

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer HARRIET YUKE HUNG DeCOSTA
Address P. O. Box 6285, Kaneohe, Hawaii 96744

Project Name (\*): LULANI TERRACE
Address: 47-358 Lulani Street, Kaneohe, Hawaii 96744

Registration No. 6039
(Conversion)

Effective date: September 21, 2006
Expiration date: October 21, 2007

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 586-2643 to submit your request.

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

Required and attached to this report     Not Required - Disclosures covered in this report.

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

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

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

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

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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: HARRIET YUKE HUNG DeCOSTA Phone: (808) 271-2038  
Name\* (Business)

Business Address  
P. O. Box 6285, Kaneohe, Hawaii 96744

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary): N/A

Real Estate Broker\*: None selected, see page 20 Phone: (Business)

Name  
Business Address

Escrow Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211  
Name (Business)  
235 Queen Street

Business Address  
Honolulu, Hawaii 96813

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

Name  
Business Address

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

Name  
Business Address

Attorney for Developer: Alfred M. K. Wong Phone: (808) 543-9800 x2  
Takushi Wong Lee & Yee (Business)  
Name  
Suite 1540, 841 Bishop Street

Business Address  
Honolulu, Hawaii 96813

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

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed			
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____	
			Book _____	Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>3417379</u>	

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration dated July 13, 2006, filed July 13, 2006 as Land Court Document No. 3452815, and Second Amendment to Declaration dated August 25, 2006, filed September 13, 2006 as Land Court Document No. 3481003.

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed			
<input type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. _____		
<input checked="" type="checkbox"/>	Filed -	Land Court Condo Map No. <u>1790</u>		

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: Second Amendment to Declaration dated August 25, 2006, filed September 13, 2006 as Land Court Document No. 3481003 (amends Project Site Plan).

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

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____	
			Book _____	Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>3417380</u>	

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%*	75%
Bylaws	65%	65%
House Rules	---	--

\* 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:

Developer expressly reserves the right to successively amend the Declaration without the consent or joinder of persons then owning or leasing the apartments as may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the project, or any institutional lender lending funds on the security of the project or any of the apartments thereof; provided, however, that no such 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 to and joinder in such amendment by the owner of such apartment, the holder of the first mortgage on said apartment, and all others, if any, having any interest therein.



[ ] 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: 47-358 Lulani Street Tax Map Key (TMK): (1) 4-7-045-032  
Kaneohe, Hawaii 96744

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

Land Area: 1.317 [ ] square feet [x] acre(s) Zoning: R-10; P-1

NOTE: The revised Site Plan filed with the Second Amendment to Declaration (amending the original Site Plan submitted with the Condominium Map) shows an area that deviates slightly from that shown above and on pages 13 and 14. The Surveyor has resurveyed the premises, resulting in the revised Site Plan. The difference between the 1.317 area shown above and the 57,382 square feet shown on pages 13 and 14 is less than .002 percent. The Surveyor has stated that it is as close as is possible.

Fee Owner: HARRIET YUKE HUNG DeCOSTA  
 Name \_\_\_\_\_  
P. O. Box 6285  
 Address \_\_\_\_\_  
Kaneohe, Hawaii 96744

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: 2 Floors Per Building: 2 and 3

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete       Hollow Tile       Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
 Yes       No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

No livestock, poultry, rabbits or other animals, except for dogs, cats or  
 Pets: other household pets in reasonable number may be kept by owners.

Number of Occupants: \_\_\_\_\_  
 Residential purposes only.

Other: No business use; no time-sharing.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: \_\_\_\_\_ Stairways: 1 per bldg. Trash Chutes: \_\_\_\_\_

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
A	<u>1</u>	<u>6/2-1/2</u>	<u>2877</u>	<u>78; 1104</u>	<u>porch; carport</u>
B	<u>1</u>	<u>3/4</u>	<u>2621</u>	<u>555; 196</u>	<u>porch; deck</u>
_____	_____	_____	_____	<u>308; 488</u>	<u>storage; garage</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

Each apartment includes the exterior surface of the exterior walls, doors and door frames; windows and window frames; roofs; floors; foundations and any appurtenances adjoining or connected thereto.

Permitted Alterations to Apartments:

The apartment owner may make any alterations or additions within the apartment, if the structural integrity of the building is not thereby affected.

Apartments Designated for Owner-Occupants Only: NOT APPLICABLE

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.



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>    x    </u>	<u>          </u>	<u>          </u>
Lot	<u>    x    </u>	<u>          </u>	<u>          </u>

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

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

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

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

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

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

as follows:

(a) The project land in fee simple.

(b) The driveway located along the west boundary of Unit A containing an area of approximately 1562 square feet, as shown on the project Condominium Map, as amended.

