

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Yasuko Horio, Trustee under that certain unrecorded Yasuko Horio Revocable Living Trust Agreement dated November 28, 1994, Ethel Hisayo Umemoto, sole Surviving Trustee of the George Heito Umemoto & Ethel Hisayo Umemoto Revocable Trust Agreement dated December 2, 1994

Address 1874 and 1874-A Kaikunane Loop Honolulu, Hawaii 96817

Project Name(\*): "1874 Kaikunane Loop"

Address: 1874 Kaikunane Loop, Honolulu, Hawaii 96817

Registration No. 4682 Effective date: September 7, 2001 (Conversion) Expiration date: October 7, 2002

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 advise 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.
X 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.       Not Required - disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

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

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

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

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

## TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
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	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Boundaries of Apartments	
EXHIBIT B: Permitted Alteration of Project	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Encumbrances Against Title	
EXHIBIT F: Estimate of Initial Maintenance Fees	
EXHIBIT G: Summary of Sales Contract	
EXHIBIT H: Summary of Escrow Agreement	

## **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 a 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: Yasuko Horio, Trustee of the Yasuko Horio Revocable Living Trust Agreement dated 11/28/94, and Ethel Hisayo Umemoto, sole Surviving Trustee of the George Heito Umemoto and Ethel Hisayo Umemoto Revocable Trust Agreement dated 12/2/94  
Name\* 1874 & 1874-A Kaikunane Loop Phone: 522-6084  
1874 & 1874-A Kaikunane Loop (Business)  
Business Address  
Honolulu, HI 96817

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):  
n/a

Real Estate Broker\*: None - No immediate sales are contemplated. Phone: \_\_\_\_\_  
Name See p. 20 (Business)  
Business Address \_\_\_\_\_

Escrow: First Hawaii Title Corporation Phone: (808) 521-3411  
Name (Business)  
201 Merchant Street, Suite 2000  
Business Address  
Honolulu, Hawaii 96813

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

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

Attorney for Developer: Jennifer A. Aquino, Esq. Phone: (808) 533-3999  
Name (Business)  
Oliver, Lau, Lawhn, Ogawa & Nakamura  
Company Name  
707 Richards Street, Suite 600  
Business Address  
Honolulu, Hawaii 96813

\* 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:

<input type="checkbox"/>	Proposed				
<input type="checkbox"/>	Recorded	- Bureau of Conveyances	Document No.	_____	
			Book	_____	Page _____
<input checked="" type="checkbox"/>	Filed	- Land Court	Document No.	<u>2697981</u>	

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

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed				
<input type="checkbox"/>	Recorded	- Bureau of Conveyances	Condo Map No.	_____	
<input checked="" type="checkbox"/>	Filed	- Land Court	Condo Map No.	<u>1409</u>	

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed				
<input type="checkbox"/>	Recorded	- Bureau of Conveyances	Document No.	_____	
			Book	_____	Page _____
<input checked="" type="checkbox"/>	Filed	- Land Court	Document No.	<u>2697982</u>	

The Bylaws referred to above have been amended by the following instrument [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>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>N/A</u>

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

2. **Developer:**

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

[ ] Leasehold or Subleasehold: 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 Subleaseholds:

[ ] 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 Subleasehold:

**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 advise 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: 1874 Kaikunane Loop Tax Map Key (TMK): (1) 1-6-028-011  
Honolulu, Hawaii 96817

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

Land Area: 9,434  square feet  acre(s) Zoning: R-5

Fee Owner: Yasuko Horio, Trustee of the Yasuko Horio Revocable Living Trust Agreement dated 11/28/94 and Ethel Hisayo Umemoto, Sole Surviving Trustee of the George Heito and Ethel Hisayo Umemoto Revocable Trust Agreement dated 12/2/94

Name  
1874 & 1874-A Kaikunane Loop  
 Address  
Honolulu, Hawaii 96817

Lessor: n/a  
 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: One duplex Floors Per Building One

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

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	No. of Apts. _____	<u>Uses Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<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"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<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: Dogs, cats and other customary household pets may be kept in reasonable numbers pursuant to rules and regulations adopted by the Board
- Number of Occupants: \_\_\_\_\_
- Other: \_\_\_\_\_
- There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: n/a                      Stairways: n/a                      Trash Chutes: n/a

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>1874</u>	<u>1</u>	<u>3/1</u>	<u>730</u>	<u>177</u>	<u>garage</u>
				<u>154</u>	<u>encl. patio</u>
<u>1874-A</u>	<u>1</u>	<u>3/1</u>	<u>730</u>	<u>307</u>	<u>encl. patio</u>
				<u>60</u>	<u>covd. open area</u>

Total Apartments: 2

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

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

Boundaries of Each Apartment:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "B"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 5

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	<u>1874 - 1</u>	<u>1874A - 2</u>	_____	_____	<u>5</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>0</u>		<u>5</u>		<u>0</u>		<u>5</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

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

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations.                       Violations will not be cured.
- Violations and cost to cure are listed below.                       Violations will be cured by \_\_\_\_\_  
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

In accordance with the report of Mario D. Tadeo, Licensed Professional Architect No. 7206, dated February 6, 2001, the structural, mechanical, and electrical components of the apartments are in good condition.

