

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Perry Keys and Judy Keys
Address 55-555 Kamehameha Highway, Laie, Hawaii 96762

Project Name(\*): 55-555 Kamehameha Highway
Address: 55-555 Kamehameha Highway, Laie, Hawaii 96762

Registration No. 4462 (conversion)

Effective date: October 2, 2000
Expiration date: November 2, 2001

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 governmental 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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports

(\* 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 a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

This public report does not constitute approval of the Project by the Real Estate Commission, 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 FOR FURTHER INFORMATION WITH REGARDS 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 lessor'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: Perry Keys and Judy Keys Phone: 293-5943  
Name (Business)  
55-555 Kamehameha Highway  
Business Address  
Laie, Hawaii 96762

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

N/A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: None Selected. See Page 20. Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

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

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

Condominium Managing Agent: Self-managed by the Association Phone: \_\_\_\_\_  
Name of Apartment Owners (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Attorney for Developer: Ashford & Wriston Phone: 539-0400  
Name (Business)  
1099 Alakea Street, Suite 1400  
Business Address  
Honolulu, Hawaii 96813  
Attn: Galen C. K. Leong

**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. 99-115373  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document No. 2561183

The Declaration referred to above has been amended by the following instruments [state name of document date and recording/filing information]: Amendment to Declaration of Condominium Property Regime dated September 9, 2000, filed in Land Court as Land Court Document No. 2650325 and recorded in the Bureau of Conveyances as Document No. 2000-127634.

- 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. 2929  
 Filed - Land Court Condo Map No. 1302

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: Amendment of Declaration of Condominium Property Regime and Condominium Map Nos. 1302 and 2929, filed in Land Court as Land Court Document No. 2650325 and recorded in the Bureau of Conveyances as Document No. 2000-127364.

- 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. 99-115374  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2561184

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

**III. THE CONDOMINIUM PROJECT**

**A. Interest to be Conveyed to Buyer:**

**Fee Simple:** Individual apartments and the common elements, which include the underlying land, will be in fee simple.

**Leasehold or 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: 55-555 Kamehameha Highway Tax Map Key (TMK): (1) 5-5-03:200 and 202  
Laie, Hawaii 96762

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

Land Area: 10,472 [ X ] square feet [ ] acre(s) Zoning: R-5

(Fee Owner): Perry Keys and Judy Keys  
 Name  
55-555 Kamehameha Highway  
 Address  
Laie, Hawaii 96762

Sublessor: N/A  
 Name  
 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 1 Floors Per Building 2

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

3. **Principal Construction Material:**

Concrete       Hollow Tile       Wood  
 Other Glass

4. **Permitted Uses by Zoning:**

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input 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 See Bylaws Article V, Section 2(i)

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

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

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators ∅ Stairways 2 Trash Chutes ∅

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit 1	1	3 BR/2 BA	1,620 sf	379 sf	Garage
Unit 2	1	3 BR/2 BA	1,584 sf	309 sf	Garage
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number 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:

The respective apartments shall not be deemed to include any pipes, wires, conduits or other utility or service lines running through one apartment which are utilized for or serve both apartments, the same being deemed common elements. Each apartment shall be deemed to include the entire building in which the apartment is located and all fixtures and appliances originally installed in such apartment for its exclusive use.

Permitted Alterations to Apartments:

Additions to or alterations of a unit made within such unit or within a limited common element appurtenant to and for the exclusive use of such unit shall be permitted to be done by the unit owner.

7. Parking Stalls:

Total Parking Stalls: 4 (one garage and one carport)

	<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 units)	<u>2</u> (Unit 1)	<u>2</u> (Unit 2)	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total	<u>4</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>4</u>
Covered & Open							

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
- 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):

See Exhibit "A" - Letter from Judd Whetten (Architect)  
No representations are being made about the useful life of any structural components, mechanical and electrical installations. The structures are in fair condition.

11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted. The verification from the City and County of Honolulu (see Exhibit "B") states that the buildings met code requirements  
 Variance(s) to zoning code was/were granted as follows: \_\_\_\_\_ at the time of construction.

