

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer: MILES PATRICK KIMHAN, BLANE SHIGERU CHAMBERS and GALEN MIKI MIURA
Address: 98-029 Hekaha Street, Suite 5-28, Aiea, Hawaii 96701

Project Name(\*): 2137 CALIFORNIA AVENUE
Address: 2137 California Avenue, Wahiawa, Hawaii 96786

Registration No. 5806 (Conversion) Effective date: November 9, 2005 Expiration date: December 9, 2006

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

(\* ) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104
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**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

- Required and attached to this report as Exhibit "H"                       Not Required - Disclosures covered in this report.

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

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

- No prior reports have been issued by the developer.

- Changes made are as follows:

**SPECIAL ATTENTION**

The Developer has disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Units in the Project are being sold in "as is" condition (pages 12 and 15).
- (c) This public report does not constitute approval of the Project by the Real Estate Commission or any other governmental agencies, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
- (d) A prospective purchaser of a Unit who wishes to improve or modify his residence or change its use,, should be aware he will be required to comply with the building codes, land use laws (LUO) and other county laws and ordinances. The LUO, for example, contains restrictions relating to the permissible use of the land, the number of dwelling units permitted, and the amount of total development permitted on the entire Project land area. .

Before buying an apartment unit, a prospective purchaser, together with an architect or professional builder, is urged to review the LUO and other applicable County ordinances which may affect the Purchaser's use of his Apartment Unit and to review their intended plans with County officials. Developer disclaims all warranties with respect to Purchaser's being able to use the Apartment unit for his intended purposes.

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: MILES PATRICK KIMHAN,  
BLANE SHIGERU CHAMBERS and GALEN MIKI MIURA Phone: (808) 487-8333  
 Name\* (Business)  
98-029 Hekaha Street, Ste 5-28, Aiea, Hawaii 96701  
 Business Address

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

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Real Estate Broker\*: None Selected, see page 20 Phone: \_\_\_\_\_  
 Name (Business)  
 Business Address

Escrow: Hawaii Escrow and Title, Inc. Phone: (808) 532-2977  
 Name (Business)  
700 Bishop Street, Suite 1600  
 Business Address  
Honolulu, HI 96813

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

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

Attorney for Developer: Jeffrey S. Grad, Esq. Phone: (808) 521-4757  
 Name (Business)  
841 Bishop St., Ste. 1800  
 Business Address  
Honolulu, HI 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 checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No. <u>2005-164171</u>	
		Book _____	Page _____
<input type="checkbox"/> Filed -	Land Court:	Document No. _____	

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

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

The Condominium Map for this condominium project is:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances	Condo Map No. <u>4056</u>	
<input type="checkbox"/> Filed -	Land Court	Condo Map No. _____	

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

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

The Bylaws for this condominium are:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No. <u>2005-164172</u>	
		Book _____	Page _____
<input type="checkbox"/> Filed -	Land Court:	Document No. _____	

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>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:

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable: [ ] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: [ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable: [ ] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 2137 California Avenue  
Wahiawa, Hawaii 96786

Tax Map Key (TMK): (1) 7-5-015-015

Address  TMK is expected to change because each CPR Unit will receive separate designated tax key number

Land Area: 22,628  square feet  acre(s) Zoning: R-7.5

Fee Owner: MILES PATRICK KIMHAN, BLANE SHIGERU CHAMBERS and GALEN MIKI MIURA  
 Name\*  
98-029 Hekaha Street, Ste 5-28, Aiea, Hawaii 96701  
 Business Address

Lessor: N/A  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 3 Floors Per Building 1

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

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Glass and allied materials

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>3</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"/> 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-shed	_____	<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: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[ ] Other: \_\_\_\_\_

[x] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0-                      Stairways: -0-                      Trash Chutes: -0-

<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>Unit 2137-A</u>	<u>1</u>	<u>4/2</u>	<u>1,564</u>	<u>18/431/407/80</u>	<u>porch/lanai/ carport/shed</u>
<u>Unit 2137-B</u>	<u>1</u>	<u>2/1</u>	<u>674</u>	<u>25</u>	<u>porch</u>
<u>Unit 2137-C</u>	<u>1</u>	<u>3/1</u>	<u>881</u>	<u>181/38/217</u>	<u>lanai/porch/ carport</u>

Total Number of Apartments: 3

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

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

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B"



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: Variance granted to allow third Dwelling unit on Project land.

