

# CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Louis King-Wai Fung (aka Louis King Wai Fung) and Francis T.C. Leong

Address 1833 Kalakaua Avenue, Suite 1008, Honolulu, Hawaii 96815

Project Name (\*): VILLA PUNAHOU

Address: 1025 Punahou Street (Unit A), 1607 Young Street (Unit B)  
1609 Young Street (Unit C), Honolulu, Hawaii 96826

Registration No. 6078

Effective date: August 7, 2006

Expiration date: September 7, 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 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:** 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.

**FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.

No prior reports have been issued.

This report supersedes all prior public reports.

This report must be read together with \_\_\_\_\_

**SUPPLEMENTARY:** 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.*

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

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

Required and attached to this report     Not Required – Disclosures covered in this report.  
As Exhibit "A"

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

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

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

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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: Louis King-Wai Fung (aka Louis King Wai Fung) and Francis T.C. Leong Phone: (808) 941-3000

Name  
1833 Kalakaua Avenue, Suite 1008  
Business Address  
Honolulu, Hawaii 96815

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: \_\_\_\_\_  
Name

Business Address

Escrow First Hawaii Title Corporation Phone: (808) 734-8777  
Name

4211 Waiialae Avenue, Suite 208  
Business Address  
Honolulu, Hawaii 96816

General Contractor\*: On Mei, Inc. Phone: (808) 383-9638  
Name

98-729 Moanalua Loop, Room 311  
Aiea, Hawaii 96701  
Business Address

Condominium Managing Agent\*: Self-Managed by Association of Condominium Unit Owners Phone: \_\_\_\_\_  
Name

Business Address

Attorney for Developer: Erik W. Wong Phone: (808) 533-4692  
Name

1100 Alakea Street, Suite 1600  
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:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-112222  
 Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 4251  
 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:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-112223  
 Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

See Exhibit "B"



Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will no 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 for 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:**

1025 Punahou Street (Unit A),  
1607 Young Street (Unit B)  
Address: 1609 Young Street (Unit C) Tax Map Key (TMK): (1) 2-8-1-24  
Honolulu, Hawaii 96826

Address  TMK is expected to change because CPR numbers may be assigned to each unit

Land Area: 6,403  square feet  acre(s) Zoning: AMX-2

Fee Owner: Louis King-Wai Fung (aka Louis King Wai Fung) and  
 Francis T.C. Leong  
Name  
 1833 Kalakaua Avenue, Suite 1008  
Address  
 Honolulu, Hawaii 96815

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: Two (2) Floors Per Building: Two (2)  
 Exhibit \_\_\_\_\_ contains further explanations.
3. Principal Construction Material:  
 Concrete       Hollow Tile       Wood  
 Other Steel

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Mix Res/Comm	<u>3</u>	<input checked="" 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 (subject to limitations on Commercial Use – see Exhibit C)

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:

[X] Pets: Dogs, cats and other household pets not to exceed two (2)

[ ] Number of Occupants: \_\_\_\_\_  
 No time sharing including "vacation license", "travel club

[X] Other: membership" or "time interval ownership". See Exhibit "C"

[ X ] There are no special use restrictions. (There are limitations on Commercial Use - see Exhibit C)

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: 1 per Unit Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit A	1	5/3	2,002	401	garage and covered porch
Unit B	1	4/2.5	1,446	440	garage and covered porch
Unit C	1	4/2.5	1,446	440	garage and covered porch
_____	_____	_____	_____	_____	_____

Total Number of Apartments: Three (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: Each unit shall be deemed to include the entire interior area comprising the condominium dwelling located on the limited common element land area appurtenant thereto, including, but not limited to, all perimeter walls and partitions, the interior floors and ceilings, and the roof, foundation and footings of the unit.

Permitted Alterations to Apartments:  
 See Exhibit "D"

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

7. Parking Stalls:

Total Parking Stalls: 6

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>6</u>
Guest	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Unassigned	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Extra for Purchase	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Other:	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total Covered & Open	<u>6</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>6</u>

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

Commercial parking garage permitted in condominium project.

