

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer H. K. Builders, Inc.
Address 94-1024 Waipio Uka Street, #207, Waipahu, Hawaii 96797

Project Name (\*): HALEKOU ESTATES CONDOMINIUM
Address: 45-677 Halekou Road, Kaneohe, Hawaii 96744

Registration No. 4499

Effective date: October 30, 2000

Expiration date: November 30, 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.

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

SUPPLEMENTARY: (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
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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

Required and attached to this report  
as Exhibit A

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 "Limited Common Element Land Area" beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted or dashed lines on the Condominium Map bounding the designated number of square feet in each Limited Common Element Land Area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

## TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	2
General Information on Condominiums	3
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	
Developer	5
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	
B. Underlying Land	8
C. Buildings and Other Improvements	9
D. Common Elements, Limited Common Elements, Common Interest	10
E. Encumbrances Against Title	13
F. Construction Warranties	14
G. Status of Construction	15
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	18
D. Signature of Developer	20
EXHIBIT A:	Disclosure Abstract
EXHIBIT B:	Developer's Reserved Rights to Change Condominium Documents
EXHIBIT C:	Special Use Restrictions
EXHIBIT D:	Permitted Alterations to Apartments
EXHIBIT E:	Parking
EXHIBIT F:	Description of Common Elements and Limited Common Elements
EXHIBIT G:	Encumbrances Against Title
EXHIBIT H:	Report by Hon Hoong Chee, Structural Engineer
EXHIBIT I:	Summary of Pertinent Provisions of Sales Contract
EXHIBIT J:	Summary of Pertinent Provisions of Escrow Agreement
EXHIBIT K:	Boundaries of Each Apartment
EXHIBIT L:	Letter dated <u>October 24</u> , 2000 from CCOH Building Department

## 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: H. K. Builders, Inc. Phone: (808) 676-5777  
Name\* 94-1024 Waipio Uka Street, #207 (Business)  
Business Address  
Waipahu, Hawaii 96797

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership(LLP); or manager and members of a Limited Liability Company(LLC)(attach separate sheet if necessary):  
Angie Chang Kim--President, Vice-President, Secretary & Treasurer  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: \*Island Heritage Realty LLP Phone: (808) 941-7773  
Name 1400 Kapiolani Blvd., A1 (Business)  
Business Address  
Honolulu, Hawaii 96814

Escrow: First American Long & Melone Phone: (808) 536-3866  
Name Title Company, Ltd. (Business)  
1001 Bishop Street, Suite 2770  
Business Address  
Honolulu, Hawaii 96813

General Contractor\*: Not applicable Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Condominium Managing Agent\*: Self managed by Association Phone: \_\_\_\_\_  
Name (Business)  
of Condominium Unit Owners  
Business Address  
\_\_\_\_\_

Attorney for Developer: Erik W. Wong Phone: (808) 521-5659  
Name (Business)  
900 Fort Street, Suite 1440  
Business Address  
Honolulu, Hawaii 96813

\*H.K. Development, Corporation is co-listing the Project with Island Heritage Realty LLP

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

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. 2000-118983  
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]: N/A

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. 3153  
 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]: N/A

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. 2000-118984  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed                     Adopted     Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	Minimum Set by Law	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-	<u>not applicable</u>

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

2. **Developer:**

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

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

See Exhibit B

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: 47-677 Halekou Road Tax Map Key (TMK): (1) 4 - 5 - 97 - 8  
Kaneohe, Hawaii 96744

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

Approximately  
Land Area: 32,932  square feet  acre(s) Zoning: R-5

Fee Owner: H.K. Builders, Inc.  
94-1024 Waipio Uka Street, #207  
Waipahu, Hawaii 96797

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: 6 Floors Per Building one floor

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>5</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 checked="" type="checkbox"/> Other: <u>greenhouse</u> 1		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes  No

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: Dogs, cats and other household pets not to exceed two (2).

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

Other: No time sharing, including "vacation license", "travel club membership" or "time interval ownership". See Exhibit C

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Carport (Identify)
A	<u>1</u>	<u>1/1</u>	<u>672</u>	<u>672</u>	<u>0</u>
B	<u>1</u>	<u>2/1</u>	<u>816</u>	<u>124</u>	<u>340</u>
C	<u>1</u>	<u>2/1</u>	<u>816</u>	<u>124</u>	<u>340</u>
D	<u>1</u>	<u>2/1</u>	<u>1282</u>	<u>16</u>	<u>471</u>
E	<u>1</u>	<u>3/2</u>	<u>828</u>	<u>108</u>	<u>286</u>
F	<u>1</u>	<u>0</u>	<u>0</u>	<u>144</u>	<u>0</u>
Total Number of Apartments:		<u>6</u>			

\*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 K

Permitted Alterations to Apartments:

See Exhibit D

7. Parking Stalls:

Total Parking Stalls:	<u>8</u>						
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>TOTAL</u>
Assigned (for each unit)	<u>3</u>	<u>1</u>	<u>    </u>	<u>    </u>	<u>4</u>	<u>    </u>	<u>8</u>
Guest Unassigned	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Extra for Purchase	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Other:	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Total Covered & Open:	<u>4</u>	<u>    </u>	<u>0</u>	<u>    </u>	<u>4</u>	<u>    </u>	<u>8</u>

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

\*\* SEE EXHIBIT "E" ATTACHED HERETO FOR INFORMATION ON PARKING STALLS FOR EACH UNIT.