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 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 "D".

as follows:

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

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

as follows:

Each apartment shall have appurtenant thereto an undivided fifty percent (50%) interest in the common elements for all purposes, including voting.

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

Exhibit "E" describes the encumbrances against the title contained in the title report dated May 4, 2001 and issued by First Hawaii Title Corporation.

**Blanket Liens:**

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

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

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

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

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

**F. Construction Warranties:**

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

1. Building and Other Improvements:

None

2. Appliances:

None

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

The construction of the apartments was completed in 1962.

H. **Project Phases:**

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

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

#### IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this condominium is:

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

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

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

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

- C. **Utility Charges for Apartments:**

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

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

## V. MISCELLANEOUS

### A. Sales Documents Filed with the Real Estate Commission:

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

[ X ] Notice to Owner Occupants

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

[ X ] Escrow Agreement dated May 16, 2001  
Exhibit "H" 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 sale 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 buyer's 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. 4682 filed with the Real Estate Commission on July 5, 2001.

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 re: Selection of Real Estate Broker**

This public report shall not be valid for the sale of any apartment until the Developer submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a copy of which shall be attached to this public report, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, as applicable.

- 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.

Yasuko Horio, Trustee of the Yasuko Horio Revocable Living Trust Agreement dated 11/24/94 and Ethel Hisayo Umemoto, sole Surviving Trustee of the George Heito Umemoto and Ethel Hisayo Umemoto Revocable Trust Agreement dated 12/2/94

Name of Developer

By: Yasuko Horio JUN 12 2001  
 Duly Authorized Signatory\* Date

By: Ethel Umemoto Ethel Hisayo Umemoto  
Yasuko Horio, Trustee and Ethel Hisayo Umemoto, Trustee  
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and 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"

BOUNDARIES OF EACH APARTMENT. The Project consists of a one (1) story duplex structure, without a basement, with two (2) residential apartments. The principal materials used to construct the building are wood, concrete, hollow tile, and glass. When facing the Project from the driveway on Kaikunane Loop, Apartment 1874 is on the left side of the building and 1874 A is on the right side of the building.

1. Apartment 1874. Apartment 1874 has three (3) bedrooms, one (1) bath, a kitchen, a dining room, a living room, and has a net living area of approximately 730 square feet. The enclosed patio is 154 square feet and the garage is 177 square feet.

2. Apartment 1874 A. Apartment 1874 A has three (3) bedrooms, one (1) bath, a kitchen, a dining room, a living room, and has a net living area of approximately 730 square feet. The enclosed patio is 307 square feet and the covered open area is 60 square feet.

The respective Apartments shall not be deemed to include: (i) the undecorated or unfinished interior surfaces of the perimeter walls, (ii) the undecorated or unfinished interior surfaces of load-bearing walls and the demising separation wall between the two Apartments, (iii) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Apartment, or (iv) any pipes, shafts, wires, ducts, pumps, cables, conduits, or other utility or service lines running through any such Apartment which are utilized for or serve more than one Apartment, the same being deemed common elements as hereinafter provided. Each Apartment shall be deemed to include: (i) all walls and partitions which are not load-bearing within its perimeter walls, (ii) all pipes, shafts, wires, ducts, pumps, cables, conduits, and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (iii) the inner decorated or finished surfaces of all walls, floors, and ceilings, (iv) all doors and windows (including but not limited to sliding glass doors, windows, or panels along the perimeters), and (v) all fixtures, appliances, built-in cabinets, carpets and floor coverings, and furnishings installed in each Apartment.

## **EXHIBIT "B"**

**PERMITTED ALTERATIONS TO APARTMENTS.** No work shall be done to the Apartments, the limited common elements appurtenant thereto, or any other part of the Project, by any owner of an Apartment or any other person, which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project, or directly affect any nonconsenting owner in any unreasonable manner, all as determined by the Board, without in every such case first obtaining the consent of the owners of the other Apartment. Except as otherwise provided by law, all other additions to or alterations of any Apartment or its appurtenant limited common elements by the owner of such Apartment shall be permitted, without restriction, provided that the owner or other person making such additions or alterations shall comply strictly with all applicable laws, ordinances, and regulations of any governmental entity, and shall also obtain all necessary permits, at such owner or person's sole expense.

