

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Hayden Court L.L.C.  
Address 745 Fort St., Suite 202, Honolulu, Hawaii 96813

Project Name(\*): HAYDEN COURT  
Address: 3259 Hayden Street, Honolulu, Hawaii 96815

Registration No. 3711  
(Conversion)

Effective date: November 26, 1997  
Expiration date: December 26, 1998

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.  
(yellow)

  X   FINAL:              The developer has legally created a condominium and has filed complete information with the Commission.  
(white)  
[ ] No prior reports have been issued.  
[X] This report supersedes all prior public reports.  
[ ] This report must be read together with \_\_\_\_\_

       SUPPLEMENTARY:    This report updates information contained in the:  
(pink)  
[ ] 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:

[ X ] Required and attached to this report as Exhibit "H" [ ] 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.

[ X ] Changes made are as follows: See attached pages 2a, 2b and 2c

\*\*\*\*\*  
\* SPECIAL ATTENTION \*  
\* \*  
\* This is CONDOMINIUM PROJECT, not a subdivision. The \*  
\* land area beneath and immediately appurtenant to each \*  
\* unit is designated a LIMITED COMMON ELEMENT and is \*  
\* not a legally subdivided lot. The dotted lines on the \*  
\* Condominium Map bounding the designated number of square \*  
\* feet in each limited common element land area are for \*  
\* illustrative purposes only and should not be construed \*  
\* to be the property lines of legally subdivided lots. \*  
\* \*  
\* This public report does not constitute approval of the \*  
\* Project by the Real Estate Commission, or any other \*  
\* government agency, nor does it ensure that all applicable \*  
\* County codes, ordinances, and subdivision requirements \*  
\* have necessarily been complied with. \*  
\* \*  
\* THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY \*  
\* REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS \*  
\* PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE \*  
\* FOREGOING. \*  
\*\*\*\*\*

## HAYDEN COURT

### CHANGES FROM THE PRELIMINARY PUBLIC REPORT

1. The Developer is now Hayden Court L.L.C. instead of Alfred Anthony.
2. The name of the condominium project is now Hayden Court instead of 3259 Hayden Street.
3. The real estate broker is Howard Bilkiss, Ltd.
4. The escrow is now Old Republic Escrow Corporation instead of Fidelity National Insurance Company.
5. The condominium management agent is now Par Management, Inc. instead of self-managed by the Association of Apartment Owners.
6. The attorney for the Developer is now Kenneth Wong, Esq. and not Jeffrey Grad, Esq.
7. The common interest for all of the Units have been revised as follows: Units 1, 2, 4, and 5 are now each 12.30% instead of 12%; Unit 3 is now 14.50% instead of 16%; and Units 6, 7 and 8 are now each 12.10% instead of 12%.
8. In the By-Laws and House Rules, no livestock, rabbits, poultry or other animals are permitted except that dogs, cats and customary household pets are permitted in reasonable numbers. There is also disallowance of any animals on the premises for commercial breeding or use.
9. The Net Living Areas of the Units have been revised as follows: Units 1, 2, 4 and 5 are now each approximately 855 square feet; Unit 3 is now approximately 1,012 square feet; and Units 6, 7 and 8 are now each approximately 846 square feet.
10. There has been added to the Project two (2) guests parking stalls that are part of the common elements of the Project.
11. There is no requirement for an Existing Use Permit for the Project. At the time the Units are sold and closed by escrow, each Unit will have a single kitchen and each Unit will conform with the Land Use Ordinance of the City and County of Honolulu.
12. Estimated completion of renovation of all the Units in the Project is December 31, 1997.

13. Water and sewer fees are now included as part of the maintenance fees to be share equally by the Unit owners.

14. A new Section 5.(i) has been added to the Declaration stating that each Unit shall have a mailbox appurtenant to it and reserved for its exclusive use.

15. In Section 12 of the Declaration, Howard Bilkiss is designated as the initial agent to receive service of process for the Project replacing Alfred Anthony.