Exhibit E contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: See Exhibit "F" attached hereto

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

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below:  Violations will be cured by \_\_\_\_\_  
(Date)

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

N/A

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     F    .

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 F.

as follows:

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

3. Common Interest: Each apartment will have an undivided fractional interest in all of the commons 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 the project, as described in the Declaration, are:

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

as follows:

<u>CONDOMINIUM UNIT</u>	<u>PERCENTAGE OF COMMON INTEREST</u>
Unit A (1025 Punahou Street)	33.33%
Unit B (1607 Young Street)	33.33%
Unit C (1609 Young Street)	33.34%

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

Exhibit G describes the encumbrances against the title contained in the title report dated May 12, 2006 and issued by First Hawaii Title Corporation.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
Mortgage (Securing a \$250,000.00 line of credit)	If Developer defaults prior to conveyance of a unit to a buyer, the buyer's interest could be terminated by the lender. In that event, Developer will repay to buyer all sums paid by Buyer to Seller or Escrow, without interest, and less cancellation fees.

F. Construction Warranties:

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

1. Building and Other Improvements:

See Exhibit "H"

2. Appliances:

See Exhibit "H"

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

The project commenced on January 4, 2006 (date of Building Permit) and has been completed

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):

The fee owners have reserved the various rights to add to or modify the Project. Many of these reserved rights are listed in paragraph U. of the Declaration. See Exhibit "B".

#### 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:**

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 "1" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). See also Disclosure Abstract (Exhibit "A")

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

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

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

\*Note: Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

## V. MISCELLANEOUS

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

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit   I   contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated   December 15, 2005    
Exhibit   J   contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
  - 2) Any other public report issued by the developer prior to the date of deliver, 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. 6078 filed with the Real Estate Commission on June 29, 2006.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

**Disclosure re Selection of Real Estate Broker:**

The Developer has not selected a real estate broker for the sale of condominium units in the project at this time.

In the event the Developer chooses to use a real estate broker for the sale of a condominium unit, prior to entering into a binding contract for such sale the Developer shall (1) submit to 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.

Not a Subdivision. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment will be conveyed an apartment unit together with and "undivided" interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

Maintenance Fees. The Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common elements, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner; excepting however those portions of the 6-foot vinyl fence which are appurtenant to more than one unit, as shown on the Condominium Map and described in Paragraph F.2. of the Declaration. The cost of maintenance, repair and replacement of such portions of the fence shall be shared by said units. All utilities are separately metered.

Insurance. 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 the premiums for the such insurance be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured under said policies. In such a case, the fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

Reserves. Developer discloses that no "reserve study" was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or

major repair. In the event that a common element will require major repair or replacement, the Developer believes that such repair or replacement would be treated as a special assessment to all unit owners.

Disclosure Regarding "AS-IS" Sale. The three apartments will be conveyed in their present "as is" condition. Potential buyers are strongly urged to have a professional home inspection to ascertain the exact condition of the property.

Hazardous Materials. The Developer neither prepared nor commissioned a Phase I 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.

Louis King-Wai Fung (aka Louis King Wai Fung) and Francis T.C. Leong  
 Printed Name of Developer

By:   
 Duly Authorized Signatory\*

June 19, 2006  
 Date

By:   
 Duly Authorized Signatory\*

June 19, 2006  
 Date

Louis King-Wai Fung (aka Louis King Wai Fung) and Francis T.C. Leong  
 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 "1"

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
UNIT A (1025 A PUNAHOU ST.)	-0- x 12 = 0
UNIT B (1607 YOUNG ST.)	-0- x 12 = 0
UNIT C (1609 YOUNG ST.)	-0- x 12 = 0

Note: There are no common services or expenses that will require regular monthly expenses. Each condominium unit has its own separately metered utilities. There are also no common element recreational facilities.

