

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Daniel Yuzo Ouchi and Roberta Harriet Ouchi
Address 94-1024 Waipio Uka Street, Suite 207, Waipahu, HI 96797

Project Name (\*): AHUIMANU PLACE CONDOMINIUM
Address: 47-392 and 47-392 A Ahuimanu Place, Kaneohe, HI 96744

Registration No. 4897
(Conversion)

Effective date: October 28, 2002
Expiration date: November 28, 2003

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

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

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[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	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: 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 October 2, 3 2002 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: Daniel Yuzo Ouchi and  
Roberta Harriet Ouchi Phone: (808) 676-5777  
Name\* (Business)  
94-1024 Waipio Uka Street, Suite 207  
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):

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

Real Estate Broker\*: Island Heritage Realty, Inc. Phone: (808) 941-7773  
Name (Business)  
1440 Kapiolani Boulevard, Al  
Business Address  
Honolulu, Hawaii 96814  
First Hawaii

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

General Contractor\*: Not applicable- This is a  
conversion project Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address

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

Attorney for Developer: Erik W. Wong Phone: (808) 533-4752  
Name (Business)  
900 Fort Street, Suite 1440  
Business Address  
Honolulu, Hawaii 96813

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

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

**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. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2819776

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

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

The Condominium Map for this condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 1485

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

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

The Bylaws for this condominium are:

Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2819777

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

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt House Rules

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

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

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

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

2. Developer:

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules: See Exhibit "B"



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: 47-392A and 47-392  
Ahuimanu Place Tax Map Key (TMK): (1) 4-7-003-009  
Kaneohe, Hawaii 96744

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

Land Area: 23,752  square feet  acre(s) Zoning: R-10

Fee Owner: Daniel Yuzo Ouchi  
and Roberta Harriet Ouchi  
 Name  
94-1024 Waipio Uka Street, Suite 207  
 Address  
Waipahu, Hawaii 96797

Lessor: \_\_\_\_\_  
 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: Two Floors Per Building: Two-Unit 47-392  
One - Unit 47-392A  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other Steel

4. Uses Permitted by Zoning:

	No. of Apts.	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</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 checked="" type="checkbox"/> Other	<u>1</u>	<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)	(Identify)
Unit 47-392 A	<u>1</u>	<u>-0-</u>	<u>-0-</u>	<u>100</u>	<u>Storage shed</u>
Unit 47-392	<u>1</u>	<u>4/2</u>	<u>1,904</u>	<u>760</u>	<u>Carpport/workshop</u>
_____	_____	_____	_____	<u>112</u>	<u>Lanai</u>
_____	_____	_____	_____	<u>144</u>	<u>Covered entry</u>
_____	_____	_____	_____	_____	_____

Total Number of Apartments: Two (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 "K"

Permitted Alterations to Apartments:

See Exhibit "D"

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

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

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis Court                       Trash Chute/Enclosure(s)
- Other: Common element driveway for ingress and egress to the project  
Consisting of approximately 6,063 square feet

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

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

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

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

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

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

described in Exhibit   F  .

as follows:

- \* The unpaved (crushed coral) driveway leading to Unit 47-392 is nonconforming. See Exhibit "L" attached hereto.

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>
47-392	50%
47-392 A	50%

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

Exhibit G describes the encumbrances against the title contained in the title report dated April 19, 2002 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.

[ ] 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 <b>Prior to Conveyance</b></u>
Mortgage	If Developer defaults prior to conveyance of a unit to a buyer, the buyer's interest could be terminated by the lender. In that event, Developer will repay to buyer all sums paid by Buyer to Seller or Escrow, without interest, and less 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 47-392 A      completed circa 1965

Unit 47-392      completed 2002

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):

The fee owners have reserved the various rights to add to or modify the Project. Many of these reserved rights are listed in paragraph U. of the Declaration. These rights include, without limitation: (a) the right to reconfigure the Project or any unit with respect to which a deed has not been recorded; (b) the right to modify all documents related to the Project including the Declaration, By-laws and Condominium Map, to alter the Project and units (and to modify said documents accordingly); (c) the right to change the configurations of or to alter the number of rooms or to decrease or increase the size of, or to change the location of any unit and (d) the right to demolish and reconstruct or rebuild any unit in the Project provided that said demolition, reconstruction and rebuilding is done in compliance with all applicable codes and laws.



**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   July 15, 2002    
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. 4897 filed with the Real Estate Commission on July 4, 2002.

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

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C. Additional Information Not Covered Above

None

- 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.