16. Section 19.1(d) of the Declaration clarifies that a Unit can be expanded provided the change to the Unit does not exceed the Unit's proportionate share of the total allowable floor area or Lot area coverage for the Land of the Project or the number of dwelling units permitted on the Land as permitted under the zoning and building codes applicable to the Land in effect when the changes are to be made. A Unit's proportionate share of the total allowable floor area or Lot Area coverage for the Land shall be calculated by multiplying the Unit's common interest by the total allowable floor area allowed for the entire Land in the Project or by the total allowable Lot area coverage for the entire Land in the Project, as the case may be. For example, if the total allowable floor area coverage for the entire Land in the Project is 13,000 square feet and the common interest for Unit 1 is 12.30%, then Unit 1's proportionate share of the total allowable floor area coverage for the entire Land in the Project is 1,599 square feet (13,000 x .123). A Unit's proportionate share of the Lot Area coverage shall be calculated in a similar manner.

17. Section 24.3 of the Declaration regarding the need for an Existing Use Permit and the effects of a non-conforming dwelling Unit have been eliminated.

18. Section 26 of the Declaration regarding the non-responsibility of the fee owner has been eliminated.

19. Article I, Section 6 of the By-Laws has been revised so that 50% of all the members of the Association will constitute a quorum for purposes of an Association meeting.

20. Article II, Section 1 of the By-Laws has been modified so that the affairs of the Association shall be governed by a board of directors composed of five persons instead of three persons.

21. Article II, Section 9 of the By-Laws has been revised to state that 50% of all the directors shall constitute a quorum of the board.

22. Article V, Section 3.(g) of the By-Laws restricting the installation of electrical, telephone, antenna, machines or air-conditioning Units on the exterior of the units has been deleted.

23. Section I, paragraph 1 of the House Rules states that the number of occupants in the unit shall not exceed that allowed by law.

24. Section III, paragraph 1 of the House Rules states that all trash shall be put in covered receptacles.

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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: Hayden Court L.L.C. Phone: (808) 524-4024  
Name 745 Fort St., Suite 202  
Business Address Honolulu, Hawaii 96813  
(Business)

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

Howard Bilkiss, Ltd., a Hawaii corporation, is the  
sole and managing member of Developer.

Real Estate Broker: Howard Bilkiss, Ltd. Phone: (808) 524-4024  
Name 745 Fort St., Suite 202  
Business Address Honolulu, Hawaii 96813  
(Business)

Escrow: Old Republic Escrow Corporation Phone: (808) 566-0100  
Name 55 Merchant St., 16th Floor  
Business Address Honolulu, Hawaii 96813  
(Business)

General Contractor: 57 Builders, Inc. Phone: (808) 255-5777  
Name 1425 Liliha St., Suite 200  
Business Address Honolulu, Hawaii 96817  
(Business)

Condominium Managing Agent: PAR Management, Inc. Phone: (808) 591-8870  
Name P.O. Box 8229  
Business Address Honolulu, Hawaii 96830  
(Business)

Attorney for Developer: Kenneth Wong, Esq. Phone: (808) 536-1777  
Name Beck & Taylor  
1001 Bishop St., Pauahi Twr., Ste. 1500  
Business Address Honolulu, Hawaii 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. 97-143981  
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]: The First Amendment to the Declaration of Condominium Property Regime of Hayden Court was recorded on November 5, 1997 as Document No. 97-152470.

- 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. 2607  
 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]: The Condominium Map was amended by the First Amendment to the Declaration of Condominium Property Regime of Hayden Court which was recorded on November 5, 1997 as Document No. 97-152470.

- 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. 97-143982  
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]:

N/A

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>Majority of Board of Directors</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 attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

- 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 Sub-leasehold:

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

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

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                                     Quarterly  
                                   Semi-Annually                                     Annually

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

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 3259 Hayden Street Tax Map Key (TMK): (1) 3-1-14-3  
Honolulu, Hawaii 96815

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

Land Area: 28,627 [X] square feet [ ] acre(s) Zoning: R-3.5

Fee Owner: Hayden Court L.L.C.  
 Name  
745 Fort St., Suite 202  
 Address  
Honolulu, Hawaii 96813

Lessor: 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: 8 Floors Per Building 1

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>8</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Other: <u>**</u>	___	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
 Yes  No Items checked NO above are not specifically permitted by Declaration or By-Laws. However, uses are as permitted by law.  
 for items checked YES above

\*\* Possible other uses if obtain conditional use permit.

