Condominium Map No. 2309.

5. All electrical transformer boxes and rooms, storage rooms, laundry rooms and areas, trash rooms, 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 tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the buildings for common use.

6. All corridors, the single elevator, and stairways situate within the Project.

7. One (1) swimming pool, as depicted on the Condominium Map No. 2309.

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.