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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

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:

**NOTE:** Reference to said Exhibit "D" to "Dwelling Areas" does not mean 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:

Unit 2137-A	-	33.333%
Unit 2137-B	-	33.333%
Unit 2137-C	-	33.333%

- 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   August 22, 2005   and issued by   Hawaii Escrow & Title, Inc.  .

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	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit, less escrow cancellation fee.

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:

Developer is giving no warranties to Purchaser on the materials and workmanship of the Units.

2. Appliances:

N/A

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

According to records at the Building Department, the three Units of the Project were constructed at various times. One was completed in 1953, another in 1965, and the last unit was completed in 1978.

H. **Project Phases:**

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

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

**IV. CONDOMINIUM MANAGEMENT**

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

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

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

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

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

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

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

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

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

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

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

**V. MISCELLANEOUS**

**A. Sales Documents Filed With the Real Estate Commission:**

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit   F   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated   August 15, 2005  

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

Other: Declaration of Covenants, Conditions and Restrictions for Kaaawa Beach Owners Association

**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 Declaration of Covenants, Conditions and Restrictions for Kaaawa Beach Owners Association

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime Law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107), are available on line. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5806 filed with the Real Estate Commission on October 10, 2005 .

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

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**C. Additional Information Not Covered Above**

DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER:

The Developer does not presently intend to use a real estate broker for the sale of apartments in the Project.

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

LEAD WARNING STATEMENT

Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase." Note, that both Units were built prior to 1978.

HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

- 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 (SHL 2000) [Section 514A-1.6] (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.

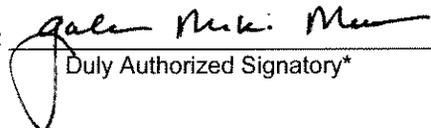
MILES PATRICK KIMHAN, BLANE SHIGERU CHAMBERS, GALEN MIKI MIURA  
 Printed Name of Developer

By:  OCT 10 2005  
 Duly Authorized Signatory\* Date

MILES PATRICK KIMHAN  
 Printed Name & Title of Person Signing Above

By:  OCT 10 2005  
 Duly Authorized Signatory\* Date

BLANE SHIGERU CHAMBERS  
 Printed Name & Title of Person Signing Above

By:  OCT 10 2005  
 Duly Authorized Signatory\* Date

GALEN MIKI MIURA  
 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"

### DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

Paragraph 20 of the Declaration states:

20.1 Amendments Generally. Except as otherwise expressly provided herein or in the Act, this Declaration and the Condominium Map may be amended only by the affirmative vote or written consent of all of the Apartment Owners, evidenced by an instrument in writing, signed and acknowledged by each of them, which amendment shall be effective upon recordation in the Recording Office; provided, however, that notwithstanding the foregoing provision, at any time prior to the first recording of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory, hereto, the Declarant may amend this Declaration (including all exhibits), the Condominium Map and the Bylaws in any manner, without the consent or joinder of any Apartment purchaser or any other party. Notwithstanding the lease, sale or conveyance of any of the Apartments, Declarant may amend this Declaration (and when applicable, any exhibits to this Declaration and the Condominium Map) to file the "as-built" verified statement required by Section 514A- 12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict the layout, location, Apartment numbers, and the dimensions of the Apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the Apartments as built or any change in the Apartment number.