Daniel Yuzo Ouchi and Roberta Harriet Ouchi

Printed Name of Developer

By: <u>Daniel Y. Ouchi</u>	<u>July 1, 2002</u>
By: <u>Roberta H. Ouchi</u>	<u>July 1, 2002</u>
Duly Authorized Signatory*	Date

Daniel Y. Ouchi and Roberta Ouchi,

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

### DISCLOSURE ABSTRACT

1.     Project:                     AHUIMANU PLACE CONDOMINIUM  
47-392 and 47-392 A Ahuimanu Place  
Kaneohe, Hawaii 96744
  
2.     Developer:                 Daniel Y. Ouchi and Roberta H. Ouchi  
94-1024 Waipio Uka Street, Suite 207  
Waipahu, Hawaii 96797
  
3.     Managing Agent:         Self-managed by Association of Apartment Owners

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 utility lines and driveway/roadway is a common expense of the Association that may require periodic assessments. Breakdown of annual maintenance fees and monthly estimated costs for each unit are more fully described in Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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 two (2) apartments or units. The units are designated as unit 47-392 and 47-392 A. Unit 47-392 is intended solely for residential use. Unit 47-392 A is used as a storage shed. However, when unit 47-392 A 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.

In the future both units will be used for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests, and for other purposes permitted by the zoning ordinance for the City and County of Honolulu then in effect.

EXHIBIT "1"  
ESTIMATED OPERATING EXPENSES  
For Period November 30, 2001 to December 1, 2002  
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance	
Water/Sewer	\$-0-
* Electricity	\$-0-
** Fire/Liability Insurance:	\$-0-
Management Fee:	\$-0-
Miscellaneous:	\$-0-
TOTAL ANNUAL EXPENSES	\$-0-

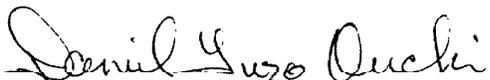
Estimated Monthly Expenses \$-0-

Estimated Monthly Maintenance Fee  
for Each Apartment : \$-0-

Note:           \* All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

\*\*               Section 513A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association may elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

The Developer certifies that the maintenance fees and costs are estimated by the Developer is based on generally accepted accounting principles.

  
DANIEL YUZO OUCHI

  
ROBERTA HARRIET OUCHI

## 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 all applicable codes, laws, rules, regulations or ordinances of any applicable governmental authority, 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 the common element driveway/roadway for the purpose of ingress, egress and access to and from the Project; subject, however, to the rights of the owners of adjacent Lot 1309 to use said common element driveway/roadway for access to Ahuimanu Place. Pursuant to paragraph J of the Declaration, unit 47-392 shall be occupied and used only as a private single family dwelling by the owner(s) 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 47-392 A shall be used as a storage shed. However, if at anytime in the future unit 47-392 A is demolished and rebuilt or reconstructed, such rebuilt or reconstructed unit shall be subject to the foregoing use restrictions, 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 permits alterations to the apartments as follows:

#### I. DECLARATION

Paragraph Q of the Declaration provides as follows:

“ ALTERATION OF UNITS. Notwithstanding anything to the contrary contained in this Declaration, each unit owner, with the required consent of any holder of any mortgage affecting the owner’s unit, shall have the right at his sole option at any time and from time to time without the consent of any other person to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his unit or portions thereof or to make improvements upon the limited common element land area appurtenant to the unit (collectively, the foregoing are referred to “changes”) subject to the following conditions:

1. All building plans for any such changes shall be prepared by a licensed architect or professional engineer, and such changes shall comply with all applicable City and County building, zoning and other applicable laws, rules, regulations and ordinances.

2. From and after such time as Developer has sold all units in the Project, no unit shall thereafter 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 limited common element 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 section Q.

7. The owner of the changed unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project.

8. This Declaration is being imposed on the Land before completion of the contemplated construction of a residence on the limited common element land area appurtenant to unit 47-392 A. Consequently, the restrictions contained in this section Q shall be construed liberally, and each owner ("Non-Building Owner") shall cooperate with the other owner ("Building Owner") with respect to the Building Owner's construction of a residence, including his obtaining building, utility and other governmental permits and his obtaining utility services into his limited common element land area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expense hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building by the Building Owner.

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."

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

## EXHIBIT E

### PARKING

Unit 47-392 has a two car covered carport which can accommodate two regular size cars. Unit 47-392 A does not have a garage, carport or parking stalls, provided, however, if at anytime in the future unit 47-392 is demolished and rebuilt or reconstructed, such rebuilt or reconstructed unit shall be occupied and used only as a single-family dwelling and shall have a minimum of two covered parking stalls. There are no guest parking stalls in the Project.

