

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Richard Sylva  
Address P.O. Box 3199, Friday Harbour, WA 98250

Project Name(\*): Mokuleia Reef  
Address: 68-745 and 68-751 Crozier Drive, Waialua, Hawaii 96791

Registration No. 3772  
(Conversion)

Effective date: October 20, 1997  
Expiration date: November 20, 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)               [ 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:  
(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:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

\*\*\*\*\*  
\*  
\* SPECIAL ATTENTION \*  
\*  
\* This is 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. \*  
\*\*\*\*\*

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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: Richard H. Sylva Phone: (360) 378-8855  
Name (Business)  
P.O. Box 3199  
Business Address  
Friday Harbour, WA 98250

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

N/A

Real Estate (808)  
Broker: Coldwell Banker Pacific Properties, Inc. Phone: 484-3719  
Name Ltd. (Business)  
98-199 Kamehameha Hwy., Suite A-1  
Business Address  
Aiea, Hawaii 96701

Escrow: (808)  
Title Guaranty Escrow Services, Inc. Phone: 532-5150  
Name (Business)  
210 Ward Ave., Suite 118  
Business Address  
Honolulu, Hawaii 96814

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

Condominium (808)  
Managing Agent: Self Managed by Association Phone: 536-1777  
Name (Business)  
c/o Beck & Taylor  
1001 Bishop St., #1500  
Business Address  
Pauahi Tower  
Honolulu, Hawaii 96813

Attorney for (808)  
Developer: Kenneth Wong, Esq. Phone: 536-1777  
Name (Business)  
1001 Bishop Street, Suite 1500  
Business Address  
Pauahi Tower  
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 97-082519  
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]:

- 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. 2568  
 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. 97-082520  
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:

See attached page 7a.

2. Developer

- a. Before the recordation of the first apartment conveyance, in any manner without approval, consent or joinder of any person.
- b. Until the recordation of conveyances for all apartments, to make amendments as required by law, the Real Estate Commission of Hawaii, by any title insurance company issuing title insurance policy on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or by any governmental agency, without consent of apartment owners; except that if the amendment would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment or building, the consent of person having an interest in such apartment must be obtained.
- c. At any time to record the "as built" verified statements required by law.
- d. See Section 19 of the Declaration for more detail.



[ ] 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: 68-745 and 68-751 Crozier Drive Tax Map Key (TMK): 1-6-8-006-003  
Waialua, Hawaii 96791

[ ] Address [X] TMK is expected to change because CPR numbers will be added.

Land Area: 17,935 [X] square feet [ ] acre(s) Zoning: R- 7.5

Fee Owner: Richard H. Sylva  
 Name  
P.O. BOX 3199  
 Address  
Friday Harbour, WA 98250

Life Estate Owner: Aileen M. Sylva  
 Name  
5847 Haleola  
 Address  
Honolulu, Hawaii 96821

C. Buildings and Other Improvements:

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

2. Number of Buildings: 4 Floors Per Building 1

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

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Glass

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>2</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: **	___	<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 However, uses are as permitted by law.

\* Currently not zoned Ohana

\*\* 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:

[ ] Pets: N/A

[ ] Number of Occupants: N/A

[X] Other: Cannot (1) jeopardize soundness of building (2) interfere with or unreasonably disturb rights of other owners and occupants  
 [ ] There are no special use restrictions. (3)increase rate of fire or extended coverage insurance on building or contents or (4)reduce value of building. Paint color of apartment exterior shall be rustic or shades of white.

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)
No. 1	1	3/2	1124	144 (Deck)	427 (Garage)
No. 2	1	3/2	1237	470 (Garage)	

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:  
 See attached page 11a.

Permitted Alterations to Apartments:  
 See attached page 11a.

**6. Boundaries of Each Apartment:**

Apt. No. 1 - Living Area, Garage and Deck are included within apartment.

Apt. No. 2 - Living Area and Garage included within apartment.

Living Area Boundary - For both apartments, boundaries are from the interior surface of perimeter walls.

Garage Area - For both Garages, boundaries are from interior surface of all perimeter walls.

Deck Area - Boundary is exterior surface of all perimeter walls which separate the interior of the apartment No. 1 from the deck and from the interior edge of the railing, walls or other exterior boundaries of the deck but excluding the stairs leading to the deck.