(c) The land area along the east boundary of Unit A containing an area of approximately 1223 square feet for sewer and waterline purposes, as shown on the project Condominium Map, as amended.

(d) Any and all apparatus and installations of common use, including all sewer lines, electrical equipment, pipes, wiring, and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

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

There are no limited common elements in this project.

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

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

as follows:

(a) The land area underlying and surrounding Building A containing an area of approximately 8,959 square feet as shown on the Condominium Map, as amended, shall be appurtenant to and for the exclusive use of the owner of Building A.

(b) The land area underlying and surrounding Building B containing an area of approximately 45,638 square feet as shown on the Condominium Map, as amended, shall be appurtenant to and for the exclusive use of the owner of Building B.

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

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

as follows:

Each of the apartments shall have appurtenant thereto an undivided fifty percent (50%) interest in all common elements of the project, and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting.

The common interest is based upon the two (2) apartments in the project having an identical interest.

- 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   B   describes the encumbrances against the title contained in the title report dated April 18, 2006 and issued by Stewart Title Guaranty Company.

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>
1st mortgage in favor of New Century Mortgage Corporation; 2nd mortgage in favor of First Hawaiian Bank	Buyer's Sales Contract will be cancelled and Buyer's funds will be refunded in full, less Escrow cancellation fees.

F. Construction Warranties:

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

1. Building and Other Improvements:

NONE

2. Appliances:

NONE

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

Building A was constructed in 1961 and Building B was constructed in 2004.

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 Developer's affiliate  
 self-managed by the Association of Apartment Owners  Other: \_\_\_\_\_

- B. **\*Estimate of Initial Maintenance Fees:** NONE

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

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

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

- 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 \_\_\_\_\_

\* Each apartment owner shall be responsible for the maintenance, repair and replacement of his apartment and the limited common elements appurtenant to such owner's apartment.

Each apartment owner shall be equally responsible for the maintenance and repair of the driveway located along the west boundary of Unit A. The concrete driveway has a life expectancy of 20 years.

Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rule subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

## V. MISCELLANEOUS

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

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 15, 2006  
Exhibit D 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 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 online. 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. 6039 filed with the Real Estate Commission on June 15, 2006.

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### C. Additional Information Not Covered Above

#### Disclosure regarding selection of Real Estate Broker

The Developer plans to sell the apartments in the project, but is not prepared to make any current offerings of sale.

When the Developer begins selling or offers to sell, the developer will 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.

#### 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.

#### 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."

- 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-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.

Harriet Yuke Hung DeCosta

\_\_\_\_\_  
Printed Name of Developer

By: Harriet Yuke Hung DeCosta  
Duly Authorized Signatory

June 12, 2006  
Date

Harriet Yuke Hung DeCosta

\_\_\_\_\_  
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.***

## DESCRIPTION OF BUILDINGS

There are two (2) buildings designated as Building A and Building B. Building A is comprised of two levels. The first level consists of a concrete slab floor, eight inch concrete masonry and wood siding exterior walls and single wood partition interior walls. The second level consists of a wood framing floor, wood siding exterior walls, single wood interior walls and asphalt shingle roofing. Building B is comprised of three levels. The first level consists of a concrete slab floor, eight inch concrete masonry and wood siding exterior walls and single wood partition interior walls. The second level consists of a wood framing floor, concrete and wood siding exterior walls and single wood interior walls. The third level consists of a wood framing floor, wood siding exterior walls and single wood interior walls and asphalt shingle roofing.

Building A consists of four bedrooms, a kitchen, a living room, a family room, a laundry room, one and one-half bathroom, a porch and an attached carport. on the first level and two bedrooms, a bath, a recreation room and a bar area. The total net living area for Building A is approximately 2877 square feet with a porch area of approximately 78 square feet and a carport of approximately 1104 square feet. The gross area is approximately 4059 square feet plus the aforesaid porch area and the carport area.

Building B consists of a family room, a recreation room, a den, a bathroom, a bar and a deck area. The second level consists of a kitchen a bathroom, a living room, a porch, a storage room and a garage. The third level consists of three bedrooms and two bathrooms. The net living area for Building B is approximately 2621 square feet with a deck area of approximately 555 square feet, a porch area of approximately 196 square feet, a storage area of approximately 308 square feet and a garage of approximately 488 square feet. The gross area is approximately 3372 square feet plus the garage and storage area of approximately 796 square feet for a total gross area of approximately 4168 square feet.

The square footage of each respective apartment is measured from undecorated or unfinished surfaces of the interior face of perimeter walls, which measurement is referred to as the "net living area," and from the exterior face of exterior walls, which measurement is referred to as the "gross area," and no reduction is made to account for interior load bearing walls, ducts, vent shafts and the like, located within the perimeter walls.

