

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Joseph Lapilio & Winona H. Lapilio
Address 87-151 Liliana Street, Waianae, Hawaii 96792
Project Name(\*): 87-151 A & B Liliana Street
Address: 87-151 Liliana Street, Waianae, Hawaii 96792

Registration No. 4146 (Conversion) Effective date: June 4, 1999
Expiration date: July 4, 2000

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

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

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

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

(\* ) Exactly as named in the Declaration

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report  
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.

Changes made are as follows:

**SPECIAL ATTENTION**

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designed a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. 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 been complied with.

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improvement access for owner and emergency traffic, drainage facilities, etc. may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

**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: Joseph Lapilio  
Winona H. Lapilio Phone: (808) 696-6662  
Name (Business)  
87-151 Liliana Street  
Business Address  
Waianae, Hawaii 96792

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: none (see page 20) Phone: \_\_\_\_\_  
Name (Business)  
Business Address

Escrow: Old Republic Title & Escrow Phone: (808) 266-0150  
Name (Business)  
116 Hekili Street #7  
Business Address  
Kailua, Hawaii 96734

General Contractor: none Phone: \_\_\_\_\_  
Name (Business)  
Business Address

Condominium Managing Agent: none (Project is to be self managed) Phone: \_\_\_\_\_  
Name (Business)  
Business Address

Attorney for Developer: Michael T. Indie, Esq. Phone: (808) 261-7979  
Name (Business)  
228 Kuulei Road  
Business Address  
Kailua, Hawaii 96734

**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. 98-192207  
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. 2845  
 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. 98-192208  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed                     Adopted                     Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [x] 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: 87-151 Liliana Street Tax Map Key (TMK): (1) 8-7-1-2  
Waianae, Hawaii 96792  
 Address  TMK is expected to change because a new unit will be created  
because of this project

Land Area: 36,104  square feet  acre(s) Zoning: R-5

Joseph Lapilio  
Winona H. Lapilio

Fee Owner:

Name  
87-151 Liliana Street  
Address  
Waianae, Hawaii 96792

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: 2 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>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

5. Special Use Restrictions:

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

Pets: Sections 5.5 (9) and 5.12 of the By-Laws

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

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

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: none    Stairways: none    Trash Chutes: none

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
87-151 A	<u>1</u>	<u>3/2</u>	<u>1750</u>	<u>470</u>	<u>carport</u>
87-151 B	<u>1</u>	<u>3/2</u>	<u>1560</u>	<u>400</u>	<u>carport/storage shed</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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 Exhibit "A"

Permitted Alterations to Apartments: Individual unit owners may, at their sole discretion, and at their own expense, remodel, expand or otherwise alter their unit, provided said alterations are done in complete accordance with all applicable ordinance codes, rules, regulations and other requirements in force at the time of said construction. All alterations shall be completed expeditiously and in the manner set forth in Section XVI of the Declaration.

7. Parking Stalls:

Total Parking Stalls: 3

	<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>1</u>	<u>carport</u>	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>2</u>	<u>carports</u>	<u>0</u>		<u>0</u>		<u>3</u>

Each apartment will have the exclusive use of at least 1 carport 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 A 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):

Based on a report prepared by an independent registered engineer, it is the Developer's opinion that all structural components and mechanical and electrical installation material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, no representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installation materials to the use and enjoyment of the condominium units.

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>		
Structures		<u>  X*  </u>	
Lot	<u>  X  </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.

\* See Exhibit G third paragraph concerning garage structures.

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 C.

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: Each unit and it's Owner(s) shall have appurtenant thereto a one-half (1/2) fractional interest (50.0 percentage interest) in the common elements of the Project, for all purposes, including voting, said interest being referred to as the "common interest".

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 D describes the encumbrances against the title contained in the title report dated April 5, 1999  
and issued by Old Republic Title & Escrow

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. (see below)

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 <b>Prior to Conveyance</b></u>
Mortgage	No effect. Developer intends to satisfy the Mortgage prior to any conveyance of individual units. Developer intends to retain Unit A as their principal residence and convey Unit B to Developer's brother and sister for no consideration.

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

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

This Project is a conversion of existing dwellings:  
Unit A was built in 1991.

Unit B was built in 1952.

H. **Project Phases:**

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

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

**IV. CONDOMINIUM MANAGEMENT**

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

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

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

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

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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 E 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 F contains a summary of the pertinent provisions of the sales contract.
- [  Escrow Agreement dated April 14, 1999  
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
- [  Other Exhibit G - Verified Statement from County Official  
Exhibit H - Disclosure Abstract

### 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 none
- 

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. 4146 filed with the Real Estate Commission on March 16, 1999.

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. Disclosure re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until (1) Developer first submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

If the Developer, as the owner, chooses to represent themselves in the sale of an apartment, said abstract need not be given to the purchaser, as all necessary disclosures are covered in this report. Developers are not licensed real estate brokers or sales persons.

2. Notice to Tenants. There are no tenants occupying the units. In the event Developer decides to sell any of the units, he is aware of the effect of Hawaii Revised Statutes Sections 514A-105 and will first offer a unit to any individual occupying the unit who submits an owner/occupant affidavit approved by the Real Estate Commission and makes an earnest money deposit in a reasonable amount.