**Permitted Alterations to Apartments:**

An apartment owner can make any structural, exterior or interior alterations to his apartment without prior written consent of Board of Directors of Association or another apartment owner.

7. Parking Stalls:

Total Parking Stalls: 4

	<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>4</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>4</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>4</u>

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

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ 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 \_\_\_\_\_.
- \* There have been no official government notices of any violations. <sup>(Date)</sup>  
Please see attached Exhibit "A".

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):

Please see attached Exhibit "A".

No representations are being made regarding the expected useful life of structural components and mechanical and electrical installations.

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:

On September 18, 1978, a variance for a retaining fence/seawall within the then 40 feet shoreline setback area of the Project was granted by the Dept. of Land Utilization of the City and County of Honolulu.

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>	(Also see pg.20a & Exhibit A)
Structures	<u>          </u>	<u>    X    </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   B  .

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 B.

as follows:

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

described in Exhibit \_\_\_\_\_.

as follows:

Apt. No. 1 = 50%  
Apt. No. 2 = 50%

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

Exhibit C describes the encumbrances against the title contained in the title report dated June 30, 1997 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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F. Construction Warranties:

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

1. Building and Other Improvements:

None

2. Appliances:

None

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

Apt. No. 1 was completed in approximately 1968 and  
and Apt. No. 2 was completed in approximately  
1972.

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 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 ( \_\_\_\_\_ 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
- Specimen Sales Contract  
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 20, 1997  
Exhibit F 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. 3772 filed with the Real Estate Commission on July 7, 1997.

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

[ ] YELLOW paper stock      [ X] WHITE paper stock      [ ] PINK paper stock

C. Additional Information Not Covered Above

See Attached p. 20a.

**C. Additional Information Not Covered Above**

1. The fence currently located on the land area designated as L-1 on the Condominium Map is the responsibility of the owner of Apartment No. 1.
2. Any fence or wall built on the boundary line between the land noted as L-1 and L-2 on the Condominium Map shall be the joint responsibility of Apartments No. 1 and No. 2.
3. The makai property line of the Project and of Apartment No. 1 and Apartment No. 2 have not been certified by a shoreline boundaries survey.
4. The buildings in the Project were constructed prior to the latest Building Code and Zoning Ordinances and therefore may not have to meet all current requirements until additions or alterations are made. "Grandfathering" and non-conforming status will limit future renovating alterations, additions and replacements. Please check with your own contractor or architect regarding these issues. Please also see Exhibit A attached hereto.
5. Each of Apartments No. 1 and No. 2 are serviced by cesspools and the sewer system is not connected to a public sewer system. Each of Apartments No. 1 and No. 2 have separate cesspool units. In the future, government agencies may require replacement of the cesspool by a septic tank or by connecting to a public or a private sewer system. The two cesspools are in good condition but Buyer should make their own independent investigation before finalizing purchase of an Apartment.
6. The stability of the seawall on the makai side of the Project has not been determined. The seawall as well as all of the apartments, common elements, limited common elements, appliances, fixtures and everything inside and outside the buildings are conveyed in an "AS IS" condition "WITH ALL FAULTS".
7. Developer discloses that no reserve study was done in accordance with Chapter 514A - 83.6, HRS, and replacement reserve rules, Subchapter 6, title 16, Chapter 107, Hawaii Administrative Rules, as amended.
8. Pursuant to the Electrical Report dated June 17, 1997 attached as Exhibit A hereto, there were certain "dangerous conditions" mentioned in the report. However, subsequent to said report, the said "dangerous conditions" were repaired by a licensed electrician.

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.