20.2 Amendments Required by Law, Lenders, Title Insurers, Etc. Any other provision of this Declaration notwithstanding, for so long as the Declarant retains any interest in an Apartment in the Project, the Declarant shall have the right (but not the obligation) to amend this Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to an Apartment or substantially change the design, location or size of an Apartment shall be made without the consent of all persons having an interest in such Apartment. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this Paragraph 20.2 and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints Declarant and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an, interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

20.3 Mortgagee Approval. Any other provision of this Declaration notwithstanding, the approval of eligible holders of first mortgages (as defined below) on Apartments to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated shall be required to materially amend any provision herein, or to add any material provisions hereto, which establish, provide for, govern or regulate any of the following: (a) voting; (b) assessments, assessment liens or subordination of such liens; (c) reserves for maintenance, repair and replacement of the common elements; (d) insurance or fidelity bonds; (e) right to use of the common elements; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any Unit

(except where the amendment merely reflects that a Unit has been constructed according to alternate plans shown on the Condominium Map); (i) the interests in the common elements or limited common elements; (j) convertibility of Units into common elements or of common elements into Units; (k) leasing of Units; (l) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit; (m) establishment of self-management of the Project by the Association where professional management has been required by any agency or corporation which has an interest or prospective interest in the Project; and (n) any provision that expressly benefits holders, insurers, or guarantors of first mortgages on apartments in the Project. To qualify as an "eligible holder of a first mortgage", a holder, insurer or guarantor of a first mortgage on a Unit in the Project must have made a written request to the Association for timely written notice of proposed amendments to the condominium instruments. The request must state the name and address of the holder, insurer or guarantor and the number of the Unit covered by the mortgage. In the event that an eligible holder of a first mortgage fails to appear at a meeting of the Association at which amendments of a material nature to this Declaration are proposed and considered, or fails to file a written response with the Association within thirty (30) days after it receives proper notice of the proposed amendment, delivered by certified or registered mail, with a "return receipt" requested, then and in any such event such amendments shall conclusively be deemed approved by such eligible holder of a first mortgage.

In addition to the foregoing, no amendment to this Declaration which would allow any action to terminate the condominium property regime created hereby for reasons other than substantial destruction or condemnation shall be made without the prior written approval of not less than sixty-seven percent (67%) of the eligible holders of first mortgages.

20.4 Notwithstanding the foregoing, an Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to his Unit in accordance with Paragraph 19.1 of this Declaration. Promptly upon completion of such changes, the Unit Owner shall duly record with the Recording Office an amendment to his Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified as build by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to his respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in his Unit (including its appurtenant common interest) and shall be irrevocable.

20.5 Restatement. Any other provision of this Declaration notwithstanding, the Board, upon resolution duly adopted, shall have the authority as set forth in the Act to restate this Declaration from time to time to set forth any prior amendments hereto, or to amend this Declaration as required to conform with the provisions of the Act or any other statute, ordinance, rule or regulation enacted by any governmental authority.

End of EXHIBIT "A"

## EXHIBIT "B"

### PERMITTED ALTERATIONS TO APARTMENTS.

Alterations to Apartments are governed by Paragraph 19 of the Declaration which states:

19.1 Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), 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 or build improvements upon the Dwelling Area appurtenant to his Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

(a) All changes shall conform with applicable City and County building, land use and other applicable laws and ordinances ("County Rules") and applicable State of Hawaii laws and regulations ("State Laws").

(b) All changes to a Unit must be made within the Dwelling Area which is appurtenant to the Unit, provided however, that (i) no structure as defined under the LUO shall be constructed or placed within the lesser of (aa) five (5) feet from any boundary line separating two Dwelling Areas or (bb) the existing distance between buildings now located on separate Dwelling Areas as indicated on the Condominium Map; and (ii) in the event the Project is subject to an Existing Use Permit ("EUP" ), then all such changes shall conform with the provisions of the EUP;

(c) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportionate share of the building area coverage for the Land, or number of Units, as defined by the LUO in effect when the change is to be made; provided, however, for purposes hereof, the "proportionate share" for each Unit shall be a fraction having as its numerator the land area of the Unit's Dwelling Area and having as its denominator the total land area of all of the Dwelling Areas; and provided, that only one dwelling unit shall be permitted on each Dwelling Area.