Exhibit E 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: Common element driveway for ingress and egress to the project

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):

A report prepared by Hon Hoong Chee, structural engineer, describing the present condition of the structural components and mechanical and electrical installations material to the use and enjoyment of the project is attached hereto as Exhibit "H". No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the project.

11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted.
- Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>  X  </u>		
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.

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   F  .

as follows:

\* The number of structures on the Property is non-conforming. However, six (6) residential dwelling units are permitted on the lot pursuant to the Existing Use Permit applicable to the property. A copy of the Existing Use Permit, as amended is attached to the Declaration and all terms, conditions, provisions and restrictions set forth in the Existing Use Permit, as amended are incorporated into the Declaration and made a part thereof.

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 F.

as follows:

\*Note: Land areas referenced herein are not legally subdivided lots

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

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

as follows:

<u>Condominium Unit</u>	<u>Percentage of Common Interest</u>
A	16.67%
B	16.66%
C	16.66%
D	16.66%
E	16.66%
F	16.66%

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 G describes the encumbrances against the title contained in the title report dated July 27, 2000 and issued by First American Long & Melone Title Co., Ltd.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
mortgage	Buyer's interest will be terminated and Buyer's deposit will be refunded, less escrow cancellation fees.

F. Construction Warranties:

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

1. Building and Other Improvements:      None given by Developer.

2. Appliances:      None given by Developer.

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

Unit A	Completed	<u>circa 1960</u>
Unit B	Completed	<u>circa 1990</u>
Unit C	Completed	<u>circa 1990</u>
Unit D	Completed	<u>circa 1960</u>
Unit E	Completed	<u>circa 1960</u>
Unit F	Completed	<u>1998</u>

H. Project Phases:

The developer  has  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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- 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 \_\_\_\_ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). see Exhibit A

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 \_\_\_\_\_

\*Note: Developer has not 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.

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   I   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 21, 2000

Exhibit   J   contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. **Rights Under the Sales Contract:** Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other \_\_\_\_\_

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

This Public Report is a part of Registration No. 4499 filed with the Real Estate Commission on September 19, 2000

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

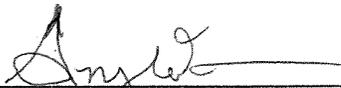
YELLOW paper stock       WHITE paper stock       PINK paper stock

C. Additional Information Not Covered Above

- D. The developer declares subject to the penalties set forth in section 514A-49(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.)
- E. 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.

H. K. Builders, Inc.

Printed Name of Developer

By:   
Duly Authorized Signatory\*

August 15, 2000

Date

Angie Chang Kim, President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & County of Honolulu

*\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.*

EXHIBIT A

DISCLOSURE ABSTRACT

1. Project: HALEKOU ESTATES CONDOMINIUM  
45-677 HaleKou Road  
Kaneohe, Hawaii 96744
2. Developer: H. K. Builders, Inc.  
94-1024 Waipio Uka Street, Suite 207  
Waipahu, Hawaii 96797
3. Managing Agent: Self-managed
4. Maintenance Fees: The maintenance and repair of each condominium unit and all utility charges and insurance premiums, are the sole responsibility of the owner thereof. There are no common services or expenses which will require regular monthly assessments; provided, however, the cost and expense of maintaining, repairing and/or replacing the common element driveway is a common expense of the Association that may require periodic assessments.
5. Warranties: The Developer makes no warranties with respect to any building, fixtures or site conditions of any unit, or the common elements. No warranties are given as to appliances. Developer is disclaiming any warranties, either express or implied, including any implied warranty of habitability, with respect to the Project, the units or their contents, and Developer will not be liable to Buyer or any other unit owners for any construction or other defects, including any latent or hidden defects in the Project, the units or anything contained therein. This means that neither Buyer nor any other unit owner will have the right to file any lawsuit for damages against Developer for any defects discovered by them.
6. Number of Apartments; Permitted Use. The Project contains six (6) apartments or units. The units are designated as "A" through "F". All the units except for unit "F" are intended solely for residential use. Unit F is used as a greenhouse or storage shed. However, when unit "F" is rebuilt or reconstructed in the future it will also be used solely for residential dwelling purposes. There is no commercial development in the Project.

Each apartment, except unit F, shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No residential apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective residential apartments shall not be rented by the residential apartment owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty (30) days; or (ii) any rental in which the occupants of the residential apartment are provided customary hotel services, such as room service for

food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the residential apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a residential apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing restrictions, the residential apartment owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire residential apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and By-Laws for the Project, as amended. Unit F shall be occupied and used only as a green house or storage shed. However, if unit F is rebuilt or reconstructed in the future, it shall be used and occupied only as a single-family residential dwelling.