Each Apartment owner may alter the interior of the Apartment provided that no alterations may affect any load bearing walls, the separation wall between the two Apartments, the location or type of window, exterior doors, lanais or lanai doors, or affect the structural integrity of the building; provided that such alteration is permitted by all applicable building codes and zoning ordinances.

## EXHIBIT "C"

COMMON ELEMENTS. The common elements shall include the limited common elements described below, and all portion of the Project other than the Apartments, including specifically, but not limited to:

- (1) The land in fee simple.
  - (2) All foundations, floor slabs, beams, columns, supports, girders, unfinished perimeter walls and party walls, unfinished load-bearing walls, entry landing areas and doors, walkways, fences, railings, ramps, and roofs.
- c. All parking areas, driveways, pavements, common yard areas, landscaping, and mailbox areas.
- d. All ducts, electrical equipment, wiring, pipes, and other central and appurtenant transmission facilities and installations over, under, and across the Project which serve more than one Apartment for services such as power, light, water, sewer, gas, refuse, telephone, radio and television signal distribution.
- e. Any and all other apparatus and installations of common use, and all other parts of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

## EXHIBIT "D"

LIMITED COMMON ELEMENTS. Certain parts of the common elements (the "limited common elements") are hereby set aside and reserved for the exclusive use of either Apartment and shall constitute limited common elements appurtenant thereto. Each Apartment shall have an exclusive easement for the use of the limited common elements appurtenant thereto, except as otherwise provided herein. The cost of maintenance, repair, upkeep, and replacement of each limited common element shall be assessed to the owner of the Apartment to which such limited common element is appurtenant. The limited common elements are as follows:

1. Apartment 1874. That certain 4,254 square feet, more or less, of real property of the Project upon which Apartment 1874 is situated on and immediately adjacent to, and as designated on said Condominium File Plan, together with the air space above such property, shall constitute a limited common element appurtenant to and for the exclusive use of Apartment 1874. That certain 3,193 square feet, more or less, of yard space immediately adjacent to said Apartment, and the concrete landing and stairs at the entry way to Apartment 1874 are limited common elements adjacent to and is for the exclusive use of Apartment 1874. That certain garage containing one (1) compact stall immediately adjacent to said Apartment and two (2) compact parking stalls in the driveway for the exclusive use of said Apartment as designated on the Condominium File Plan.
2. Apartment 1874 A. That certain 4,215 square feet, more or less, of real property of the Project upon which Apartment 1874 A is situated on and immediately adjacent to, and as designated on said Condominium File Plan, together with the air space above such property, shall constitute a limited common element appurtenant to and for the exclusive use of Apartment 1874 A. That certain 3,118 square feet, more or less, of yard space immediately adjacent to said Apartment, and the concrete landing and stairs at the entry way to Apartment 1874 A are limited common elements adjacent to and for the exclusive use of Apartment 1874 A. Those certain two (2) compact parking spaces located in the driveway and immediately adjacent to said Apartment for the exclusive use of said Apartment as designated on the Condominium File Plan.
3. One (1) mailbox shall be appurtenant to and for the exclusive use of each Apartment.
4. All other portions of the Project which service or are rationally related to less than all of the Apartments, or not in common use, the same being limited common elements appurtenant to the Apartment served thereby or related thereto.

### NOTICE

THE DESIGNATION OF THE LAND BENEATH AND ADJACENT TO EACH APARTMENT AS A LIMITED COMMON ELEMENT DOES NOT REPRESENT A LEGALLY SUBDIVIDED OR SUBDIVIDABLE LOT.

PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW THE PROJECT DOCUMENTS FOR FURTHER INFORMATION WITH REGARDS THERETO.



10. AGREEMENT

By and Between: ERIC NAOTO NAKASONE, husband of Stacey Midori Nakasone, and YONEKO NAKASONE, unmarried, "FIRST PARTY", and YASUKO HORIO, as Trustee under that certain unrecorded Yasuko Horio Revocable Living Trust Agreement dated November 28, 1994, and ETHEL HISAYO UMEMOTO, or her successor, as Sole Surviving Trustee for the George Heito Umemoto & Ethel Hisayo Umemoto Revocable Trust Agreement dated December 2, 1994, "SECOND PARTY "

Dated: March 13, 2001  
Document No. 2691524

11. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "1874 KAIKUNANE LOOP "

Dated: April 1, 2001  
Document No. 2697981

Condominium Map No. 1409, to which reference is hereby made.