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.

JOSEPH LAPILIO and WINONA H. LAPILIO

Printed Name of Developer

BY Joseph Lapilio 1-7-99  
By: Winona H. Lapilio Jan. 7, 1999  
Duly Authorized Signatory Date

JOSEPH LAPILIO & WINONA H. LAPILIO - Developers

Printed Name & Title of Person Signing Above

Distribution:

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

## **INDIVIDUAL UNIT DESCRIPTION**

The Declaration of CPR and plans submitted by the Developer indicate that 87-151 A & B Liliana Street is a fee simple condominium conversion project consisting of a total of two condominium units, each comprising of a separate single-family structure. The units are described as follows:

- (a) "87-151 A Liliana Street" consists of a separate single story wood frame structure, without basement, containing three bedrooms, two baths, living room, dining room and kitchen - all containing a net interior area of approximately 1,750 square feet. Said unit also contains an attached carport of approximately 470 square feet.
- (b) "87-151 B Liliana Street" consists of a separate single story hollow tile and wood frame structure, without basement, containing three bedrooms, two baths, family room, living room, kitchen and pantry - all containing a net living area of approximately 1,560 square feet. Said unit also has an attached carport and storage room of approximately 400 square feet.

**EXHIBIT "A"**

## **COMMON ELEMENTS**

One freehold estate is designated of all the remaining portions of the Project, herein referred to as "common elements", including specifically, but not limited to:

- (a) The land in fee simple;
- (b) All ducts, electrical equipment, building and other central and appurtenant installations for common services, if any, including power, light, water, sewage, irrigation and telephone;
- (c) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project, including, but not limited to, the driveway.

**EXHIBIT "B"**

## **LIMITED COMMON ELEMENTS**

Certain parts of the common elements, herein referred to as the "limited common elements", are designated and set aside for the exclusive use of one or more apartments, and such apartment(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

- (a) That certain land area upon and around which "87-151 A Liliana Street" is located, shown and designated on the Condominium Map, is deemed a limited common element appurtenant to and for the exclusive use of said Unit A.
  
- (b) That certain land area upon and around which "87-151 B Liliana Street" is located, shown and designated on the Condominium Map, is deemed a limited common element appurtenant to and for the exclusive use of said Unit B.

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvements, shall be borne solely by the owner of the unit to which said limited common elements are appurtenance.

NOTE: The land area appurtenant to each apartment does not represent a legally subdivided lot.

**EXHIBIT "C"**

## **ENCUMBRANCES AGAINST TITLE**

1. For real property taxes County of Honolulu that may be due and owing reference is made to Director of Finance, Real Property Assessment Division.

TAX MAP KEY NO. (1) 8-7-1-2

2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Grant of Easement in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company dated February 1, 1960, for an easement for utility purposes, as recorded in the Bureau of Conveyances of the State of Hawaii in Book 3779, Page 163.
4. Final Order of Condemnation in favor of the City and County of Honolulu, dated October 13, 1966, for easement for slope purposes affecting the property described herein, as recorded in the Bureau of Conveyances of the State of Hawaii in Book 5460, Page 227.
5. Grant of Easement in favor of the City and County of Honolulu, dated October 1, 1969, for an easement for underground sewer line purposes, recorded in the Bureau of Conveyances of the State of Hawaii in Book 6744, Page 202.
6. Affidavit executed by Joseph W. Lapilio, Jr., dated July 23, 1991, in favor of the Building Department of the City and County of Honolulu, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-099279.
7. Mortgage in favor of Territorial Savings and Loan Association, organized and existing under the laws of the State of Hawaii, dated March 10, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-045422.

NOTE: Developer intends to satisfy the Mortgage prior to any conveyance of individual units.

8. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by laws set forth in the Declaration of Condominium Property Regime dated November 20th, 1998, recorded December 22nd, 1998 in the Bureau of Conveyances, State of Hawaii, as Document No. 98-1922207.

**EXHIBIT "D"**

## **ESTIMATED MAINTENANCE FEES/COSTS**

### **MAINTENANCE FEES:\***

Since there are no common elements requiring regular maintenance or repair, Developer anticipates that it will not be necessary to assess maintenance fees. The regular maintenance and repair of each condominium unit, including utility charges, is the sole responsibility of each respective unit owner.

### **INDIVIDUAL INSURANCE:**

Section 514-86, Hawaii Revised Statutes requires that fire insurance be purchased to cover the improvements portion of the Project. Developer anticipates that the Association will elect to obtain separate policies for each individual apartment pursuant to Section XIC(c) of the Declaration. As such, the premiums on said policies will be the individual responsibility of each unit owner rather than the common expenses of the Project.