Dated: Honolulu, Hawaii, August 1, 2000

H. K. BUILDERS, INC.

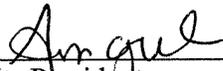
By  \_\_\_\_\_  
Its President

EXHIBIT B

DEVELOPER'S RESERVED RIGHTS  
TO CHANGE CONDOMINIUM DOCUMENTS

Following is a brief summary of certain provisions in the Declaration, By-Laws and the Sales Contract, as indicated, wherein the Developer has reserved the right to change the condominium documents, including the Declaration, By-Laws and the Condominium Map:

I. DECLARATION

In paragraph S of the Declaration, the Developer reserves the right, at any time prior to the conveyance of an apartment to a buyer, to amend the Declaration and the By-Laws in any manner as the Developer may deem fit.

In paragraph U of the Declaration, the Developer reserves the right for itself and its agents, until such time as all the apartments in the Project are sold, without the consent, joinder or approval of the Association or any apartment purchaser, to:

A. Grant utility and access easements and quitclaim any easements in favor of the Project which are not required for the Project. Apartment owners agree, upon request, to join in and execute any and all documents designating, granting and quitclaiming any such easements.

B. Amend the Declaration, the Condominium Map and By-Laws consistent with any grants or reservations of the Developer under the Declaration.

C. Conduct sales of apartments at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales.

D. Amend the Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any purchaser or owner of an apartment, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency.

E. Reconfigure the Project or any unit with respect to which a deed has not been recorded.

F. To modify all documents related to the Project including the Declaration, the By-Laws and the Condominium Map, to alter the Project and the units (and to modify said documents accordingly). Without limiting the generality of the foregoing, Developer reserves the right to change the configurations of, or to alter the number of rooms of or to decrease or increase the size of, or to change the location of any unit in accordance with complete plans and specifications therefore prepared by a licensed architect or engineer, and to make other changes in the units and in the common elements, and to increase or decrease the purchase price of the unit or any other unit in the Project.

G. Developer also reserves the right, subject to paragraph AA. Declaration of Restrictive Covenants in the Declaration, and the EU Permit, as amended referred to therein, to demolish and reconstruct or rebuild any unit in the Project.

## II. BY-LAWS

In Article II, Section 2 of the By-Laws, the Developer reserves the right to exercise the powers, vote and act for the Association and the Board on all matters until the first unit in the Project is conveyed to a buyer (except as to those rights reserved to the Developer in paragraph U of the Declaration, which rights are reserved until all of the activities described therein have been completed).

## III. SALES CONTRACT

The Developer, as Seller, reserves the right to modify all documents related to the Project, including the Declaration, By-Laws, Condominium Map, Condominium Deed, Disclosure Abstract and any exhibits to such documents.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE DECLARATION, THE BY-LAWS AND THE SALES CONTRACT RESPECTING THE DEVELOPER'S RESERVED RIGHTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO THE DEVELOPER'S RESERVED RIGHTS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT C

SPECIAL USE RESTRICTIONS

The following provisions in the Declaration and By-Laws, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. DECLARATION

Paragraph H.5 of the Declaration provides that each unit shall have appurtenant thereto a non-exclusive easement over the area designated on the Condominium Map as "Common Element", for the purpose of ingress, egress and access to and from the Project.

Pursuant to paragraph J of the Declaration, each unit except unit F shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever.

The units shall not be rented by the owners thereof for transient or hotel purposes, as defined in the Declaration. Neither said units nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. Other than the foregoing restrictions, the unit owners shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws. Unit F shall be occupied and used only as a green house or storage shed. However, if a new dwelling unit is constructed on unit F in the future, such unit shall be subject to the foregoing use restrictions applicable to units A through E, inclusive, including the restriction that the new unit be occupied and used only as a single-family dwelling.

II. BY-LAWS

Article VIII, Section 5 of the By-Laws lists a variety of restrictions affecting the use of the apartments and common elements, including, without limitation, restrictions as to the posting of advertisements, posters or other signs on or about the Project; noise; disposal of garbage; uses which may cause an increase in the ordinary premium rates or cancellation or invalidation of any insurance maintained by or for the Board; noxious or offensive activities; the storage of furniture, packages or other objects which could obstruct transit through the common elements; the construction or placement in the Project

of any building or structure; the alteration of any common elements of the Project; installation or maintenance of any television or other antennas in the Project; and the keeping of pets.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN USE PROVISIONS STATED IN THE DECLARATION AND BY-LAWS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE USE RELATED PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT D

PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws permit alterations to the apartments as follows:

I. DECLARATION

Paragraph Q of the Declaration provides that restoration or replacement of any unit or construction of any additional improvements, alterations or additions to any unit different in any material respect from the Condominium Map of the Project shall be undertaken by a unit owner, subject to the conditions set forth below:

1. All plans and specifications therefore shall comply with applicable setback requirements, building codes and zoning ordinances.