(d) All such changes shall be at the expense of the Owner making the change, shall be expeditiously made and completed in a manner that will not unreasonably interfere with or cause damage to any other Unit, its appurtenant Dwelling Area, or the use thereof by an Owner of another Unit.

(e) During the entire course of such construction, the Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(f) The Unit Owner seeking to make a change to his Unit shall have the right (aa) to seek on his own behalf and on behalf of the Association, if required, building permits and other types of approvals and permits from governmental authorities and from utility companies, in order to allow such Unit Owner to make changes to his Unit; and (bb) 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 or otherwise materially interfere with their use by the other Owner;

(g) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to each Owner the rights set forth in this paragraph.

(h) If required by the Act or under other law, by the Owner making the change to his Unit or the Permitting Agencies, then upon the request of the Owner making the change to his Unit, each other Owner, lien holder or other person having any interest in the Project hereby agrees in advance to join in, consent to, or execute all instruments or documents necessary or desirable so that the Owner making the change to his Unit may effectuate his right to change his Unit.

If such Owner, lien holder or other person having any interest in the Project fails to provide such requested written joinder, consent, or take such action, as the case may be, such shall be accomplished by the Owner making the change to his Unit under an irrevocable power-of-attorney in favor of the Owner making the change to his Unit

from each of the other Owners, lien holders or such other parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(i) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to each Owner the rights set forth in this paragraph.

#### 19.2 Changes in Boundaries of the Dwelling Areas.

(a) The Owners of adjoining Units (whose Dwelling Areas are contiguous) may from time to time change the common boundaries between such Dwelling Areas unless such is not permitted under LUO and may re-allocate portions of such Unit Dwelling Areas between or among the Units upon the following terms and conditions:

(i) The Unit Owners who are changing the boundaries of the Dwelling Areas shall execute and record in the Recording Office (without the necessity of the consent or joinder of the Declarant, the Association, the Board, any other Unit Owner or any other person), and promptly deliver to the Board of Directors a true and correct filed copy of an amendment to this Declaration and the Condominium Map which contains the following:

(aa) a description of the resulting Dwelling Area appurtenant to each of the Units; and

(bb) a drawing which shall amend the Condominium Map to accurately depict the resulting Dwelling Areas.

(ii) Any such change in boundaries shall not violate County building and zoning laws and other applicable County and State laws and requirements.

19.3 Right To Seek EUP. While Declarant is a Unit Owner, Declarant shall have the right without the joinder of any other Unit Owner, or any other person, at any time and from time to time to seek an EUP pursuant to LUO or to seek other types of governmental permits in order to make all existing dwelling units conform under LUO, and in connection therewith, to seek governmental permits and approvals in such Declarant's name (or the name of the Association or other Unit Owners, as may be required or deemed necessary by the Declarant) under County Rules, State Law or by providers of public utilities servicing the Land.

19.4 Changes to Other Than Units. Except as to changes referred to in each of Paragraphs 19.1, 19.2, and 19.3, any changes to the Project different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association of Unit Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to vote of all the Unit Owners and accompanied by the written consent of the holders of all liens affecting any of the Units, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file such amendment in said Office, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

19.5 General Provisions applicable to Section 19. The following provisions shall apply to each of the paragraphs within Section 19 unless the context and usage would clearly indicate to the contrary:

(a) The rights set forth in each of the Paragraphs within Section 19 for the benefit of a Unit Owner (including without limitation, the Declarant) (who may be referred to as "Benefitted Owner") may not be amended without the consent of such Benefitted Owner.