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:

Dogs, cats and customary household pets permitted in reasonable number; provided no commercial breeding or use. No livestock, rabbits, poultry or other animals.

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

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

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

	Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Units	<u>1, 2, 4, 5</u>	<u>4</u>	<u>3/2</u>	<u>855</u>	<u>-0-</u>	_____
Unit	<u>3</u>	<u>1</u>	<u>4/2</u>	<u>1012</u>	<u>-0-</u>	_____
Units	<u>6, 7, 8</u>	<u>3</u>	<u>3/2</u>	<u>846</u>	<u>-0-</u>	_____
	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

Total Number of Apartments: 8

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

See attached Exhibit "B"

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:

Dogs, cats and customary household pets permitted in reasonable number; provided no commercial breeding or use. No livestock, rabbits, poultry or other animals.

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

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

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

	Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Jnits	1, 2, 4, 5	4	3/2	855	-0-	_____
Jnit	3	1	4/2	1012	-0-	_____
Jnits	6, 7, 8	3	3/2	846	-0-	_____
	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

Total Number of Apartments: 8

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 16

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2</u>	_____	_____	_____	_____	_____	<u>16</u>
Guest	_____	<u>2</u>	_____	_____	_____	_____	<u>2</u>
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>18</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>18</u>

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

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool       Storage Area       Recreation Area
- Laundry Area       Tennis Court       Trash Chute/Enclosure(s)
- 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 \_\_\_\_\_  
(Date)

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

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

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

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	<u>X</u>	<u>                    </u>	<u>                    </u>
Structures	<u>X* See below</u>	<u>                    </u>	<u>                    </u>
Lot	<u>X</u>	<u>                    </u>	<u>                    </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit   C  .

as follows:

\* A letter dated February 11, 1997 from Building Department of the City and County of Honolulu filed with the Real Estate Commission indicates that the 13 dwelling units and 16 off-street parking spaces are considered non-conforming units because there were 13 dwelling units in 8 buildings. However, Developer is in the process of converting the 13 dwelling units into 8 dwelling units and all structures and parking spaces will be conforming when purchasers take title to the Units.

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

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

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

[X] described in Exhibit D.

[ ] as follows:

Note: Reference in said Exhibit D to "Exclusive Use Area" does not mean legally subdivided lots.

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

[ ] described in Exhibit \_\_\_\_\_.

[X] as follows:

Unit 1 - 12.30%	Unit 5 - 12.30 %
Unit 2 - 12.30%	Unit 6 - 12.10%
Unit 3 - 14.50%	Unit 7 - 12.10%
Unit 4 - 12.30%	Unit 8 - 12.10%

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

Exhibit E describes the encumbrances against the title contained in the title report dated October 3, 1997 and issued by Old Republic Title Corporation of Hawaii, 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>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit less escrow cancellation fees. However, in the event the Buyer's deposit is disbursed by Escrow and the lien is foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

F. Construction Warranties:

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

1. Building and Other Improvements:

Purchaser understands that the Units were built in the 1940's. Seller is selling the Units together with the appliances and other personal property in "AS IS" condition. The Seller is giving no warranties to Purchaser with respect to the construction, materials or workmanship of the Units.

2. Appliances:

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

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

The Units were built in the 1940's. Renovation to all the Units in the Project will be completed by December 31, 1997.

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):

N/A

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, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

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

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

See attached Disclosure Abstract (Exhibit H)

C. Utility Charges for Apartments:

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

- None  Electricity ( \_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)
- Gas ( \_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)
- Water  Sewer  Television Cable
- Other \_\_\_\_\_

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ ] Notice to Owner Occupants

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

[X] Escrow Agreement dated October 1, 1997  
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report 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 issued 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, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - 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. 3711 filed with the Real Estate Commission on March 7, 1997.