2. No unit shall be changed so as to reduce the distance between improvements placed on each land area to less than the distance shown on the Condominium Map without the consent of the other owner, and no change to a unit shall be made if the effect of such change would be to exceed the unit's proportionate share of the allowable floor area or lot area coverage for the land on which the Project is located, pursuant to the then applicable zoning and building codes. The proportionate share for each unit shall be the same as its percentage interest in the common elements.

3. All changes shall be at the sole expense of the unit owner making such changes and shall be completed expeditiously and in a manner that will not unreasonably interfere with the other unit owners' use of their units or land areas.

4. During construction, the unit owner making such changes will obtain at its sole expense builder's all-risk insurance in an amount not less than the estimated cost of construction, and the Association shall be named as additional insured.

5. Promptly upon completion of such restoration, replacement or construction, the owner shall duly record or file of record an amendment to the Declaration, together with a complete set of floor plans of the unit as so altered, certified as built by a registered architect or professional engineer; provided, however, that notwithstanding any provision in this Declaration to the contrary, any alterations or additions within a unit may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the unit so altered. All present and future unit owners and their

mortgagees, by accepting an interest in a unit in the Project, shall be deemed to have given each unit owner a power of attorney to execute such an amendment to this Declaration, so that each unit owner shall have a power of attorney from all other unit owners to execute such an amendment. This power of attorney shall be deemed coupled with each owner's interest in such owner's unit and shall be irrevocable.

6. Each conveyance, lease and mortgage or other lien made or created on any unit in the Project and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph Q.

Developer does not give any assurances that the units can be expanded and Developer does not give any assurances that variances are obtainable from the City and County of Honolulu for any proposed improvements.

## II. BY-LAWS

Article VIII, Section 4 of the By-Laws prohibits any owner from doing any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, or impair any easement or hereditament, nor may any owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of all owners whose units or limited common elements appurtenant thereto are directly affected, being first obtained.

THIS EXHIBIT CONTAINS EXCERPTS OF THE PROVISIONS CONTAINED IN THE DECLARATION AND THE BY-LAWS RESPECTING PERMITTED ALTERATIONS TO THE APARTMENTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO PERMITTED ALTERATIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT E

PARKING

Unit A has one uncovered parking stall which can accommodate two regular size cars. Units B and C each have a two (2) car covered tandem carport which can accommodate two (2) regular size cars. Unit D has a two (2) car covered carport which can accommodate two (2) regular size cars. Unit E has a one (1) car covered carport which can accommodate one (1) regular size car. Unit F does not have any parking stalls. There is no guest parking stalls in the Project designated as such.

Pursuant to paragraph AA DECLARATION OF RESTRICTIVE COVENANTS of the Declaration, the Project, the Association and all unit owners are subject at all times to all terms covenants, restrictions and provisions set forth in the EU permit, as amended. One of the conditions of said EU permit, as amended is that a minimum of 2 parking spaces for each unit shall be provided. Accordingly as part of any rebuilding or reconstruction of any unit in the Project by Developer, such rebuilt or reconstructed unit shall contain a minimum of 2 parking stalls.

EXHIBIT F

DESCRIPTION OF COMMON

ELEMENTS AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph E of the Declaration describes the common elements as all portions of the land and improvements (other than the units), the land on which the units are located and all common elements mentioned in the Act which are actually constructed on the land described herein. Said common elements include, but are not limited to the following:

1. The land described in Exhibit "A" of the Declaration
2. All central and appurtenant installations for services such as power, lights, telephone, hot and cold water lines, television cable lines, sewage disposal and other utilities which serve more than one unit (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in units), and all tanks, pumps, motors, fans, ducts, and other apparatus and installations existing for common use.
3. All roadways, including the private common element driveway for ingress and egress to the Project, curbs, if any and street lights, if any.
4. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any unit.

II. LIMITED COMMON ELEMENTS

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

1. One (1) mailbox located on the Project grounds, bearing the same number as the number of the unit.
2. The six (6) limited common element land areas lettered "A" through "F" as shown and delineated on the Condominium Map, shall be a limited common element for the exclusive use of the unit to which it is appurtenant; provided that each unit owner shall be responsible for and shall bear the

expense of installing and maintaining all landscaping within such limited common element land area, and of repairing, restoring or reinstating any walkways, stairways, fences, walls, pavement, water lines, and other improvements located within such designated limited common element land area; provided, further, that in the event of any sewer stoppage which affects any individual unit, the owner of such unit shall be responsible for and shall bear the expense of cleaning any sewer line which connects to any main sewer line running beneath the Project. The limited common element land area appurtenant to each unit is indicated on the Condominium Map and contains the following approximate number of square feet:

Unit A	4471 square feet
Unit B	4471 square feet
Unit C	6406 square feet
Unit D	5049 square feet
Unit E	4501 square feet
Unit F	4501 square feet

The Developer will not be liable to any owner, occupant or other person for any loss or injury in connection with any of the aforesaid limited common element land areas. This means that no one will have the right to file any lawsuit against the Developer for any matter in connection with said items. Each unit owner is responsible for the proper repair and maintenance of the limited common elements appurtenant to such owner's unit, including the limited common element land area, and shall at all times keep the same in good order, condition and repair and make good all defects in the same when notice shall be given by the Board of Directors or Managing Agent, if any. The costs of maintaining and repairing limited common elements shall not be considered a common expense but shall be borne exclusively by the unit owner or owners to whose unit the limited common elements are appurtenant.