ENCUMBRANCES AGAINST TITLE

(As reflected in Commitment for Title Insurance dated April 18, 2006 by Stewart Title Guaranty Company)

1. For real property taxes due and owing, reference is made to the Director of Finance, City and County of Honolulu. Tax Key: (1) 4-7-045-032.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The right of the Retlaw Corporation, Limited, at any time to change the location of said easements, roadway, or right-of-way, other than Kamehameha Highway, provided the Retlaw Corporation, Limited furnishes the owners of said pieces of lands affected by such change with equally suitable easements, roadway, or right-of-way to those already existing and hereby provided of the same width at least as the existing roadways, easements or rights-of-way, and if any dispute shall arise between the Retlaw Corporation, 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 hereby contained shall be construed as determining the rights to water and/or easements for irrigation ditches in favor of the Retlaw Corporation, Limited, and/or any of the parties interest in the lands covered by Land Court Certificate of Title No. 47,043.

4. A 6-foot road setback line, as shown on Map 59 of said Land Court Application No. 979.
- \*5. A Lis Pendens in favor of the City and County of Honolulu, regarding water rights appurtenant to the within premises filed in the Office of the Assistant Registrar of the Land Court as Document No. 88675.
6. GRANT

In Favor of:	Hawaiian Electric Company, Inc., and Verizon Hawaii, Inc.
Document No.	179892
Purpose:	Easement for utility and incidental purposes

\*This action was filed on November 24, 1946 and pertains to water rights, if any, to Kahuluu Stream. The decision as to the effect of this Lis Pendens is up to the prospective owner.

7. GRANT

In Favor of: Hawaiian Electric Company, Inc., and Verizon Hawaii, Inc.  
Document No. 627308  
Purpose: Easement for utility and incidental purposes

8. The terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Encroachment Agreement dated December 11, 1997, made by and between Tomio Kanazawa and Aoi Kanazawa, husband and wife (First Party) and Henry Choong Fo Lau and Elizabeth Cypher Lau, husband and wife (Second Party), filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2428718, to which reference is hereby made.

9. MORTGAGE

Mortgagor: Harriet Yuke Hung DeCosta, unmarried, as Tenant In Severalty  
Mortgagee: New Century Mortgage Corporation, a corporation organized and existing under the laws of California  
Dated: July 2, 2004  
Recorded: July 13, 2004  
Document No. 3135588  
To Secure: \$624,000.00  
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

10. MORTGAGE

Mortgagor: Harriet Yuke Hung DeCosta, unmarried and Howard Charles DeCosta, Jr., husband of Teresita Caspillo DeCosta, as Joint Tenants  
Mortgagee: First Hawaiian Bank, a Hawaii corporation  
Dated: September 30, 2005  
Recorded: October 5, 2005  
Document No. 3336591  
To Secure: \$50,000.00  
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

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

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "LULANI TERRACE":

Dated: February 28, 2006  
Document No. 3417379

Condominium Map No. 1790, as may be amended, to which reference is hereby made.

12. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "LULANI TERRACE"

Dated: February 6, 2006  
Document No. 3417380

13. Any and all easements encumbering the apartment herein identified and described, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as amended, and/or as shown on said Condominium Map No. 1790.

NOTE: Item 11 was amended on July 13, 2006 and August 25, 2006. See page 6 of this Report.

## SALES CONTRACT/SUMMARY OF PERTINENT PROVISIONS

CLOSING COSTS; EXPENSES OF SALE. Buyer further agrees to pay, at the time of pre-closing, Buyer's notary fees, all recording fees, cost of credit report, cost of preparing note(s) and mortgage(s), if any, loan finance fees, the cost of any required title insurance and one-half (1/2) of the escrow fee. Seller shall pay for the cost of preparing the deed, conveyance tax, evidence of title, Seller's notary fees, and one-half (1/2) of the escrow fee.

MODIFICATION OF DOCUMENTS. Seller reserves the right to modify the Declaration and By-Laws as may be required by law, any title insurance company or any institutional mortgagee, provided that no such modification shall:

- (a) Increase Buyer's share of the common expenses;
- (b) Increase the cost of the property covered under the Sales Contract;
- (c) Require a substantial physical change of the building in which the Apartment is situated;
- (d) Reduce the obligations of Seller for common expenses on unsold apartments; or
- (e) Substantially impair or modify any of the obligations given or undertaken by Seller.

ACCEPTANCE OF APARTMENT; BUILDING NOT NEW; NO WARRANTIES. Buyer accepts the Apartment in an "as is" condition. Buyer further acknowledges that Buyer has had an opportunity to inspect the Apartment and common elements and that the purchase price takes into consideration the fact that the Apartment is approximately 49 years old, and fixtures and appliances are not new. **SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE.**

INTEREST ON DEPOSITS. Buyer and Seller agree that any interest payable on monies deposited with Escrow Agent shall belong to and be payable to Seller.