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

] YELLOW paper stock       ] WHITE paper stock       ] PINK paper stock

C. Additional Information Not Covered Above

1. Developer discloses that no reserve study was done in accordance with §514A-83.6, H.R.S., and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.
2. The specimen Sales Contract provides in part that Purchaser understands the Units are being sold in "AS IS" condition "WITH ALL FAULTS AND DEFECTS". The existence of any defect in the Units or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under his contract.
3. Pursuant to Sections 16-99-3(g) and 16-99-11(d) Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Howard Bilkiss is a principal with the Developer/Owner and is a current and active Hawaii licensed real estate broker. Further, Mr. Bilkiss is the principal broker of Howard Bilkiss, Ltd., RB 7934. Pursuant to Section 16-99-11(c) HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

- 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.

Hayden Court L.L.C.

Printed Name of Developer

By: Howard Bilkiss  
Duly Authorized Signatory

10/27/97  
Date

Howard Bilkiss as President of Howard Bilkiss, Ltd., the Managing

Printed Name & Title of Person Signing Above

Member of Developer

Distribution:

Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

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

1. Paragraph 20 of the Declaration states:

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

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

therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

Notwithstanding Paragraph 19.2, the Owner of any Unit shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the Changes made to the boundaries of Dwelling Areas in accordance with Paragraph 19.3. Promptly upon completion of such Changes, the Owner of the changed Unit or boundary, as the case may be, shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer. All existing Unit Owners and all future-Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including his common interest) and shall be irrevocable."

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 19.1 of the Declaration states:

"Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, each Unit Owner shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all mortgage liens affecting his Unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make additional improvements upon the Dwelling Area appurtenant to the Unit (the foregoing are referred to collectively as "Changes" and singly, as a "Change") subject to the following conditions:

(a) Building plans for any Change shall be prepared by a licensed architect or professional engineer and all construction shall be undertaken in accordance with such plans, and shall comply with all governmental laws, ordinances, rules and regulations.

(b) If required by County Building Laws, then the Owner making the change shall first obtain any requisite building permit.

(c) Any Change to a Unit cannot extend beyond the Dwelling Area which is appurtenant to the Unit.

(d) No Change to a Unit will be made if the effect of such Change would be to exceed the Unit's proportionate share of the allowable floor area or Lot area coverage for the Land or the number of dwelling units permitted on the Land, as permitted under the zoning and building codes applicable to the Land in effect when the Change is to be made (collectively, the "Land Use Ordinance"). A Unit's proportionate share of the total allowable floor area or Lot area coverage for the Land shall be calculated by multiplying the Unit's common interest by the total allowable floor area allowed for the entire Land in the Project or by the total allowable Lot area coverage for the entire Land in the Project, as the case may be. For example, if the total floor area coverage for the entire Land in the project is 13,000 square feet and the common interest for Unit 1 is 12.30%, then Unit 1's proportionate share of the total allowable floor area coverage for the Land in the project is 1,599 square feet (13,000 square feet x .123). A Unit's proportionate share of the Lot area coverage shall be calculated in a similar manner.

(e) Any such Change shall be at the expense of the Unit Owner making the Change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owner's use or enjoyment of his Unit, the common elements or the Unit's appurtenant limited common elements.

(f) During the entire course of such construction, the Unit Owner making such Change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. At the request of the Association, the Association shall be named as an additional insured and, evidence of such insurance shall be deposited with the Association.

(g) The Unit Owner making the Change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such Change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any substantial interruption in the service of such utilities to any other Unit Owner.

(h) If the consent or joinder of another Unit Owner to any Change, including obtaining building permits is required by the Act, then each Unit Owner hereby consents in advance to give such consent or join any such application for such Change, provided that all such expenses relating to the change shall be borne by the Owner making the Change.

(i) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of an Exclusive Use Area shall reserve to all Owners the rights set forth in this paragraph."

EXHIBIT "C"

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

1. The Land in fee simple;
2. The driveway and asphalt concrete driveway labeled as "Common Element", as shown on the Condominium Map;
3. All other portions of the Land and improvements not specifically heretofore designated as Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

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

(a) The site on which Unit 1 is located, consisting of the land beneath and immediately adjacent to Unit 1, as shown and delineated on the Condominium Map as "Exclusive Use Area 1" (including the airspace above such site) is for the exclusive benefit of Unit 1.