(b) In furtherance of the rights granted under Paragraphs 19.1 through 19.3 inclusive, Benefitted Owner shall have the right, without being required to obtain the consent or joinder of any person, including any other Unit Owner or any lien holder, or any other person who may have any interest in the Property or the Land (i) to execute and deliver (on behalf of all of the Unit Owners and their respective mortgagees, if necessary) applications, petitions, agreements and other instruments which such Benefitted Owner deems necessary or desirable (including without limitation, documents to be filed or recorded with the Planning Department of County of Honolulu, the Recording Office, other governmental agencies, public utility companies or private parties); (ii) to deliver documents and to take such actions in connection therewith as shall be in the sole and absolute discretion of Benefitted Owner, and his delivery of such instrument or the taking of such action shall be sufficient determination; (iii) to amend the Declaration and the Condominium Map to reflect rights of Benefitted Owner set forth such Paragraphs; and (iv) to grant easements for access and utility purposes in favor of any Subdivided Portion across

the Land and for access and utility purposes in favor of the remaining portion of the Land across the Subdivided Portion.

(c) If notwithstanding that a paragraph within this Section 19 does not require the consent or joinder of an Owner, lien holder or other person having any interest in the Project ("Third Party") to the action or change by another Owner benefitted by a paragraph within this Section 19 ("Benefitted Owner"), but the Act, County Rules, State Laws, title companies, permitting entities or providers of utilities nonetheless do require the consent or joinder by the Third Party, then upon the request of Benefitted Owner, each such Third Party hereby consents in advance to such action or change being made by the benefitted Owner and agrees to consent to and join in, as aforesaid, and to execute all instruments or documents necessary or desirable so that Benefitted Owner may effectuate his change or otherwise do as permitted under the respective paragraph within this Section 19.

If the Third Party fails to provide such requested written joinder, consent, or take such action, as the case may be, such shall be accomplished by signature of the Benefitted Owner acting under an irrevocable power-of-attorney in favor of Benefitted Owner from each of the other Owners and Third Parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(d) The rights of a Benefitted Owner(including, without limitation, the Declarant) granted under each of the Paragraphs within Section 19 may be assigned, mortgaged or otherwise be transferred by such benefitted Owner only in connection with the assignment, mortgage or other transfer of the Unit owned by Benefitted Owner.

(e) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of each of the Paragraphs within Section 19 and any lease of a Dwelling Area shall reserve to each Owner the rights set forth in each of these paragraphs.

End of EXHIBIT "B"

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

One freehold estate is hereby also designated in all the remaining portions of the Project, herein called "common elements", including specifically but not limited to:

- 4.1 The Land in fee simple;
- 4.2 The limited common elements described in Paragraph 5 of this Declaration;
- 4.3 Any pipes, wires, ducts, conduits or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit; and
- 4.4 All pipes, wires, ducts, conduits or other utility or service lines running through a Unit which are utilized by or serve more than one Unit.
- 4.5 An undivided one-half (½) interest in Lot 47-D-3, a 20-foot roadway, to be shared with others such as the owners or occupants of lot 47-D-1, which Private Road is more particularly described in Exhibit "A" attached hereto.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

5.1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of certain of the Units, and each Unit shall have appurtenant thereto exclusive easements for the use of all such limited common elements set aside and reserved for such Unit's exclusive use. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Unit to which it is appurtenant.

5.2 The limited common element so set aside and reserved for the exclusive use of Unit 2137-A is as follows:

(a) The site on which Unit 2137-A is located, consisting of the land area beneath and immediately adjacent to Unit 2137-A, as shown and delineated on the Condominium Map as "Unit 2137-A Limited Common Element (7,543 Sq. Ft.)" (including the airspace above such site) is for the exclusive benefit of Unit 2137-A; and

5.3 The limited common element so set aside and reserved for the exclusive use of Unit 2137-B is as follows:

(a) The site on which Unit 2137-B is located, consisting of the land area beneath and immediately adjacent to Unit 2137-B, as shown and delineated on the Condominium Map as "Unit 2137-B Limited Common Element (7,543 Sq. Ft.)" (including the airspace above such site) is for the exclusive benefit of Unit 2137-B; and