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>  X  </u>	<u>      </u>	<u>      </u>
Structures	<u>  X  </u>	<u>      </u>	<u>      </u>
Lot	<u>  X  </u>	<u>      </u>	<u>      </u>

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

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

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

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

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

described in Exhibit   "C"  .

as follows:

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

There are no limited common elements in this project.

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

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

as follows:

- (a) The area of the yard adjoining the front, rear and the sides of each building, as shown on the Condominium Map.  
Note: Yards referenced herein are not portions of legally subdivided lots.
- (b) The land over which each unit is constructed.
- (c) The septic tanks
- (d) The garage and carport

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 shall have appurtenant thereto an undivided 50% interest in all the common elements of the project.

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 May 18, 2000

and issued by Title Guaranty of Hawaii

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest may be terminated. Buyer's funds will be returned if Developer defaults, (less any escrow cancellation fee) and the sales contract shall be cancelled.

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:

The units will be sold together with appliances and other personal property in an "AS IS" condition, without benefit of warranties. The buyers may have their own architects, engineers and other personnel examine the apartments with sufficient thoroughness to enable the buyers to decide if they want to purchase the units. The purchaser of units by the buyers shall be deemed to include (i) a complete and comprehensive assumption of all liabilities arising with respect to the apartments from and after closing, including all claims based on faulty planning, design, engineering, construction, or defective materials or workmanship; and (ii) a release and discharge of the sellers, their respective heirs, assigns, devisees and personal representatives, from all claims\*\*

2. Appliances:

The buyers will have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the apartments.

\*\*obligations and liabilities arising out of the condition of the apartments, and any disclosures made or not made with respect thereto. The buyers recognize that the foregoing itemization of potential claims or liabilities is not intended to be exclusive, or to limit the generality of the buyer's acceptance of the units in an "AS IS" condition, given the most expansive interpretation of those words.

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

Unit 1 and Unit 2 were completed in 1972.

**II. 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 for future development (such as additions, mergers or phasing):



## 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 Offer and Acceptance ("DROA") will be used at the time of sale. Exhibit "F" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 17, 1999 Exhibit "G" contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the Developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime.
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules.
  - E) Condominium Map.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541 Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4462 filed with the Real Estate Commission on July 17, 2000.

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**

**DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER:**

The Developer does not presently intend to sell nor use a real estate broker for the sale of apartments in the project.

In the event the Developer chooses to use a real estate broker for the sale of an apartment, prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a Broker Listing Agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this Public Report.

Any tenant existing at the time of sale will be notified in advance.

- 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.
- E. The developer declares subject to the penalties set forth in Section 514-A49(b) that this project is in compliance with all County zoning and building ordinances and codes, and all other County permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A- ] (The developer is required to make this declaration for issuance of an effective date for a final public report.)

PERRY KEYS and JUDY KEYS

Printed Name of Developer

By Perry E. Keys  
Duly Authorized Signatory

9/20/02  
Date

By Judy S. Keys  
Duly Authorized Signatory

20 Sept '02  
Date

PERRY KEYS and JUDY KEYS

Print Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

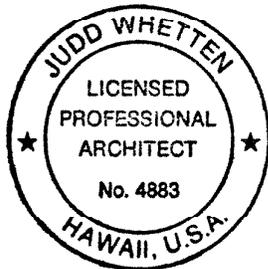
TO WHOM IT MAY CONCERN:

FROM: Judd Whetten  
Architect

DATE: January 18, 1999

I have inspected the buildings located at 55-555 and 55-555A Kamehameha Highway, Laie, Hawaii (TMK: (1) 5-5-03: 202), on January 15, 1999, and my observations during this inspection are as follows:

1. From my visual inspection of the existing buildings, the buildings appear to be in good structural condition. There are no apparent infestations of termites, wood rot, settling, or other structural problems.
2. The electrical and plumbing systems appear to be in good working order.
3. I believe the structures, if properly maintained, should last indefinitely. Nevertheless, I make no representations regarding any individual component.