(b) The site on which Unit 2 is located, consisting of the land beneath and immediately adjacent to Unit 2, as shown and delineated on the Condominium Map as "Exclusive Use Area 2" (including the airspace above such site) is for the exclusive benefit of Unit 2.

(c) The site on which Unit 3 is located, consisting of the land beneath and immediately adjacent to Unit 3, as shown and delineated on the Condominium Map as "Exclusive Use Area 3" (including the airspace above such site) is for the exclusive benefit of Unit 3.

(d) The site on which Unit 4 is located, consisting of the land beneath and immediately adjacent to Unit 4, as shown and delineated on the Condominium Map as "Exclusive Use Area 4" (including the airspace above such site) is for the exclusive benefit of Unit 4.

(e) The site on which Unit 5 is located, consisting of the land beneath and immediately adjacent to Unit 5, as shown and delineated on the Condominium Map as "Exclusive Use Area 5" (including the airspace above such site) is for the exclusive benefit of Unit 5.

(f) The site on which Unit 6 is located, consisting of the land beneath and immediately adjacent to Unit 6, as shown and delineated on the Condominium Map as "Exclusive Use Area 6", (including the airspace above such site) is for the exclusive benefit of Unit 6.

(g) The site on which Unit 7 is located, consisting of the land beneath and immediately adjacent to Unit 7, as shown and delineated on the Condominium Map as "Exclusive Use Area 7" (including the airspace above such site) is for the exclusive benefit of Unit 7.

(h) The site on which Unit 8 is located, consisting of the land beneath and immediately adjacent to Unit 8, as shown and delineated on the Condominium Map as "Exclusive Use Area 8" (including the airspace above such site) is for the exclusive benefit of Unit 8.

(i) Each unit shall have a mailbox appurtenant to it and reserved for its exclusive use.

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

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

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

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

3. Grant dated October 30, 1958, in favor of City and County of Honolulu, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 3528, Page 378, granting an easement for underground sewer pipe line purposes over Parcel 186, containing an area of 303 square feet, more or less.

4. Urban Renewal Plan for the Hinano Project dated October 26, 1966, recorded in said Bureau in Liber 5475, page 154, as amended.

5. Lease of Right-of-Way dated October 30, 1970, recorded in said Bureau in Liber 7311, Page 419, in favor of Hawaiian Electric Company, Inc., a Hawaii corporation and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation.

6. Encroachment Agreement and License dated November 21, 1994, recorded in said Bureau as Document No. 94-195757.

7. Encroachment Agreement dated September 14, 1997, recorded in said Bureau as Document No. 97-134275.

8. Mortgage to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof.

Mortgagor : HAYDEN COURT L.L.C., a Hawaii limited liability company  
Mortgagee : CITY BANK, a Hawaii corporation  
Dated : September 29th, 1997  
Recorded : October 3rd, 1997 in the Bureau of Conveyances, State of Hawaii, as Document No. 97-134277

9. Financing Statement (UCC-1) as follows:

Debtor : HAYDEN COURT L.L.C., a Hawaii limited liability company  
Secured Party : CITY BANK  
Types/Items Covered : All rights, title and interest in and to the property described therein.  
Dated : October 3rd, 1997  
Recorded: : October 3rd, 1997, in the Bureau of Conveyances, State of Hawaii, as Document No. 97-134278

10. Mortgage to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof.

Mortgagor : HAYDEN COURT L.L.C., a Hawaii limited liability company  
Mortgagee : SUMMIT SECURITIES, INC., an Idaho corporation  
Dated : September 29th, 1997  
Recorded : October 3rd, 1997 in the Bureau of Conveyances, State of Hawaii, as Document No. 97-134279

11. Financing Statement (UCC-1) as follows:

Debtor : HAYDEN COURT L.L.C., a Hawaii limited liability company  
Secured Party : SUMMIT SECURITIES, INC., as Idaho corporation  
Types/Items Covered : All rights, title and interest in and to the property described therein.  
Dated : October 3rd, 1997  
Recorded : October 3rd, 1997, in the Bureau of Conveyances, State of Hawaii, as Document No. 97-134280

12. Condominium Map No. 2607, filed in the Bureau of Conveyances, State of Hawaii. Said Condominium Map was amended by instrument dated November 4, 1997, recorded November 5, 1997 in the Bureau of Conveyances, State of Hawaii, as Document No. 97-152470.