*The Real Estate Commission has not review the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency*

**Estimate of Maintenance Fee Disbursement:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
  - common elements only
  - common elements and apartments
- Elevator
- Gas
  - common elements only
  - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, Louis King-Wai Fung (aka Louis King Wai Fung), as ~~agent for~~ and/or employed by Villa Punahou, the ~~condominium managing agent~~/developer for the Villa Punahou condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
Signature

June 19, 2006  
Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

## EXHIBIT A

### DISCLOSURE ABSTRACT

1. Project: VILLA PUNAHOU CONDOMINIUM  
1025 Punahou Street (Unit A)  
1607 Young Street (Unit B)  
1609 Young Street (Unit C)  
  
Honolulu, Hawaii 96826
2. Developer: Louis King-Wai Fung (aka Louis King Wai Fung) and Francis T.C. Leong  
1833 Kalakaua Avenue, #1008  
Honolulu, Hawaii 96815
3. Managing Agent: Self-managed by Association of Apartment Owners

4. Maintenance Fees: The maintenance and repair of each condominium unit and all utility charges and insurance premiums, are the sole responsibility of the owner thereof. There are no common services or expenses which will require regular monthly assessments. Breakdown of annual maintenance fees and monthly estimated costs for each unit are more fully described in Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

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

5. Warranties: The Developer makes no warranties with respect to any building, fixtures or site conditions of any unit, or the common elements. No warranties are given as to appliances. Developer is disclaiming any warranties, either express or implied, including any implied warranty of habitability, with respect to the Project, the units or their contents, and Developer will not be liable to Buyer or any other unit owners for any construction or other defects, including any latent or hidden defects in the Project, the units or anything contained therein. This means that neither Buyer nor any other unit owner will have the right to file any lawsuit for damages against Developer for any defects discovered by them.

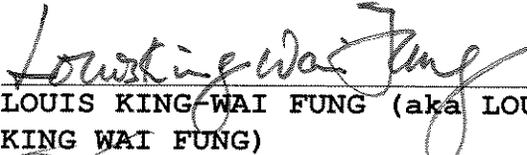
The Developer will assign all transferable manufacturer's and dealer's warranties covering all appliances installed in the units by Developer, to the first owner of each unit. No Owner will have any recourse against the Developer under any of said warranties.

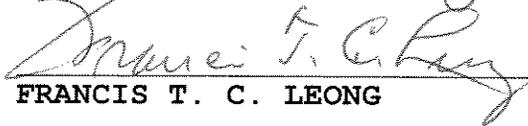
6. Number of Apartments; Permitted Use. The Project contains three (3) apartments or units. The units are designated as Unit A (1025 Punahou Street), Unit B (1607 Young Street) and Unit C (1609 Young Street). All of the units are intended solely for either residential use or for use of providing legal services to the public and operating an office for that sole purpose. Subject to such permissible use, there is no other commercial development in the Project.

Subject to the foregoing, each unit shall be occupied and used only as single family dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. No residential apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever; however, notwithstanding any provision to the contrary, each unit may be used for the purpose of providing legal services to the public and operating an office for that sole purpose. The respective residential apartments shall not be rented by the residential apartment owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty (30) days; or (ii) any rental in which the occupants of the residential apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the residential apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a residential apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing restrictions, the residential apartment

owners of the respective apartments shall have the absolute right to lease the same, provided that such lease covers an entire residential apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and By-Laws for the Project, as amended.

IN WITNESS WHEREOF, Developer has executed this instrument this 19th day of June, 2006.

  
\_\_\_\_\_  
LOUIS KING-WAI FUNG (aka LOUIS  
KING WAI FUNG)

  
\_\_\_\_\_  
FRANCIS T. C. LEONG

## EXHIBIT B

### DEVELOPER'S RESERVED RIGHTS TO CHANGE CONDOMINIUM DOCUMENTS

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

#### I. DECLARATION

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

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

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

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

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

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

of the Project or any of the apartments, or by any governmental agency.

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

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

G. To demolish and reconstruct or rebuild any unit in the Project, provided that such demolition, rebuilding and/or reconstruction is done in compliance with all applicable codes, laws, rules, regulations and ordinance of any applicable governmental authority.