Richard H. Sylva

Printed Name of Developer

By: Richard H. Sylva July 3, 1997  
Duly Authorized Signatory Date

Richard H. Sylva, Developer

Printed Name & Title of Person Signing Above

Distribution:

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

## **EXHIBIT A**

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**Architect's Report**

**Electrical Report**

**Structural Report**



**ERNEST M. UMEMOTO AIA**

**Architect, Inc.**

June 2, 1997

Richard Sylva  
P.O. Box 3199  
Friday Harbor, Washington 98250

Subject: Sylva Condominium      68-745 & 68-751 Crozier Drive  
Mokuleia, Oahu, Hawaii

Dear Richard:

This Architectural Observation Report is based on cursory visual observations made on September 7, 1996 and October 24, 1996. No drawings were available except for Site Plans to which we refer any inquiry on matters pertaining to siting. The North Shore has high wave activity and this site may be affected. There is no provision for flood surge and future additions and renovations may have to address structural provisions for flooding. No observations were made for termite, hazardous substances (asbestos, lead paint, etc.), soils engineering, plumbing, electrical and site flooding. The sea wall was not part of this Observation Report.

The two structures show expected wear and tear for the ocean frontage site. Other observations are as follows:

- a) Smoke detectors are not installed per the latest Building Codes.
- b) Metal range hood is required over range where wood cabinets are above (68-741).
- c) Wall behind ranges are of non-combustible material. Any changes must maintain this condition.
- d) Outlets near lavatories in bathroom and sinks in kitchen and laundry should be GFIC.
- e) Handrails on stairs do not meet Building Code requirements.
- f) Walkway cracks should be monitored because changes in elevation can cause tripping.
- g) Boundary fences are leaning. Site property line encroachments are possible.
- h) Crozier Drive does not meet DPW Standards and does not have a storm drain system. No curbs or drop curbs at driveway exist on Crozier Drive.
- i) Step up at entry doors more than 1/2".
- j) Wood rot due to corrosive seashore atmosphere is expected and will require higher than normal maintenance.

The plumbing fixtures appear to be in working order and with proper maintenance and repair should serve the needs of the occupants. The structures are presently being used for the intended use of single family residential dwellings.

Respectfully submitted,

Ernest M. Umemoto, AIA

EXHIBIT "A"

**HAWAII ENGINEERING GROUP**  
CONSULTING STRUCTURAL AND CIVIL ENGINEERS  
98-021 Kamehameha Highway, Suite 213, Aiea, Hawaii 96701-4914  
PH: 808-486-2092 FAX: 808-486-9261

Mr. Richard Sylva, Owner  
P.O. Box 3199  
Friday Harbor, WA 98250

February 18, 1997

CROZIER DRIVE C.P.R.  
68-745 & 68-751 Crozier Dr., Haleiwa, Oahu  
TMK: 6-8-06:3

**STRUCTURAL OBSERVATION REPORT**

A Site Visit was held to note cursory observations of the two residences located at 68-745 & 68-751 Crozier Drive on October 24, 1996. The inspection involved a three-hour walk through of the building complex limited to a visual survey from the outside of structures only.

No calculations or testing of any kind was performed. Architectural, Mechanical, Electrical and other nonstructural aspects were not addressed. No drawings were available to review the existing structure. No attempt was made to establish if construction of the structures conformed to existing or any earlier building codes.

68-745 Crozier Drive

This is a single storied single family residence type of a structure with plan dimensions of 25' x 54'. The structure has a detached garage with a plan dimension of 25'-6" x 21'. The main house has a hip roof and a flat ceiling. A roof overhang of 3'-0" is supported by 2 x 4 members spaced at 24" o.c. The roof sheathing consists of 1x decking with asphalt roof shingles. All exterior walls are of Concrete Block Masonry. The garage has an open beam ceiling with 2 x 6 members spaced at 24" o.c. The garage is open on two sides and is supported by 8 x 16 concrete block columns. The remaining two garage sides are of concrete block masonry and wood construction. The garage roof sheathing consists of 1x decking with asphalt shingles. The garage roof has a ridge beam with slight slope on both sides.

68-751 Crozier Drive

This is a single storied single family residence type of a structure with plan dimensions of 25' x 52'. The structure has a detached garage with a plan dimension of 24'-0" x 20'. The main house has a hip roof and a flat ceiling. A roof overhang of 3'-0" is supported by 2 x 6 members spaced at 24" o.c. The roof sheathing consists of 1x decking with asphalt roof shingles. All exterior walls are of Concrete Block Masonry. The garage has an open beam ceiling with 2 x 6 members spaced at 24" o.c. The garage is open on three sides and is supported by 8 x 16 concrete block columns. The wall at the back of garage is of concrete block masonry construction. The garage roof sheathing consists of 1x decking with asphalt shingles. The garage roof has a ridge beam with slight slope on both sides.