\*Note: Developer has not conducted a reserve study in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

## **SUMMARY OF SALES CONTRACT AND ESCROW ARRANGEMENTS**

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

**ESCROW ARRANGEMENTS:** The Escrow Agreement, dated identifies Old Republic Title & Escrow as Escrow for the Project. The Escrow Agreement establishes how proceeds from the sale of condominium units and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds. The Escrow Agreement provides that a Purchaser shall be entitled to a refund of this funds, and Escrow shall pay said funds to Purchaser, without interest and less cancellation fees and costs, if Purchaser shall in writing request refund of his funds and Escrow receives a written request from Developer to return to Purchaser the funds of said Purchaser. Said cancellation fees shall be in the minimum of \$25.00, but in no event shall exceed the agreed upon escrow fee provided for in said Escrow Agreement, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

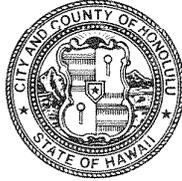
### **SUMMARY OF PERTINENT PROVISIONS FROM THE SALES CONTRACT:**

- a. Any funds deposited with escrow in accordance with a contract shall not earn interest.
- b. Time is of the essence, meaning Seller and Buyer must perform their obligations in a timely manner.
- c. If a Buyer fails to meet his obligations under the contract such may be a default. If a Buyer is in default, the Seller may (i) sue for breach of contract or (ii) retain any deposits made by Buyer as damages.
- d. The property is being sole "AS IS". No warranties as to the condition or use of the property are given by Seller. Buyers are advised to conduct their own inspection of the property.

EXHIBIT "F"

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET • HONOLULU, HAWAII 96813  
PHONE: (808) 523-4414 • FAX: (808) 527-6743



JEREMY HARRIS  
MAYOR

JAN NAOE SULLIVAN  
DIRECTOR

LORETTA K.C. CHEE  
DEPUTY DIRECTOR

MAR -1 1999

98-07798  
Ex99-18 (EE)

Mr. Michael T. Indie  
Attorney at Law  
228 Kuulei Road  
Kailua, Hawaii 96734

Dear Mr. Indie:

Subject: Condominium Conversion Project  
87-151 and 87-153 Liliana Street  
Tax Map Key: 8-7-01: 02

This is in response to your letter dated October 6, 1998 requesting verification that the structures located at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the two one-story single-family detached dwellings located at 87-151 and 87-153 Liliana Street with a total of at least four off-street, all-weather surface parking spaces met all applicable code requirements at the time they were constructed in 1952 and 1991, respectively.

We are unable to find building permits for the two garage buildings located at 87-153 Liliana Street, however, plans for subdivision 66-49 show portions of the garage structure; therefore, we are considering these nonconforming structures.

The lot was approved for subdivision on February 17, 1966 (Subdivision 66-49).

No variances of special permits were granted to allow deviations from any applicable codes.

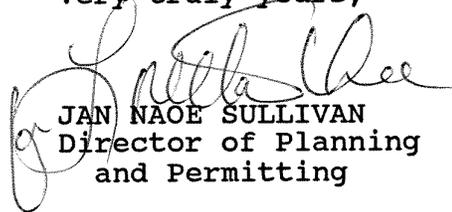
Exhibit "G"

Mr. Michael T. Indie  
Page 2

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at 527-6341.

Very truly yours,



JAN NAOE SULLIVAN  
Director of Planning  
and Permitting

JNS:gi

g:\dlu\general\bd\ex99-18.ee

**DISCLOSURE ABSTRACT**

87-151 A & B Lililani Street  
Condominium Project  
Dated November 20, 1998

Pursuant to Section 514A-61, Hawaii Revised Statutes, Condominium Property Act

**DEVELOPER**

JOSEPH LAPILIO and WINONA H. LAPILIO  
87-151 Liliana Street, Waianae, Hawaii 96792  
Telephone: 696-6662

**PROJECT  
MANAGER**

Self managed by Association of Condominium Owners

**USE OF  
CONDOMINIUM  
UNITS**

Both units comprising the Project are for residential purposes only.  
There is no non-residential development in the Project.

**WARRANTIES**

Purchaser should be aware that the "condominium units" of the Project are both existing single-family homes. Said homes have unavoidably undergone a certain amount of "wear and tear" commensurate with their age. Accordingly, purchasers should not expect the home they desire to buy to be in "like-new" condition. No warranties for fitness of use or merchantability or any other kind are made as to the individual condominium units or the common elements of the project. Purchasers are advised to conduct their own inspection of the unit they desire to buy. The units are sold "as is".

**STRUCTURAL  
COMPONENTS AND  
MECHANICAL AND  
ELECTRIAL  
INSTALLATIONS**

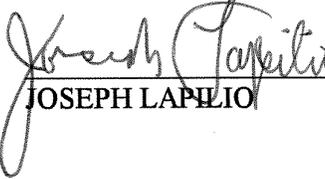
Based on a report prepared by an independent registered engineer, it is the Developer's opinion that all structural and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, no representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installations material to the use and enjoyment of the condominium unit(s).

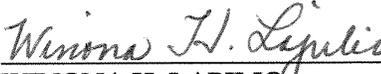
EXHIBIT "H"

Page 1

**CODE  
VIOLATIONS**

To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of tenured violations of the building code or other municipal regulations of the City and County of Honolulu.

  
\_\_\_\_\_  
JOSEPH LAPILIO

  
\_\_\_\_\_  
WINONA H. LAPILIO

"Developers"