Very truly yours,

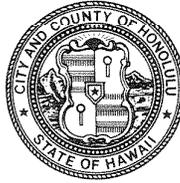
Judd Whetten  
Architect  
Registration No. 4883

APR 13 2000

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

650 SOUTH KING STREET • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.co.honolulu.hi.us/planning

JEREMY HARRIS  
MAYOR



RANDALL K. FUJIKI, AIA  
DIRECTOR

LORETTA K.C. CHEE  
DEPUTY DIRECTOR

1999/CLOG-6215(LT)

April 11, 2000

Ms. Cynthia K. Ching  
Ashford & Wriston  
Attorneys at Law  
Post Office Box 131  
Honolulu, Hawaii 96810

Dear Ms. Ching:

Subject: Condominium Conversion Project  
55-555 Kamehameha Highway  
Tax Map Key: 5-5-003: 202

This is in response to your letter dated September 2, 1999 requesting verification that the structure at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the two-story, two-family detached dwelling with four all-weather surface off-street parking spaces met all applicable code requirements when it was constructed in 1972. However, since the property has not been recently surveyed and staked, we are unable to determine setbacks of the dwelling. There is a building permit still active (Building Permit No. 435659) for an addition and alteration.

An affidavit signed on August 18, 1992 and attached to Building Permit No. 325841 for a two-story addition to an existing two-family dwelling unit states: The entire structure shall be maintained as a two-family dwelling unit containing two kitchens. An interior connection shall be provided as shown on the approved plans.

On January 13, 1972, approval was granted to the proposed consolidation and resubdivision of Lots 52A, 53, 54, 57, 94, and 95 of Land Court application 772 (Map 24), with lands accreted and approved by the Judge of the Land Court, and with portion of Royal Patent 7494, Land Commission Award 8559-B, Apanas 35 and 36 to W.C. Lunalilo, into Lots 96 to 101, inclusive. The structure is located on the present Lot 97.

**EXHIBIT "B"**

Ms. Cynthia K. Ching  
Ashford & Wriston  
Page 2  
April 11, 2000

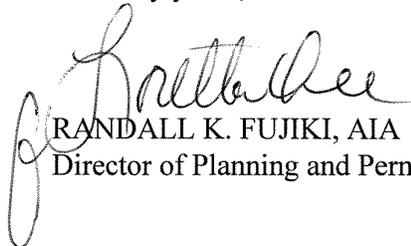
For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

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

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record.

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

Sincerely yours,



RANDALL K. FUJIKI, AIA  
Director of Planning and Permitting

RKF:ft  
30971 rev 1

## **EXHIBIT "C"**

The common elements of the project include:

- (a) The land described in Exhibit "A" of the Declaration, in fee simple.
- (b) All pipes, wires, conduits or other utility or service lines running through one unit, which are utilized for or serve more than one unit and any other appurtenant installations for common services;
- (c) The driveway that provides access to Kamehameha Highway along with the yard surrounding the driveway;
- (d) The backyard area, as shown on the Condominium Map;
- (e) The common wall between Units 1 and 2, from interior surface to interior surface.

EXHIBIT "D"  
Encumbrances Against Title

1. Real Property Taxes due and payable, refer to Finance Director, City and County of Honolulu.

2. -AS TO FIRST:-

Right of way or easement 10 feet wide for water mains, pipelines, conduits and/or lines for water, electric light, etc., as set forth in Deed dated May 1, 1927, filed as Land Court Document No. 15085.

3. -AS TO FIRST AND SECOND:-

(A) 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.

(B) All fisheries and fishing rights belonging to Zions Securities Corporation pertinent to the Ahupuaa to Laie.