**EXHIBIT "A"**

### Observations and Comments

The following observations were made and are applicable to both 68-745 & 68-751 Crozier Drive properties unless specifically mentioned

1. No signs of ground settlement were observed around the structure.
2. The concrete pavement has some concrete cracking.
3. Spalling of concrete was observed around the steps leading to the lanai. Some reinforcement in the slab on grade was also exposed due to spalling of concrete.
4. Wood rot was observed in the fascia members of the main house and the freeze board of the garage framing.
5. Rusting of nails exposed to the weather was observed in all structures.
6. No hurricane ties were observed.

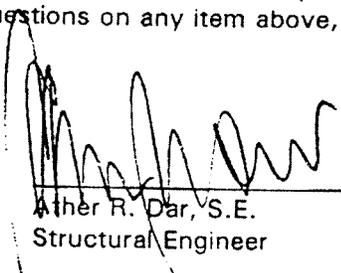
### Conclusions and Recommendations

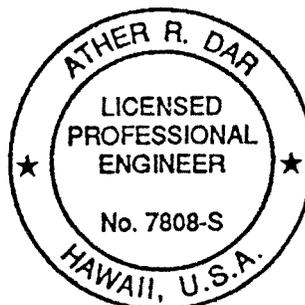
The observations made above are minor in nature and can be addressed easily with minor repairs. Hurricane ties even though not present in the structure are not legally required as the code requirement for hurricane ties is only applicable to structures permitted after the 1991 Uniform Building Code was adopted by the City and County of Honolulu. It is however recommended that the hurricane ties be installed in the structure. It is also recommended that the 4'-0" overhangs in the garage roof and the main structure roof of 68-751 crozier drive be braced to prevent any damage to the roof during high winds.

The buildings appears to have been well maintained. The structure for the Buildings are in good condition. The structures can be expected to continue to perform well with normal maintenance and up keep.

This report does not address portions of the building other than those areas mentioned, nor does it provide any warranty either expressed or implied for any portion of the existing building. If there are any comments or questions on any item above, please do not hesitate in calling.

Submitted by:

  
Ather R. Dar, S.E.  
Structural Engineer



## RS Engineering

3408 Waialae Avenue  
Honolulu, Hawaii 96816

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Phone 739-7776  
Fax 739-7776

June 17, 1997

Mr. Richard H. Sylva  
c/o Mr. Kenneth Wong  
Beck and Taylor  
1001 Bishop Street, Pauahi Tower  
Suite 1500  
Honolulu, Hawaii 96813

Subject: 68-745 and 68-751 Crozier Drive  
Waialua, Hawaii

### ELECTRICAL OBSERVATION REPORT

On Tuesday, June 3, 1997, a cursory inspection was performed on the subject property to evaluate the condition of its electrical system. The inspection was limited to observations of exposed electrical devices, equipment, wiring and lighting.

#### REFERENCES

1. National Electrical Code, 1996  
with C & C of Honolulu Ammendments
3. Uniform Fire Code, 1988  
with C & C of Honolulu Ammendments

#### GENERAL

The subject property consists two single-story residential buildings, attached carports and lawn areas. Both units are beachfront properties, identified as 68-745 and 68-751 Crozier Drive.

EXHIBIT "A"

## ELECTRICAL SERVICE SYSTEM

The buildings are fed from overhead lines to each building from Crozier Drive to 2" weatherheads at each building. The service then enters a 2-pole 100 amp meter main which feeds a panel located in the kitchen in unit 68-745 and the laundry room in unit 68-751.

The enclosure for the meter/main at 68-745 is extremely corroded from the salty air and will need to either be replaced or brushed and repainted. This meter/main is located on the side of the building perpendicular to the side of the building facing the ocean and, hence, is not sheltered from the salt air. Additional protection, such as a wooden enclosure is recommended.

The enclosure for the meter/main at 68-751 is located on the side of the building opposite the ocean side and has been better protected. However, even this service equipment is starting to rust and should be brushed and repainted.