## II. BY-LAWS

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

## III. SALES CONTRACT

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

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

## EXHIBIT C

### SPECIAL USE RESTRICTIONS

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

#### I. DECLARATION

Pursuant to paragraph J of the Declaration, each unit shall be occupied and used only as private single family dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, subject to the provisions below. No unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever; however, notwithstanding any provision to the contrary, each unit may be used for the purpose of providing legal services to the public and operating an office for that sole purpose. The units shall not be rented by the owners thereof for transient or hotel purposes, as defined in the Declaration. Neither said units nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. Other than the foregoing restrictions, the unit owners shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and in the By-Laws.

#### II. BY-LAWS

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

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

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

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

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

## II. BY-LAWS

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

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

## EXHIBIT D

### PERMITTED ALTERATIONS TO APARTMENTS

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

#### I. DECLARATION

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

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

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

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

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

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

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

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

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

## II. BY-LAWS

Article VIII, Section 4 of the By-Laws prohibits any owner from doing any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, or impair any easement or hereditament, nor may any owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the apartment owners, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained

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

## Exhibit E

Each unit has a two-car parking covered garage which can accommodate two (2) regular size cars. There are no guest parking stalls in the project.

## **EXHIBIT F**

### DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### I. COMMON ELEMENTS

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

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

## II. LIMITED COMMON ELEMENTS

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

1. Subject to the provisions of Paragraphs F.2., F.3. and F.4 of the Declaration, the land area on which each unit is located, as shown and delineated on the Condominium Map, shall be a limited common element for the exclusive use of the unit to which it is appurtenant; provided that each unit owner shall be responsible for and shall bear the expense of installing and maintaining all landscaping within such limited common element land area, and of repairing, restoring or reinstating any roofs, driveways, walkways, stairways, fences, walls, pavement, water lines, holding tanks and other improvements located within such designated limited common element land area; provided, further, that in the event of any sewer stoppage which affects any individual unit, the owner of such unit shall be responsible for and shall bear the expense of cleaning any sewer line which connects to any main sewer line running beneath the Project. The limited common element land area appurtenant to each unit, which includes each unit's driveway, is indicated on the Condominium Map and contains the following approximate number of square feet:

Unit A (1025 Punahou Street) 3,068 square feet

Unit B (1607 Young Steet) 1,557 square feet

Unit C (1609 Young Street) 1,778 square feet

2. The portions of the approximately six foot high vinyl siding fence that is located within and along the perimeter of the limited common element land areas of Units A, B and C, as defined in Paragraph F.1 above and shown on the Condominium Map, shall be limited common elements appurtenant to each unit upon which the fence is located; excepting however that:

a. The portion of the vinyl siding fence which separates the limited common element land areas of Units B and C, as defined in Paragraph F.1 above and shown on the Condominium Map, and which runs perpendicular to Units B and C and perpendicular to the outer perimeter fence, shall be a limited common element appurtenant to Units B and C exclusively;

b. The portion of the vinyl siding fence which separates the limited common element land areas of Units A and B, as defined in Paragraph F.1 above and shown on the Condominium Map, and which runs perpendicular to Young Street and perpendicular to the outer perimeter fence, shall be a limited common element appurtenant to Units A and B exclusively;

3. The approximately 25 foot high CMU common wall between Units B and C, as shown on the Condominium Map, shall be a limited common element appurtenant to Units B and C exclusively;

4. The roof directly above each unit shall be a limited common element appurtenant to the unit to which it is attached. As such, said unit shall be responsible for any repairs, restoration and/or reinstatement of the roof attached to said unit.

5. One (1) mailbox located on the Project grounds, bearing the same number as the number of the unit, shall be a limited common element of the unit so designated.

Paragraph F of the Declaration also provides that, notwithstanding any provision in the Declaration or in the By-Laws to the contrary all costs of every kind pertaining to each limited common element, including but not limited to, costs of landscaping, maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner(s) of the unit(s) to which it is appurtenant. Expenses which are attributable to

more than one (1) mailbox or land area shall be allocated among the affected mailboxes or land areas on a per mailbox or land area basis. Any expense, which cannot be separately identified or attributed to a limited common element, shall be charged as a common expense.