5.4 The limited common element so set aside and reserved for the exclusive use of Unit 2137-C is as follows:

(a) The site on which Unit 2137-C is located, consisting of the land area beneath and immediately adjacent to Unit 2137-C, as shown and delineated on the Condominium Map as "Unit 2137-C Limited Common Element (7,542 Sq. Ft.)" (including the airspace above such site) is for the exclusive benefit of Unit 2137-C; and

5.5 Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Rights-of-way and water rights, as were conveyed to the Wahiawa Water Company, Limited, by deeds dated April 18, 1903, recorded in Liber 266, at Page 26 and in Liber 296, at Page 2.
3. Easement to build, construct, reconstruct, rebuild, repair, maintain and operate a pole and wire line of underground wire line, etc., for the transmission and distribution of electricity, dated March 15, 1948, recorded in Liber 2125, Page 249, in favor of Hawaii Electric Light Company, Inc., and GTE Hawaiian Telephone Company Incorporated.
4. AS TO AN UNDIVIDED ONE-HALF (½) INTEREST IN LOT 47-D-3 (ROADWAY):
  - (A) Grant dated November 15, 1951, recorded in Liber 2525, Page 135, in favor of the United States of America.
  - (B) 8" right-of-way in favor of the City and County of Honolulu, as shown on tax map.
5. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements, 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, as set forth in the Declaration of Condominium Property Regime, dated August 15, 2005, recorded as Document No. 2005-164171.
6. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF 2134 CALIFORNIA AVENUE, dated August 15, 2005, recorded as Document No. 2005-164172.
7. Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, and/or in said apartment deed, and/or as delineated on said Condominium File Plan.
8. For real property taxes, your attention is directed to the Director of Finance, City and County of Honolulu.

## EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT. The Sales Contract consists of two documents: a Hawaii Association of Realtors Standard form of Deposit Receipt Offer and Acceptance ("DROA") and a document attached to the DROA which is entitled "SPECIAL CPR PROVISIONS ATTACHED TO THE DROA".

The Special Provisions are intended to amend the DROA, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the DROA, the provision contained in the Special Provisions shall prevail.

1. Description of the Property to be Conveyed: Fee simple title to the Apartment, together with the furnishings and appliances, if any, and the undivided interest in the common elements set forth in the DROA.. Title will be conveyed subject to the encumbrances of record.

2. Purchase Price and Terms. The purchase price for the Apartment is set forth on page 2 of the DROA is to be paid in the method and at the times set forth in the DROA. This may include payment of (a). An initial deposit; (b). An additional cash deposit, if set forth in the DROA ; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.

3. Financing of Purchase. Paragraph C-24 of the DROA Form (if elected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.

4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the DROA, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Apartment Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 3 of the DROA .

6. No Present Transfer and Subordination to Construction Loan.

(a) The Sales Contract may be subject to existing and future blanket loans, and any security interest now or hereafter obtained by a lender of Seller is or will be prior and senior to any rights of the Buyer arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.

(b) Seller may also assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Buyer is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

(c) Notwithstanding that the Sales Contract may be subordinate to a blanket lien, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Apartment to Buyer at closing free and clear of any blanket lien.

7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the DROA is selected; (b) Buyer defaults under the Sales Contract (paragraph 6(b) of the Special Provisions); (c) Buyer dies prior to Closing Date (paragraph 6(a) of the Special Provisions) or (d) the Final Public Report shall not have been issued and Buyer shall not have waived his right to cancel (called the "Effective Date"). Pursuant to Paragraph 6(b) of the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's default or otherwise without notice as to monetary defaults, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.

8. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:

(a) At any time within thirty (30) days following the date the Final Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Buyer does not act within the thirty (30) day period, or if the Apartment is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3 of the Special Provisions).

(b) The Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Apartment or the amenities available for the Buyer's use (paragraph 7(a) of the Special Provisions).