Notwithstanding any provision herein or in the By-Laws to the contrary all costs of every kind pertaining to each limited common element, including but not limited to, costs of landscaping, maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner(s) of the unit(s) to which it is appurtenant. Expenses which are attributable to more than one (1) mailbox or land area shall be allocated among the affected mailboxes or land areas on a per mailbox or land area basis. Any expense which cannot be separately identified or attributed to a limited common element shall be charged as a common expense.

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. GRANT OF EASEMENT  
In Favor Of : Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated  
Dated : February 25, 1958  
Recorded in the Bureau of Conveyances in Book 3397, Page 308.  
Purpose : To build &c pole and wire lines and/or underground power lines (10 feet wide)  
Location : Along a portion of westerly boundary of Lot 1-B-2, and the Westerly boundary of Lot 1-B-1, as shown on Hawaiian Electric Company, Inc.'s Map 58-31

3. A portion of Easement A for access purposes and more particularly described as follows:

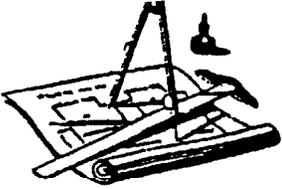
Beginning at the Westerly side of this easement, being also the beginning of course number one (1) of the above described Lot 1-B-2 and running by azimuths measured clockwise from true South:

1. 237° 15' 134.83 feet along the remainder of Grant 7361 to C. Koelling;
2. 327° 15' 12.00 feet along the remainder of Grant 7361 to C. Koelling;
3. 57° 15' 134.83 feet along the remainder of Grant 7361 to C. Koelling and Lot 1-A;
4. 147° 15' 12.00 feet along the Northeasterly side of Halekou Road to the point of beginning and containing an area of 1,618 square feet, as per survey of Lester T. Shimabukuro, Licensed Professional Land Surveyor No. 2723 dated January 24, 2000 by Towill, Shigeoka & Associates, Inc.

4. MORTGAGE  
Mortgagor(s) : H. K. Builders, Inc., a Hawaii corporation, and Angie Chang Kim, wife of Harry Young Hark Kim, Jr.  
Mortgagee(s) : Finance Factors, Limited, a Hawaii corporation  
Dated : February 26, 1997  
Recorded in the Bureau of Conveyances as Document No. 97-027320.  
To Secure : \$510,000.00 and any other amounts and/or obligations secured thereby  
Mortgage said premises and others.

5. ASSIGNMENT OF RENTS AND OTHER INCOME  
By and Between: Finance Factors, Limited, a Hawaii corporation, H. K. Builders, Inc., a Hawaii corporation, and Angie Chang Kim, wife of Harry Young Mark Kim, Jr.  
Dated : February 26, 1997  
Recorded in the Bureau of Conveyances as Document No. 97-027321.
6. MORTGAGE  
Mortgagor(s) : H. K. Builders, Inc.  
Mortgagee(s) : Christopher Mark Bonilla, as Trustee for Peter Mark Bonilla  
Dated : February 26, 1997  
Recorded in the Bureau of Conveyances as Document No. 97-027322.  
To Secure : \$150,000.00 and any other amounts and/or obligations secured thereby
7. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT  
Mortgagor(s) : H. K. Development, Corporation, a Hawaii corporation, and H. K. Builders, Inc., a Hawaii corporation  
Mortgagee(s) : Finance Factors, Limited, a Hawaii corporation  
Dated : November 16, 1999  
Recorded as Land Court Document No. 2590187.  
Recorded in the Bureau of Conveyances as Document No. 99-185120.  
To Secure : \$344,000.00 and any other amounts and/or obligations secured thereby
8. ASSIGNMENT OF RENTS AND OTHER INCOME  
By and Between : Finance Factors, Limited, a Hawaii corporation, "Lender", H. K. Development, Corporation, a Hawaii corporation, and H. K. Builders, Inc., a Hawaii corporation, "Assignor"  
Dated : November 16, 1999  
Recorded in the Bureau of Conveyances as Document No. 99-185121.  
Affects said premises and other land.
9. FINANCING STATEMENT  
Debtor(s) : H. K. Development, Corporation, a Hawaii corporation, and H. K. Builders, Inc., a Hawaii corporation  
Secured Party : Finance Factors, Limited, a Hawaii corporation  
Recorded November 19, 1999 in the Bureau of Conveyances as Document No. 99-185122.
10. SUBORDINATION OF MORTGAGE AND SECURITY INSTRUMENTS  
By and Between: H. K. Development, Corporation, a Hawaii corporation, H. K. Builders, Inc., a Hawaii corporation, and Christopher Mark Bonilla, as Trustee for Peter Mark Bonilla  
Dated : November 10, 1999  
Recorded in the Bureau of Conveyances as Document No. 99-185123.  
Subordinates Mortgage dated February 26, 1977, recorded in the Bureau of Conveyances as Document No. 97-027322 to Mortgage dated November 16, 1999, recorded in the Bureau of Conveyances as Document No. 99-185120.
11. MEMORANDUM OF OPTION TO PURCHASE AGREEMENT  
By and Between: H. K. Builders, Inc., a Hawaii corporation, "Optionor", with Angie C. Kim, wife of Harry Y. H. Kim, Jr., "Optionee"  
Dated : January 28, 1997  
Recorded in the Bureau of Conveyances as Document No. 98-017330.