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 is 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 fee simple land described in Exhibit "A";
2. All central and appurtenant installations for services such as power, lights, telephone, hot and cold water lines, cable television 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. The common element driveway/roadway containing an area of approximately 6063 square feet as shown on the Condominium Map;
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. The land area on which each unit is located (except for the common element driveway), 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, holding tanks 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 47-392	10,080 square feet
Unit 47-392 A	7,607 square feet

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. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The right of The Dillingham Bros., Limited, at any time to change the location of said easements, roadways, or rights of way, other than the Kamehameha Highway, provided, The Dillingham Bros., Limited, furnishes the owners of said pieces of lands affected by such change with equally suitable easements, roadway, or rights of way, to those already existing and hereby provided of the same width at least as the existing roadway, easement or rights of way, and if any dispute shall arise between The Dillingham Bros., Limited and the owners of the land affected by such change as to the suitability of the new easements, roadways, or rights of way, such dispute shall be submitted to and settled by a Judge of the Land Court of the State of Hawaii.

Nothing herein contained shall be construed as determining the rights to water and/or easements for irrigation ditches in favor of The Dillingham Bros., Limited, and/or any of the parties interested in the lands covered by Land Court Certificate of Title No. 47,043.

4. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

**DEED**

Dated: December 18, 1950

Document No. 124860

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

5. 4 foot building setback line and 6 foot building setback line, as shown on Map 40 as set forth by Land Court Order No. 10486.

6. Easement for Slope Purposes, as shown on said Map 161, conveyed to the City and County of Honolulu by Final Order of Condemnation dated February 7, 1967, filed as aforesaid as Document No. 412647, as set forth by Land Court Order No. 27015.
7. Easement 344 for sanitary sewer purposes, as shown on Map 416, as set forth by Land Court Order No. 123947.
8. GRANT  
  
In Favor Of: CITY AND COUNTY OF HONOLULU  
Dated: March 1, 1996  
Document No. 2303680  
Purpose: granting and easement for underground sewer pipelines and incidental purposes
9. MORTGAGE  
  
Mortgagor: DANIEL YUZO OUCHI and ROBERTA HARRIFT OUCHI, husband and wife  
Mortgagee: BANK OF HAWAII, a Hawaii corporation  
Dated: April 4, 2001  
Filed/Recorded: April 6, 2001  
Document No. 2695350  
Principal Sum: \$432,000.00  
The present amount due should be determined by contacting the owners of the debt.
10. Condominium Map No. 1485, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
11. The covenants, agreements, obligations, conditions and other provisions set forth in the Declaration of Condominium Property Regime of Ahuimanu Place Condominium dated June 15, 2002, filed with the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2819776.
12. The By Laws of the Association of Condominium Unit Owners of Ahuimanu Place Condominium dated June 15, 2002, filed with said Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2819777.

Hon Hoong Chee  
STRUCTURAL ENGINEER  
1050 9<sup>th</sup> Avenue  
Honolulu, Hawaii 96816

July 1, 2002

To Whom it may concern:

Re: Inspection of dwelling unit at 47-392 Ahuimanu Place, Kaneohe, Hawaii  
TMK No. (1) 4-7-003-009 (portion)

The subject one (1) residential dwelling was inspected for structural soundness on July 1, 2002. The dwelling was built some years ago and met Building Code Requirements at the time. From what I have seen, the structures are in very good condition, clean and in very good structural shape. There is no visible termite damage; the foundation and masonry walls in place are sturdy and show no cracks; the exterior walls are firm and in very good condition.

The electrical and plumbing systems are also in proper working order and appear to be in excellent condition.

This report was prepared by me.

DATED: Honolulu, Hawaii July 1, 2002

Hon Hoong Chee  
Hon Hoong Chee

Hawaii Registration No. 557-S

Subscribed and sworn to before me

This 1st day of July 2002

Gifford K. F. Chang  
Notary Public, State of Hawaii

GIFFORD K. F. CHANG

My commission expires: June 18, 2003

EXHIBIT "1"

## 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 Apartment or of the building in which the 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).

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 or 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 various 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.

Buyers' Obligation to Pay Closing Costs and Other Amounts. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all recording costs, all charges for Buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all mortgage costs. The fees for the appraisal, preparing any mortgage and promissory note and mortgage costs vary according to each lender. However, Developer estimates that the total closing costs for Buyer would not exceed \$11,050.00.

**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 Hawaii Title Corporation) shall be deposited into interest-bearing accounts. All interest earned on such deposits belongs to Seller.