The conduit for the service ground wire for unit 68-751 is rusted away in several areas. This should be repaired immediately. Failure to do so can present a very dangerous electrical hazard for the residents of the building.

## INTERIOR

The 1996 NEC section 210-8(a) requires that receptacles in the bathrooms and receptacles located on countertops in the kitchens be GFI protected. The receptacles in both of the units inspected were not GFI protected. GFI protected receptacles may have not been required by the electrical code at the time the buildings were built.

The receptacle layout is not in compliance with the current NEC section 210-52(a). The receptacles are required to be within the 6 feet maximum distance from any point along the wall line for bedrooms, living rooms, family rooms and dining rooms for any wall longer than 2 feet. In both buildings, several walls 2 feet or longer did not have receptacles. There are also several violations of the 6 foot rule.

In unit 68-745, there exists an extremely dangerous situation because of faulty grounding. The range is not grounded properly and is at a dangerous voltage above ground. The range also had two elements which were not working and should be repaired or replaced immediately. It was also noted that the oven was not working in this unit.

The panelboard in unit 68-745 over the kitchen counter and is a violation of the current NEC. The occupant of the unit stated that operating the circuit breakers resulted in electrical shock. This was not tested in this inspection, but the grounding system should be repaired by a qualified electrician.

The panelboard in unit 68-751 is in the laundry room. This is a violation of the current NEC. However, this may have been allowed at the time the building was constructed.

There were several receptacles in unit 68-745 that were not working. Two receptacles on the ocean side wall of the living room, half of a receptacle in the kitchen and one receptacle in the ocean side bedroom were not working. These should be repaired as soon as possible.

In unit 68-751, the box for a surface mounted receptacle in the living room is broken and exposes live wires. This should be repaired as soon as possible.

Smoke detectors were noted in both buildings. The smoke detector units were not checked to see if they were functional. This should be done on a periodic basis.

## EXTERIOR

The receptacles in the carports are not GFI protected as required by NEC article 210-8. The light fixture in the carport of unit 68-745 appears to be supported by the wires and is a hazard. This fixture should be repaired.

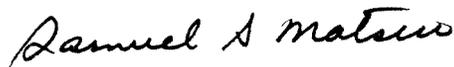
The exterior light fixtures were in reasonable condition. They appeared to be functional.

## CONCLUSIONS

The electrical service equipment is in need of some repair. For unit 68-745, the service ground should be repaired and the meter/main enclosure brushed and painted. For unit 68-751, the meter/main enclosure should be replaced and a cover for the enclosure should be built.

The receptacles noted above should be repaired. The smoke detectors should be checked. The grounding system for unit 67-745 should be repaired.

Overall, most of the electrical system is in fair condition. Due to the extreme environmental conditions, however, added protection should be used to protect the system where possible. Most of the equipment is past its useful economic life, but with proper repairs and maintenance, many more years of useful life can be expected.

  
Samuel S. Matsuo  
PhD, PE

Submitted by:

## EXHIBIT B

### DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### I. COMMON ELEMENTS

Paragraph 4.2 of the Declaration describes the common elements as all portions of the land and improvements (other than the apartments), the land on which the buildings are located and all common elements mentioned in the Condominium Property Regime Act found in Chapter 514A of the Hawaii Revised Statutes which are actually constructed on the land described herein. Said common elements shall include, but shall not be limited to the following:

1. The land described in Exhibit "A" attached to the Declaration of Condominium Property Regime.
2. All foundations, columns, girders, beams, floor slabs, supports, perimeter walls (except for the inner decorated surfaces within each apartment), roofs, and external fascia of the buildings that are utilized for or serve more than one apartment.
3. All yards, grounds, landscaping, refuse and like facilities, porches, walkways, retaining walls, fences, gates, driveways and mailboxes that serve more than one apartment.
4. All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities including cesspools (if any), electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);
5. The seawall located on the makai side of the Project; and
6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, including any fence or wall that may be installed on the boundary separating the land designated as L-1 and L-2 on the Condominium Map.