13. Declaration of Condominium Property Regime of Hayden Court dated October 21, 1997, recorded in said Bureau as Document No. 97-143981 (Project covered by Condominium Map No. 2607). Said Declaration was amended by instrument dated November 4, 1997, recorded November 5, 1997 in the Bureau of Conveyances, State of Hawaii, as Document No. 97-152470.

14. By-Laws of the Association of Apartment Owners of Hayden Court dated October 21, 1997, recorded as Document No. 97-143982.

EXHIBIT F

SUMMARY OF PERTINENT  
PROVISIONS OF SALES CONTRACT

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

2. PURCHASE PRICE AND PAYMENTS; RESERVATION AND SALES.

If the Sales Contract is signed before the issuance of a Final Public Report, this Sales Contract will be a reservation and not a binding contract. The Sales Contract becomes binding after the Final Public Report is issued and other requirements referred to in paragraph 24 below are met.

7. CLOSING COSTS. Buyer shall pay all closing costs, the first month's maintenance fee and a start up fee equal to 2 month's maintenance fees. Real property taxes and insurance shall be prorated as of the Closing Date or the date of actual possession, whichever sooner occurs.

8. CONDOMINIUM DOCUMENTS. Buyer has examined and approves the form of the Apartment Deed, Declaration, By-Laws, 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.

12. MODIFICATION OF DOCUMENTS. As long as the Sales Contract is a reservation, Developer can make any changes to the Project and the Project documents. Even if the Sales Contract becomes binding, Developer can make certain modifications to the Declaration, By-Laws and Apartment Deed.

14. ACCEPTANCE OF APARTMENT; BUILDING NOT NEW; NO WARRANTIES. Buyer is accepting the Apartments and the common elements in "AS IS" condition with "ALL FAULTS AND DEFECTS." The Apartments were constructed around 1943 and the Apartments and fixtures are approximately 54 years old and Seller is making no warranties, express or implied (including warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose), regarding the apartments, common elements, appliances, furnishings, or anything connected with the Project, except that the refrigerator, range, oven, and disposal will be new and Developer will provide Buyer with all manufacturer's warranties for these appliances that are transferrable. The two kitchens in each of Apartments 1,2,3,4 and 5 will be combined into one kitchen.

Seller has not inspected the Project or the

Apartments for the presence of hazardous materials including asbestos; because of the age of the buildings, there may be asbestos or other hazardous materials present in the buildings and Buyer should conduct an inspection for hazardous materials before purchasing an Apartment. Seller will not correct any defects in the Apartments or Project and Buyer is releasing Seller from any liability if hazardous materials are discovered. Seller shall not be responsible to ensure that nor make any alteration so that the Project and Apartments are in compliance with the Americans with Disabilities Act.

15. SUBORDINATION. Buyer acknowledges that Seller may obtain a loan and grant a mortgage covering Seller's interest in the Project land and the Project, including the Sales Contract. Buyer acknowledges and agrees that all security interests obtained by a 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 Sales Contract, prior to and superior to any and all liens or charges on the Project arising from the Sales Contract. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under the Sales Contract in favor of the lien or charge on the Project of the security interests of lender.

22(f). LIQUIDATED DAMAGES. In the event Buyer alleges that Seller violated any federal or state disclosure laws or regulations (including the Hawaii Condominium Act), Buyer's only remedy will be to sue for a refund of the purchase price and closing costs actually paid plus interest at 12% per annum from the date of closing until the date of repayment. If Buyer is successful, this remedy will constitute liquidated damages and Buyer cannot claim damage for changes to the Apartment, maintenance fees, real property taxes, mortgage fees and interest on the mortgage or any other damages.