BINDING AGREEMENT. If this is a cash purchase, the Sales Contract is subject to the Buyer delivering proof of ability to pay all sums due under the Sales Contract within forty-five (45) calendar days of acceptance of the Sales Contract by Seller. If the Buyer is obtaining financing for a portion of the purchase price, the Buyer must deliver to Seller a firm commitment in an amount and form approved by Seller from a bank, savings and loan association, insurance company or other institutional lender within forty-five (45) calendar days of acceptance of the Sales Contract by Seller. In the event the requirements of this paragraph are not met, the Sales Contract shall be null and void, all deposits shall be returned to Buyer, less costs, and neither party shall have any obligations to the other. Seller and Buyer may extend the forty-five (45) calendar day period only in writing by mutual agreement.

The Sales Contract will be binding and effective when the Final Public Report is delivered to Purchaser and Purchaser signs a receipt and notice for the Report and waives his or her right to cancel the Sales Contract; provided however, that if Purchaser does not execute and return the receipt and notice within thirty (30) days from the date of delivery of the Report, or if the apartment is conveyed to Purchaser prior to the expiration of such thirty-day period, the Purchaser shall be deemed to have received for the Report and waived his or her right to cancel.

Purchaser shall have the right to cancel the Sales Contract at any time prior to the earlier of (1) the conveyance of the apartment to Purchaser or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report to Purchaser unless Purchaser waives his or her right to cancel in writing prior to such time. Should Purchaser cancel the Sales Contract within such time, the amounts paid by Purchaser under the Sales Contract will be returned to Purchaser and thereupon all rights and liabilities of Purchaser under the Sales Contract shall cease and terminate. Upon expiration of the time upon which Purchaser may cancel, the Sales Contract shall be binding upon Purchaser.

SELLER'S REMEDIES. If Buyer shall default in any payment when required, or fail to perform any other obligation required of Buyer under the Sales contract, and Seller shall notify Buyer in writing of such default and such default shall not be cured within five (5) calendar days after receipt of such notice, the Sales Contract may, at Seller's option be terminated by written notice to Buyer and all sums paid by Buyer under the Sales Contract shall belong absolutely to Seller as liquidated damages, or at Seller's option, Seller may pursue any other remedy in law or equity for specific performance or for damages or otherwise, and all costs, including reasonable attorney's fees, incurred by reason of default by Buyer shall be borne by Buyer.

## ESCROW AGREEMENT/SUMMARY OF PERTINENT PROVISIONS

### Conditions to be Met Prior to Disbursement of Funds In Escrow.

No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

(a) Final Public Report Must Be Issued. No disbursements shall be made from a purchaser's funds until (i) the Real Estate Commission shall have issued an effective date for a Final Report on the Project, and (ii) the purchaser shall have been given a copy of the Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same and shall have waived or shall have been deemed to have waived the purchaser's right to cancel the sales contract.

(b) Receipt of Opinion by Escrow. Seller or Seller's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective; and stating that:

(i) the requirements of Sections 514A-62 and 514A-63, HRS, have been met;

(ii) all sales contracts delivered to Escrow are binding upon the purchasers; and

(iii) if the project is a conversion project, that requirements of Section 521-38, HRS, have been complied with.

Seller or Seller's attorney agrees to inform Escrow immediately in writing of the development of any event or occurrence which renders the opinion delivered by Seller or Seller's attorney pursuant to this subparagraph (b) untrue.

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

(d) Certificate. Seller shall have delivered to Escrow a certificate from Seller's architect stating that the project is in compliance with the Federal Fair Housing Amendment Act of 1988.

(e) Closing by Escrow. Funds of a purchaser shall not be disbursed until Escrow has closed the purchaser's sales contract.

### Return of Purchaser's Funds and Documents.

(a) Cancellation or Rescission of A Sales Contract. Unless otherwise provided in the Escrow Agreement, a purchaser shall be entitled to a return of such purchaser's funds

and Escrow shall pay such funds to such purchaser, together with any interest which may have accrued to the credit of such purchaser, if any one of the following has occurred:

- (i) Seller and purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held by Escrow; or
- (ii) Seller shall have notified Escrow of Seller'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 Seller; or
- (iii) The purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the sales contract pursuant to Section 514A-62, HRS; or
- (iv) The purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to rescind the sales contract pursuant to Section 514A-63, HRS.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (i) or (ii) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (iii) or (iv) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation, up to a maximum of \$250.00); provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Seller of written notice from Escrow of Escrow's intent to make such refund.

#### Purchaser's Default.

If the purchaser fails to make such payment to Escrow on or before the due date or if the purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Seller of any such failure on the part of the purchaser. If Seller subsequently certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Seller and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by the Escrow Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, less any escrow cancellation fee. Escrow shall thereupon be released from any further duties or liability with respect to such funds and such purchaser.