#### II. LIMITED COMMON ELEMENTS

Paragraph 4.3 of the Declaration describes the limited common elements as certain parts of the common elements which are set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. The land appurtenant to and under Apartment No.1, designated as L-1 on the Condominium Map, together with all porches, walkways, retaining walls, fences, gates (if any), driveways, yards, grounds, landscaping, and refuse areas located thereon, shall be a limited common element appurtenant to and reserved for the exclusive use of Apartment No. 1;

2. The land appurtenant to and under Apartment No.2, designated as L-2 on the Condominium Map, together with all porches, walkways, retaining walls, fences, gates (if any), driveways, yards, grounds, landscaping, and refuse areas located thereon, shall be a limited common element appurtenant to and reserved for the exclusive use of Apartment No.2;

3. Any walkway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

4. One (1) mailbox which bears the same address as the apartment;

5. Each apartment shall have a separate cesspool and sewer pipes reserved for its exclusive use that are located on the land designated as a limited common element appurtenant to such apartment.

## EXHIBIT C

### Encumbrances Against Title

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.
3. Life Estate in favor of AILEEN M. SYLVA, as reserved in Order Approving Final Accounts and Distributing and Settling Estate dated March 7, 1979 filed in Circuit Court of the First Circuit, State of Hawaii, Probate No. 39123, being in the matter of the Estate of Edward N. Sylva, deceased, recorded in Liber 13557 at Page 98.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME  
FOR THE "MOKULEIA REEF" CONDOMINIUM PROJECT

DATED : June 3, 1997  
RECORDED : Document No. 97-082519  
MAP : 2568 any amendments thereto

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT  
OWNERS

DATED : June 3, 1997  
RECORDED : Document No. 97-082520

6. Any unrecorded tenant leases.
7. For real property taxes due and payable, refer to Director of Finance, City and County of Honolulu.

EXHIBIT  D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Apt. No. 1	\$120.00 X 12	= \$1440.00
Apt. No. 2	\$120.00 X 12	= \$1440.00

No maintenance fees are due until Developer conveys title to both Apartments in the Project to third party purchasers.

Note:

Mandatory reserves assessment and collection in effect beginning 1994 budget year. Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserves rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

N/A

Air Conditioning

Electricity

common elements only

common elements and apartments

Elevator

Gas

common elements only

common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

Sea Wall Fence

\$240.00 X 12 = \$2,880.00

Management

N/A

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

N/A

Reserves(\*)

N/A

Taxes and Government Assessments

N/A

Audit Fees

N/A

Other

N/A

TOTAL

\$2,880.00

I, RICHARD H. SYLVA, ~~as agent for and/or employed by~~ \_\_\_\_\_, the ~~condominium managing agent/developer~~ for the MOKULEIA REEF condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
Signature

June 15, 1997

Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. **See previous page note.**

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

## EXHIBIT E

### 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:

7. CLOSING COSTS. Buyer shall pay all closing costs. 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.

9. POSSESSION. Tenants are occupying the Apartment and Buyer must honor any existing tenant lease and Buyer is responsible to evict tenant.

14. Buyer is accepting the Apartments and the common elements in "AS IS" condition with "ALL FAULTS." The Apartments and fixtures are between 25-29 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.

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 defaults 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). 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. SELLER'S CANCELLATION RIGHTS. In addition to any other rights of cancellation reserved to Seller, if (a) Buyer's deposit check is returned for insufficient funds, (b) Buyer 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. Until then the Sales Contract remains in full force and effect.

24. BUYER'S RIGHT TO RESCIND. Buyer has the right to cancel the 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 date of execution of the Sales Contract 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 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 F

SUMMARY OF PERTINENT  
PROVISIONS OF ESCROW AGREEMENT

The Condominium Escrow Agreement dated June 20, 1997 (the "Escrow Agreement"), executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and RICHARD H. SYLVA, as Developer, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held 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 Public Report, the purchaser has exercised the purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

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

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

(i) no sales contract has been offered to the purchaser who has been placed on the Developer's reservation list of owner-occupant applicants within the first six months of the issuance of the first public report or of the public lottery (as applicable); or

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within forty-five (45) calendar days after Developer's execution and acceptance of the sales contract; or

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

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

(v) the purchaser has elected not to execute a sales contract.

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

In the event Buyer defaults on the Sales Contract, and fails to cure the default within 5 days of written notice of default, Seller can terminate the Sales Contract and keep all deposits made by Buyer as liquidated damages.

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