24. RESERVATIONS, BINDING AGREEMENTS; SELLERS CANCELLATION RIGHTS The Sales Contract will only be a reservation and not a binding contract if it has been signed before the issuance of a Final Public Report. Before it becomes a binding contract, a reservation can be cancelled at any time by buyer or Developer. As long as the Sales Contract remains a reservation, Developer will have the absolute right to change the Project, Declaration, ByLaws, Condominium Map, and any other documents dealing with the Project, including the Sales Contract and the Purchase Price for the Property.

A reservation will become a binding contract only when a Final Public Report is issued on the Project, Buyer signs a receipt for the Final Public Report and each of the conditions in Hawaii Revised Statutes § 514A-62(a)(1), (2) and (3) has been satisfied.

In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) Buyer intends to obtain financing and fails to obtain an irrevocable commitment for an adequate loan within 45 days of the acceptance of the Sales Contract by Seller, (c) Buyer intends to pay all cash and fails to provide proof of ability to pay within 45 days after Seller accepts the Sales Contract, or (d) Buyer should die prior to Closing, Seller reserves the right to cancel the Sales Contract and 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 Sales Contract.

24. BUYER'S RIGHT TO RESCIND Buyer has the right to cancel a binding Sales Contract at any time prior to the earlier of (1) the conveyance of an apartment to Buyer or (2) midnight of the thirtieth (30<sup>th</sup>) day following the receipt of the Final Public Report unless Buyer waives his right to cancel in writing prior to such time. Buyer also has the right to rescind the Sales Contract pursuant to HRS §514A-63.

29. & 30. DEFAULT. Time is of the essence of the Sales Contract, and if the Sales Contract is binding and 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 five (5) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In the event of such default, the parties hereto understand and 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 or damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

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 "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Old Republic Title & Escrow of Hawaii.

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

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

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

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

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

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

(e) Any circumstances, the occurrence or nonoccurrence which by law entitles Buyer to a refund.

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

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

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

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Section

514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

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

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

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: HAYDEN COURT  
3259 Hayden Street  
Honolulu, Hawaii 96815  
  
(b) DEVELOPER: HAYDEN COURT L.L.C.  
745 Fort St., Suite 202  
Honolulu, Hawaii 96813  
Telephone: (808) 524-4024  
  
(c) MANAGING PAR Management, Inc. P.O. Box 8229  
AGENT: Honolulu, Hawaii 96830  
(808) 591-8870
  
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).
  
3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:  
  
The Developer is not making any warranties relating to the materials and workmanship of the Units.
  
4. USE OF UNITS. The units shall be occupied and used only for residential purposes by the respective owners, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the land use ordinance for the City and County of Honolulu.
  
5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by EDWARD A. RESH, Registered Professional Architect, the Developer states:
  - a. The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of the Units appear to be good.
  
  - b. The Developer makes no representations with respect to the expected useful life of each item set forth in paragraph (a); and
  
  - c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

EXHIBIT "1"  
ESTIMATED OPERATING EXPENSES  
For Period October 1, 1997 to September 30, 1998  
As Prepared by Developer

Estimated Annual Expenses:

Ground Maintenance	
Water/Sewer	\$6,400
* Electricity:	\$-0-
** Liability Insurance on Common Driveway:	\$1,000
**** Reserves:	\$-0-
Management Fee:	\$1,440
Miscellaneous:	\$-0-
*** Common Driveway Maintenance:	\$400
TOTAL ANNUAL EXPENSES	\$9,240

Estimated Monthly Expenses: \$ 770

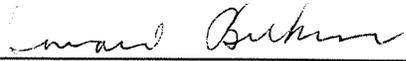
Estimated Monthly Maintenance Fee for Each Apartment:  
\$ 96.25

- Note:
- \* All utilities other than water/sewer will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.
  - \*\* Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. All owners will share equally the cost of the liability insurance on the Common Driveway.
  - \*\*\* All the owners will equally share the cost of maintenance and repair of the "Common Driveway," when such maintenance and repair becomes necessary.
  - \*\*\*\* Developer discloses that no reserve study was done in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

Dated:      October 1, 1997

HAYDEN COURT L.L.C.,  
a Hawaii limited liability company  
By It, Managing Member Howard  
Bilkiss, Ltd.

By   
Its President

"Developer"