2. Purchaser shall be entitled to a refund of his deposit and Escrow shall pay said funds to said purchaser, without interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his deposit and any one of the following shall have occurred: (a) Escrow receives a written request from Seller to return to purchaser the funds of such purchaser then held hereunder by Escrow prior to Purchaser's receipt of the Final Public Report; or (b) if the Purchaser's funds were obtained prior to the issuance of a Final Public Report and Purchaser decides to cancel the reservation prior to receipt of the Final Public Report. Upon refund of said funds to purchaser as aforesaid, Escrow shall return to Seller purchaser's sales contract and any conveyance document theretofore delivered to Escrow, and thereupon neither the purchaser nor Seller shall be deemed obligated thereunder.

3. Purchaser shall also be entitled to a refund of his/her deposit if (a) Seller has notified Escrow in writing of Seller's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission available to Seller or (b) the Purchaser has exercised such Purchaser's right to rescind the Sales Contract pursuant to Section 514 A-63, Hawaii Revised Statutes, as amended.

4. 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 \$175.00, but not more than \$250.00.

5. 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 otherwise as it may require, 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.

6. Under the Escrow Agreement no disbursement of Purchaser's funds can be made to Seller until Escrow is notified by Seller that the Real Estate Commission has issued a Final Public Report on the Project and that each Purchaser has been given a copy of said Final Public Report and receipted for the same; and Seller certifies in writing to Escrow that "the requirements of Sections 514A-39 and 514A-63" of the Hawaii Revised Statutes, as amended, have been met, as said quoted phrases are used in Section 514A-65 of the Hawaii Revised Statutes.

7. Under the Escrow Agreement no disbursement of purchasers' funds shall be made to Seller prior to the closing date until: (a) construction of all improvements in the project has been completed; and (b) the applicable mechanic's and materialmen's 45-day lien period has expired.

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.

Unit 47-392, 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 47-392A shall be deemed to include the entire structure comprising the storage shed 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 now or hereafter in the future utilized for or serve more than one (1) unit, the same being deemed common elements are hereinafter provided.

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.cc.honolulu.hi.us](http://www.cc.honolulu.hi.us)



JEREMY HARRIS  
MAYOR

RANDALL K. FUJIKI, AIA  
DIRECTOR

LORETTA K.C. CHEE  
DEPUTY DIRECTOR

2002/ELOG-1964(LT)

October 2, 2002

Mr. Eric W. Wong  
Attorney at Law  
Suite 1440, Pioneer Plaza  
900 Fort Street  
Honolulu, Hawaii 96813

Dear Mr. Wong:

Subject: Condominium Conversion Project  
47-392 Ahuimanu Place  
Tax Map Key: 4-7-3: 09

This is in response to your letter dated July 3, 2002 requesting verification that the structures at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed the two-story single-family detached dwelling with two all-weather surface parking spaces met all applicable code requirements when it was constructed in 1979 on this 23,752-square foot R-10 Residential District zoned lot.

Investigation also revealed the following:

- 1) On October 24, 1980, building permit #145740 was issued with an attached affidavit for the construction of carport with storage room and the enclosure of the ground floor of an existing two-story dwelling. The affidavit states that the "New enclosure to include bedroom, laundry area, storage room and game room with bar sink to be used in conjunction with existing dwelling. Upon completion, the entire structure is to be used as a single-family dwelling."
- 2) The storage shed (approximately 100 square feet) in the front yard is at least 10 feet from the property line. The storage shed does not require a building permit.

**EXHIBIT** 1

Mr. Eric Wong  
October 2, 2002  
Page 2

- 3) The unpaved (crushed coral) driveway leading to the dwelling is considered nonconforming because at the time of construction of the dwelling it was zoned as R-3, Residential-Agricultural subdivision which allowed only one dwelling unit under agricultural standards.
- 4) 95/SUB-245 was approved on November 2, 1995 for the designation of sewer easements for the City and County of Honolulu.
- 5) 98/SUB-30 was approved on April 2, 1998 for the designation of sanitary sewer in favor of City and County of Honolulu.
- 6) 2001/SUB-147 was approved on October 24, 2001 for subdivision of Lot 464 of Land Court Application 979 into two lots: Lot A of 20,000 square feet and Lot B of 23,752 square feet (a flag lot); and the designation of Easement 1 (for sanitary sewer purposes in favor of Lot B) affecting Lot A. Presently, the dwelling and storage shed are on Lot B.

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

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

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

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-family Code Enforcement Branch at 527-6341.

Sincerely yours,

  
RANDALL K. FUJIKI, AIA  
Director of Planning and Permitting

RKF:ft  
Doc 177063

2