12. SUBORDINATION OF OPTION TO PURCHASE AGREEMENT  
By and Between: H. K. Development, Corporation, a Hawaii corporation, H. K. Builders, Inc., a Hawaii corporation, and Angie C. Kim, wife of Harry Y.H. Kim, Jr.  
Dated : November 16, 1999  
Recorded in the Bureau of Conveyances as Document No. 99-185124.  
Subordinates Option to Purchase Agreement dated January 28, 1997, recorded in the Bureau of Conveyances as Document No. 98-017330 to Mortgage dated November 16, 1999, recorded in the Bureau of Conveyances as Document No. 99-185120, Assignment of Rents dated November 16, 1999, recorded in the Bureau of Conveyances as Document No. 99-185121 and Financing Statement recorded November 19, 1999, recorded in the Bureau of Conveyances as Document No. 99-185122.
13. Condominium Map No. 3153, recorded in the Bureau of Conveyances of the State of Hawaii.
14. The covenants, agreements, obligations, conditions and other provisions set forth in the Declaration of Condominium Property Regime of HaleKou Estates Condominium dated August 1, 2000, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-118983.
15. The By Laws of the Association of Condominium Unit Owners of HaleKou Estates Condominium dated August 1, 2000, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-118984.
16. For Real Property Taxes that may be due and owing, reference is made to the Director of Finance, City & County of Honolulu.



Hon Hoong Chee  
STRUCTURAL ENGINEER

1050 9th Avenue  
Honolulu, Hawaii 96816

July 17, 2000

To Who It May Concern:

Re: Inspection of dwellings at 45-677 Halekou Rd., Kaneohe, Hawaii  
T.M.K. 4-5-97-98  
Lot Area: 32,932

The subject 6 (six) dwellings were inspected for structural soundness on July 17, 2000. The dwellings were built some years ago and met Building Code requirements at the time. From what I have seen, the structures are in good condition, clean and in good structural shape. There are no visible termite damage; the foundation and masonry walls in place are sturdy and show no cracks; the exterior walls- although only single wall board construction, as allowed in the earlier days, are firm and in good condition.

The electrical and plumbing system are also in proper working order.

This report was prepared by me:

Date: Honolulu, Hawaii July 17, 2000

Hon Hoong Chee  
Hon Hoong Chee  
Hawaii Registration No. 557-S

Subscribed and sworn before me this 17th Day of July, 2000

Gifford K.F. Chang

Notary Public, First Circuit, State of Hawaii  
GIFFORD K.F. CHANG

My commission expires: June 18, 2003

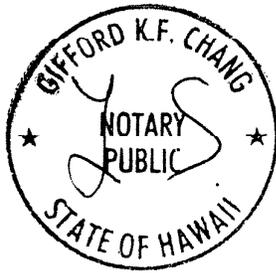


Exhibit "H"

## EXHIBIT I

### SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

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

Seller Has the Right to Change the Documents. Seller has the right to change the Declaration, By-Laws, Condominium Map, Rules and Regulations of the Association, if any, form of Apartment Deed, the Declaration of Merger, if any, and other documents. Buyer accepts and approves all changes which are required by law, the Real Estate Commission of the State of Hawaii, any title insurance company, any lender, any purchaser, insurer or guarantor of loans made on the security of the Project or any of the apartments, or any governmental agency made at any time before the conveyance of all of the apartments in the Project to persons other than Seller or Seller's mortgage lender. Buyer also accepts and approves all changes that Seller makes to any of the other apartments in the Project, including, without limitation, changes to the apartment types in the other apartments in the Project, made at any time before the conveyance of all of the apartments in the Project to persons other than Seller or Seller's mortgage lender. Buyer also accepts and approves all changes which Seller determines to be necessary, made at any time before the conveyance of the first apartment to any person other than Seller or Seller's mortgage lender, but only if the changes do not: (a) substantially change any of Seller's material obligations under this Agreement; (b) require a substantial change in the design, location or size of the Buyer's Apartment or of the building in which the Buyer's Apartment is located; (c) cause Buyer to lose Buyer's loan commitment; (d) increase Buyer's undivided percentage common interest in the common elements of the Project; or (e) reduce Seller's obligation for common expenses on any unsold apartments in the Project. Seller may also make other minor changes to the Apartment, the other apartments in the Project or the common elements, and the improvements constructed in the Project may vary from that shown in the plans and specifications.