(c) Buyer fails to qualify for permanent financing if Paragraph C-24 of the DROA has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges that he or she has examined (and agrees to be bound) by the Declaration of Condominium Property Regime for the Project, the Bylaws of Association of Dwelling Owners, a specimen Apartment Deed and the Escrow Agreement. Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

10. Paragraph 12 of the Special Provisions contains provisions describes that the Units being offered for sale were constructed many years ago. Seller disclaims all warranties relating to construction, design, materials or workmanship of the Apartment being bought and the Project. Buyer is cautioned to have his own inspection of the property and the Apartment.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

End of EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow & Title, Inc.:

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) 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 contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

Dated: October 6, 2005

1. (a) PROJECT: 2137 CALIFORNIA AVENUE  
2137-A; 2137-B; 2137-C California Avenue  
Wahiawa, Hawaii 96786
- (b) DEVELOPER: MILES PATRICK KIMHAN, BLANE SHIGERU CHAMBERS and  
GALEN MIKI MIURA  
98-029 Hekaha Street, Suite 5-28  
Aiea, Hawaii 96701  
  
Telephone: (808) 487-8333
- (c) MANAGING AGENT: Self-Managed by the Association  
of Apartment Owners
  
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).  
  
Note: Developers disclose 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.
  
3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:  
  
The Developer is not giving any warranty on the materials and workmanship of the Units.
  
4. USE OF UNITS. Each Unit shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests and for any other purpose permitted by the Land Use Ordinance for the City and County of Honolulu ("LUO") then in effect; provided, however, that until a shed which constitutes a Unit is replaced by a residence, such shall not be used for residential purposes, but only for other purposes allowed under the LUO.

EXHIBIT "1"  
ESTIMATED OPERATING EXPENSES  
For Period September 1, 2005 to August 31, 2006  
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 514A-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 as estimated by the Developer is based on generally accepted accounting principles.

  
\_\_\_\_\_  
MILES PATRICK KIMHAN

  
\_\_\_\_\_  
BLANE SHIGERU CHAMBERS

  
\_\_\_\_\_  
GALEN MIKI MIURA

"Developer"

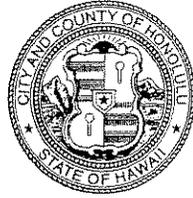
EXHIBIT "I"

Attached, Letter from City and County of Honolulu dated October 5, 2005.

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

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 523-4432 • FAX: (808) 527-6743  
DEPT. INTERNET: www.honolulu.gov • INTERNET: www.honolulu.gov

MUFI HANNEMANN  
MAYOR



HENRY ENG, FAICP  
DIRECTOR

DAVID K. TANQUE  
DEPUTY DIRECTOR

2005/ELOG-1338 (RLK)

October 5, 2005

Jeffrey S. Grad, Esq.  
Attorney at Law  
A Law Corporation  
Davies Pacific Center, Suite 1800  
841 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Grad:

Re: Condominium Conversion Project  
2137 California Avenue  
Tax Map Key: 7-5-15: 15

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This is in response to your letter dated June 9, 2005, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the three (3) one-story single-family detached dwellings with six (6) all-weather-surface off-street parking spaces met all applicable code requirements when they were constructed in 1953, 1965 and 1978, respectively, on this 22,628 square-foot R-7.5 Residential District zoned lot.

On February 9, 1978, a variance (File No. 77/ZBA-159) was approved to permit an additional dwelling for a total of three (3) dwellings.

Investigation also revealed a 294-square-foot storage shed encroaching into the side yard setback. This storage shed was constructed without a building permit. The owners' representative was notified of the deficiency. Reinspection on September 1, 2005, revealed that the deficiency was corrected by the removal of the storage shed.

No other variance or other permit was granted to allow deviation from any applicable codes.

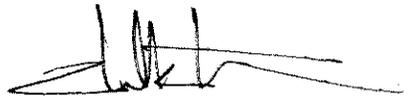
Jeffrey S. Grad, Esq.  
October 5, 2005  
Page 2

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'Henry Eng', with a long horizontal flourish extending to the right.

 Henry Eng, FAICP, Director  
Department of Planning and Permitting