12. BY-LAWS OF THE 1874 KAIKUNANE LOOP HOMEOWNER'S ASSOCIATION

Dated: April 1, 2001  
Document No. 2697982  
to which reference is hereby made.

## EXHIBIT F

### 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>
Apartment 1874	\$117.50 x 12 = \$1,410.00
Apartment 1874-A	\$117.50 x 12 = \$1,410.00

***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 Fee 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

\$ 85.00 x 12 = \$1,020.00

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

\$150.00 x 12 = \$1,800.00

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

**TOTAL**

**\$2,820.00**

I, \_\_\_\_\_, as agent for/and/or employed by \_\_\_\_\_, the condominium managing agent/developer for the "1874 Kaikunane Loop" 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.

Yasuko Horio  
Signature

JUN 12 2001  
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 "G"

SUMMARY OF SALES CONTRACT. The specimen Sales Contract contains, among other things, the following provisions:

C-15. Risk of Loss. Risk of loss passes to the buyer upon closing or possession, whichever occurs sooner.

### Default Provisions.

C-28 In the event buyer fails to perform buyer's obligations under the sales contract, and seller is not in default, seller may: a) bring an action for damages for breach of contract, b) retain the initial deposit and all additional deposits as liquidated damages, and c) buyer shall be responsible for any costs incurred in accordance with the sales contract.

C-29. In the event seller fails to perform seller's obligations under the sales contract, and buyer is not in default, buyer may a) bring an action for damages for breach of contract, b) seek specific performance, and c) seller shall be responsible for any costs incurred in accordance with the sales contract.

C-30 The foregoing shall not exclude any other remedies available to the parties on account of the other party's default.

C-31 In the event of default by a party and/or a legal action or arbitration, including a Broker's claim for commission, the prevailing party shall be entitled to recover all costs incurred including reasonable attorney's fees.

### Mediation

C-32 If any dispute or claim arises out of the sales contract during the transaction or at any time after closing between buyer and seller, or between buyer and/or seller and a broker or broker's agent, and the parties to such dispute or claim are unable to resolve the dispute, buyer and seller agree in good faith to attempt to settle such dispute or claim by non-binding mediation.

## EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT: An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is FIRST HAWAII TITLE CORPORATION, a Hawaii corporation (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

Sale Contracts Deposited in Escrow. As of when Developer shall enter into a sales contract for the sale of a unit it shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall require that all payments to be made thereunder shall be made to Escrow and shall be accompanied by the initial deposit required thereunder.

Receipt of funds by Escrow. Developer shall pay over to Escrow all payments made by purchasers under sales contracts. This includes any loan payments from purchaser's lenders. In accordance with Developer's written instructions to Escrow, Escrow shall deposit all funds received in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits. All interest earned from such accounts shall be credited to the account of seller.

Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

- a. The Real Estate Commission has issued a final public report (the "Final Report") on the Project; and the purchaser has received a copy of the Final Report and given Developer a receipt for it;
- b. The requirements of Section 514A-40, 514A-62, and 514A-63, Hawaii Revised Statutes, have been met. The Developer or Developer's attorney has delivered a written opinion to Escrow stating that all of the requirements of Sections 514A-40, 514A-62, and 514A-63, Hawaii Revised Statutes, as amended, have been met; and
- c. The Developer has given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

Disbursement of Purchaser's Funds. Subject to the provisions of the preceding paragraph, disbursements from the funds held in escrow shall be made not more than once each month on one check by Escrow, without charge, to pay for construction costs in accordance with bills submitted to escrow from time to time from Developer, which said bills shall have been approved or certified for payment by Developer's construction mortgagee or a financially disinterested person. The balance remaining in escrow shall be disbursed in accordance with the directions of the Developer and Developer's mortgagee only upon completion of the buildings of the Project and when Escrow shall have received satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover such claims.

Return of Funds and Documents. A purchaser shall be entitled to a return of his funds and Escrow will pay such funds to such purchaser, without interest, minus Escrow's cancellation fee, if one of the following has occurred:

- a. Escrow receives a written request from the Developer to return funds to purchaser; or
- b. With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the agreement pursuant to Section 514A-62, Hawaii Revised Statutes, as amended.

Purchaser's Default. Developer will notify Escrow in writing that a purchaser has defaulted and that Developer has canceled that purchaser's Sales Contract. Escrow will then treat the purchaser's funds, less Escrow's cancellation fees, as belonging to Developer.