Default by Buyer. If Buyer fails to make any payment when it is due or fails to keep any of Buyer's other promises or agreements contained in this Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained herein, to do any one or more of the following:

(a) Seller may cancel this Agreement by giving Buyer written notice of cancellation and Seller may keep all sums paid by Buyer under this Agreement as "liquidated damages" (i.e., the amount agreed to by Buyer and Seller as properly payable in settlement for breach of contract), and not as a penalty. Without limiting the generality of the foregoing, Buyer understands and acknowledges that if Buyer defaults

under this Agreement after it has become a binding contract (as described in Article V, Section E.1 above), Seller may keep the Option Deposit in addition to all other sums paid by Buyer under this Agreement. If Seller cancels this Agreement, Buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by Buyer under this Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from Buyer's default.

- (b) Seller may file a lawsuit for damages.
- (c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make Buyer keep all of Buyer's promises and agreements).
- (d) Seller may take advantage of any other rights which the law allows or which Seller may have under this Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable attorneys' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of Buyer's default.

Default by Seller. If Seller fails to keep any of Seller's promises or agreements contained in this Agreement, Buyer, if not in default hereunder, may file a lawsuit for specific performance to require Seller to go through with this Agreement of Buyer may exercise any other remedy to which Buyer is entitled to at law or in equity, including cancellation of this Agreement, if applicable. If Buyer cancels this Agreement because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to Seller or Escrow under this Agreement, without interest.

Conditions Affecting the Property and Project. Buyer understands, acknowledges, covenants and agrees to the following:

- (a) Utility Effects. The Property is or may be located adjacent to or in the vicinity of electric, water and other utilities and public roads and thoroughfares, including, without limitation, such things as electrical substations, high-powered electrical transmission lines, water pump stations, water tanks, reservoirs, freeways and exit ramps which may result in nuisances, such as noise and dust, disturbances or hazards (collectively, the "Utility Effects") to persons and to property on or within the Property. In recent years, concerns have been raised about possible adverse health effects of electric and magnetic fields from power lines. Seller is not insuring or guaranteeing the health of Buyer or other occupants or users of the Property and disclaims liability for personal injury, illness or any other loss or damage caused by or arising from the Utility Effects including, without limitation, the presence or malfunction of any electrical distribution systems that may be located adjacent to, near, or over any part of the Property;

(b) Development Effects. (i) The Project is or may be located adjacent to or in the vicinity of construction activities, including, but not limited to, ongoing residential and related construction at the Project, proposed construction of future residential subdivisions, residential condominium projects and roads, commercial and office buildings, land development activities, one or more recreational centers and facilities, and other construction and development projects (collectively, the "Proposed Development"); (ii) construction of the Proposed Development will or may result in noise, dust, vibration, water drainage and other nuisances, disturbances or hazards to Buyer and to persons and property on or within the Property or the Project, and may limit Buyer access to the Project; (iii) when completed, traffic, lights, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project may be generated from this Proposed Development; (iv) no representations or warranties are made by Seller, its employees or agents concerning plans, or the absence of plans, by Seller or others for future development of adjacent or nearby properties or lots, and any plans for the future development of adjacent and nearby properties by Seller are subject to change in the sole and absolute discretion of the Seller or its successors and assigns; (v) Seller makes no representations regarding the view from the Property or any view easements or rights, and the views from the Property are not guaranteed and may be altered, diminished, eliminated or blocked entirely by the future development of adjacent or surrounding properties (items (i) through (v) are hereinafter collectively called the "Development Effects").

(c) Waiver, Release and Indemnity. Buyer represents and warrants to Seller that Buyer, in Buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh the risks of the Utility Effects and, Development Effects, (collectively, the "Property Conditions"). Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the Utility Effects. Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the Development Effects for a period of ten (10) years after the date of recordation of the Apartment Deed. Buyer hereby covenants and agrees to assume all risks of impairment of Buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Property Conditions, and Buyer, for the Buyer and the Buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Property through the Buyer for an extended period of time (collectively, the "Occupants"), hereby waives any claims or rights of action or suits against Seller, its successors and assigns, the City and County of Honolulu, the State of Hawaii, and any agency or subdivision of the foregoing, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal Injury arising from one or more of the Property Conditions. Buyer shall indemnify, hold harmless and defend Seller, its successors and assigns, the City and County of Honolulu, the State of Hawaii, and any agency or subdivision of the foregoing, from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the Occupants' use and enjoyment of the Property or the

Project, loss of market value of the Property, or property damage or personal injury to the property or person of the Occupants as a result of one or more of the Property Conditions. Buyer further covenants that Buyer will notify all Occupants and transferees of the Property of the risks of the Property Conditions.

**THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE SALES CONTRACT.**

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

1. All funds paid to Escrow (First American Long & Melone Title Company, Ltd.) shall be deposited into interest-bearing accounts. All interest earned on such deposits belongs to Seller.