(C) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED  
DATED : May 1, 1927  
FILED : Land Court Document No. 15085

(D) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : June 10, 1927

FILED : Land Court Document No. 15115

(E) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : May 10, 1930

FILED : Land Court Document No. 21630

(F) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATED : December 15, 1982

FILED : Land Court Document No. 1146783

(G) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : August 8, 1996

FILED : Land Court Document No. 2330110

(H) MORTGAGE

LOAN NO. : 0616605  
MORTGAGOR : PERRY EDWARD KEYS and JUDY LORETTA KEYS, husband  
and wife  
MORTGAGEE : U.S. FINANCIAL MORTGAGE CORP., a Hawaii corporation  
DATED : July 14, 1998  
FILED : Land Court Document No. 2472819  
AMOUNT : \$423,750.00

ABOVE MORTGAGE ASSIGNED

TO : BANK OF HAWAII, a Hawaii corporation  
DATED : July 15, 1998  
FILED : Land Court Document No. 2472820

4. -AS TO SECOND AND THIRD:-

Rights of others who own undivided interest(s) in the land  
described in Schedule C.

5. -AS TO THIRD:-

Reservation for a right-of-way, for utility purposes in favor of  
the State of Hawaii, contained in DEED dated ---, 1933  
(acknowledged July 10, 1933, July 29, 1933, and July 12, 1933)  
recorded in Liber 1210 at Page 79.

6. 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 "55-555 KAMEHAMEHA HIGHWAY" CONDOMINIUM PROJECT

DATED : July 12, 1999  
FILED : Land Court Document No. 2561183  
RECORDED : Document No. 99-115373  
LAND COURT MAP : 1302 and any amendments thereto  
REGULAR SYSTEM MAP : 2929 and any amendments thereto

7. 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 OF "55-555 KAMEHAMEHA HIGHWAY"

DATED : July 12, 1999  
FILED : Land Court Document No. 2561184  
RECORDED : Document No. 99-115374

EXHIBIT E

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 = Yearly Total</u>
Unit 1	250.00 x 12 = \$3,000.00
Unit 2	250.00 x 12 = \$3,000.00

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

- 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 Fees:

All costs associated with the maintenance of each apartment and its respective limited common elements are the sole responsibility of each apartment owner.

Section 514A-86, Hawaii Revised Statutes, requires that the Association of Apartment Owners purchase and maintain fire insurance to cover the improvements of the project, and that fire insurance premiums shall be a common expense.

Maintenance, Repairs and Supplies

- Building
- Grounds

The developer anticipates that the Association will elect to require each owner to obtain separate fire and liability insurance for his apartment and name the Association as an additional insured. In such case, insurance premiums will be the individual responsibility of each apartment owner.

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

The developer estimates the annual premium expense for each apartment to be approximately \$3,000.00 and certifies that this estimate was prepared based on generally accepted accounting principles.

Insurance

Reserves(\*)

The developer discloses that a reserve study has not been done.

Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, PERRY EDWARD KEYS, ~~manager/owner/employee of~~ the ~~condominium managing agent/developer for the~~ 55-555 Kamehameha Highway ~~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.

Perry Edward Keys  
Signature

7/5/00  
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. 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 "F"**

### **Summary of Sales Contract (Hawaii Association of Realtors' Standard Form of DROA)**

**The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:**

**1. Whether a purchaser will be obtaining a mortgage loan to cover part of the purchase price.**

**2. That the apartment will be subject to various other legal documents which the purchaser should examine.**

**3. That certain expenses, such as property taxes and insurance premiums shall be prorated as of the date of closing.**

**4. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.**

**5. That the Seller may take any or all of the following actions if Buyer fails to pay the balance of the purchase price or complete the purchase.**

**a. Bring an action for damages for breach of contract.**

**b. Retain the initial deposit and all additional deposits as liquidated damages.**

**c. Hold Buyer responsible for any costs incurred in accordance with the sale contract.**

**The Sales Contract contains various other provisions with which the purchaser should become acquainted.**

## **EXHIBIT "G"**

### **Summary of Escrow Agreement**

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

1. Escrow will let purchasers know when payments are due.
2. Escrow will arrange for purchasers to sign all necessary documents.
3. The Escrow Agreement says under what conditions a refund will be made to the purchaser.
4. The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain changes with which the purchaser should become acquainted.