2. A Purchaser shall be entitled to a refund of all monies deposited with Escrow, less Escrow's cancellation fee (up to a maximum of \$250.00), and Escrow shall pay such funds to Purchaser, without interest, if Seller and Purchaser have instructed Escrow in writing to return to the Purchaser the funds of such Purchaser then held by Escrow. Seller shall also be entitled to a cancellation fee of \$150.00 if all relative documents for the closing of sale have been prepared and delivered to Escrow. Upon refund of said funds to Purchaser as aforesaid, Escrow shall return to Seller Purchaser's sales contract and any relative documents delivered to Escrow, and thereupon neither the Purchaser nor Seller shall be deemed obligated thereunder.

3. If at any time Seller shall certify in writing to Escrow that a Purchaser whose funds are being held hereunder by Escrow has defaulted under the terms of his sales contract and that Seller has terminated said contract pursuant to the terms thereof, Escrow shall notify said Purchaser by registered mail of such default and shall thereafter treat all funds of such Purchaser paid under such contract, less Escrow's cancellation fee, as the escrowed funds of Seller and not of Purchaser. Escrow's cancellation fee shall be commensurate with the amount of work performed in the subject transaction. Said fee shall be no less than \$50.00 plus the applicable general excise tax, but not more than \$250.00 plus the applicable general excise tax.

4. If any dispute or difference arises between Seller and Purchaser, or if any conflicting demand shall be made upon Escrow, Escrow shall not be required to take any action thereon; but may await settlement of the controversy by final appropriate legal proceedings or file a suit in interpleader in the Circuit Court of the First Circuit and may deposit with the Court any and all monies held.

5. Under the Escrow Agreement no disbursement of funds can be made to Seller until after Seller certifies in writing to Escrow that said Sales Contract "has become effective", and that "the requirements of Sections 514A-39 and 514A-63" of the Hawaii Revised Statutes have been met, as said quoted phrases are used in Section 514A-65 of the Hawaii Revised Statutes.

THIS IS ONLY A SUMMARY OF SELECTED PORTIONS OF THE ESCROW AGREEMENT. BUYERS ARE URGED TO CAREFULLY REVIEW ALL PROVISIONS OF THE ESCROW AGREEMENT PRIOR TO SIGNING A SALES CONTRACT.

EXHIBIT "K"

Boundaries of Each Apartment.

Units A through E, inclusive, shall be deemed to include the entire structure comprising the single-family condominium dwelling located on the limited common element land area appurtenant thereto, including, but not limited to all perimeter and interior walls and partitions, the foundations and footings, the interior floors and ceilings, the roof, all doors and door frames, all windows, window frames and glass, all exterior and interior stairways, entries, the garage, balconies and decks (if any), and all fixtures and appliances originally installed in the unit. Unit F shall be deemed to include the entire structure comprising the green house located on the limited common element land area appurtenant thereto, including all perimeter and interior walls, the foundations and footings, the interior floor and ceiling, the roof, door and door frame, all windows, window frames and glass.

The respective units shall not be deemed to include any pipes, wires, conduits or other utility lines running through such unit which are utilized for or serve more than one (1) unit, the same being deemed common elements as hereinafter provided.

**EXHIBIT L**  
**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

2000/CLOG-4373(LT)

October 24, 2000

Mr. Frank Loo  
Hale Koa Construction  
H. K. Builders, Inc.  
94-1024 Waipio Uka Street  
Waipahu, Hawaii 96797

Dear Mr. Loo:

**Subject: Condominium Conversion Project**  
**45-675 Halekou Road**  
**Tax Map Key: 4-5-97: 08 Lot 1-B-2**

This is in response to your letter dated August 2, 2000 requesting verification that the structures on the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed the one-story, single-family detached dwelling located at 45-677C Halekou Road, the three one-story, single-family detached dwellings located at 45-677A, B and C Halekou Road and the greenhouse met all applicable code requirements when they were constructed in 1963, 1983 and 2000, respectively. Investigation also revealed that the one-story, single-family detached dwelling located at 45-677 Halekou Road met all applicable code requirements when it was relocated in 1964 with building permit R-398 on this 32,930 square foot, R-5 residential district zoned lot. There are eight all-weather off-street parking spaces and a partially unpaved driveway on the property.

An Existing Use Permit (83/EU-001) was issued with conditions on January 26, 1983 for the six single-family detached dwellings.

On January 29, 1999, modification to the Existing Use Permit No. 83/EU-1 was approved with conditions to allow a decrease in the total lot area (through a flag lot subdivision) while maintaining the same number of dwelling units and to provide a minimum of two all-weather surface parking spaces for each dwelling unit. Presently, with the five existing dwelling units on the property, two more all-weather surface parking spaces are required.

Mr. Frank Loo  
Page 2  
October 24, 2000

On September 7, 2000, modification to the Existing Use Permit No. 83/EU-1 was approved for an extension of time to install an all-weather surface common driveway.

Investigation also revealed that on November 4, 1999, approval was granted to subdivide Lot 1-B into two lots (1998/SUB-69):

1. Lot 1-B-1 of 5,595 square feet (a flag lot).
2. Lot 1-B-2 of 32,930 square feet (a flag lot). The five existing dwelling units and greenhouse are on Lot 1-B-2.

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

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.

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.

Should 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:gi

g:\csoloo.cav