## EXHIBIT G

### ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Condominium Map No. 4251, filed in the Bureau of Conveyances of the State of Hawaii.
4. The covenants, agreements, obligations, conditions and other provisions set forth in the Declaration of Condominium Property Regime of Villa Punahou dated June 15, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Regular System Document No. 2006-112222.
5. The By Laws of the Association of Condominium Unit Owners of Villa Punahou dated June 15, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Regular System Document No. 112223.
6. MORTGAGE  
Loan Number        0293325.KYS  
Mortgagor:        FRANCIS T.C. LEONG, a married man, and  
                             LOUIS KING-WAI FUNG, a married man.  
Mortgagee:        FIRST HAWAIIAN BANK, a Hawaii corporation  
Dated:             August 9, 2005  
Filed/recorded:   August 16, 2005  
Document No.:     2005-162089  
Principal Sum:     \$250,000.00.
7. The existence of any and all encroachments of any type or any other facts which a survey of the land herein described would disclose, and which are not shown by the public records.

## EXHIBIT H

### CONSTRUCTION WARRANTIES

The "Addendum to the DROA" which is attached and part of the Sales Contract used in connection with the Project provides as follows:

Buyer understands and agrees that Seller is disclaiming any warranties, either express or implied, including any implied warranty of habitability, with respect to the Project, the units or their contents, and that Seller will not be liable to Buyer or any other unit owners for any construction or other defects, including any latent or hidden defects in the Project, the units or anything contained therein. This means that neither Buyer nor any other unit owner will have the right to file any lawsuit for damages against Seller for any defects discovered by them.

## Exhibit I

### Summary of Sales Contract

1. With respect to the sale of a condominium unit the Developer will use the Hawaii Association of Realtors form of Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the Project.
2. Until Purchaser has received a copy of the Developers' Final Public Report and has waived or is deemed to have waived his or her rights of cancellation, the Sales Contract shall constitute a mere reservation and may be canceled at any time by either Developer or Purchaser.
3. Purchaser has the right to rescind the Sales Contract if there are any material changes to the Project (other than any additions, deletions and modifications permitted by and made pursuant to Developers' reserved rights set forth in the Declaration of Condominium Property Regime) which directly, substantially and adversely affects the use or value of the unit or limited common elements appurtenant to the unit or those amenities of the project available for such Purchaser's use. Under certain circumstances as set forth in Chapter 514A, Hawaii Revised Statutes, the right of rescission may be waived by Purchaser.

4. Pursuant to the Sales Contract, if the Developer and Purchaser enter into a binding Sales Contract and the Purchaser defaults (i.e., fails to perform Purchaser's obligations under the Sales Contract) Developer may sue the Purchaser for breach of contract or retain the initial deposit and all additional deposits as liquidated damages, and Purchaser must pay for any cost incurred by Developer by reason of Purchaser's default.

**THIS IS ONLY A SUMMARY OF SELECTED PORTIONS OF THE SALES CONTRACT. IT IS INCUMBENT ON ALL PROSPECTIVE PURCHASERS TO CAREFULLY READ THE ENTIRE SALES CONTRACT AND TO REVIEW ALL PROVISIONS PRIOR TO SIGNING A SALES CONTRACT.**

## EXHIBIT J

### SUMMARY OF ESCROW AGREEMENT

1. All funds paid to Escrow (First Hawaii Title Corporation) shall be deposited into interest-bearing accounts. All interest earned on such deposits belongs to Seller.

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

3. If at any time Seller shall certify in writing to Escrow that a purchaser whose funds are being held hereunder by Escrow, has defaulted under the terms of his sales contract and that Seller has terminated said contract pursuant to the terms thereof, Escrow shall notify said purchaser by registered mail of such default and shall thereafter treat all funds of such purchaser paid under such contract, less Escrow's cancellation fee, as the escrowed funds of Seller and not of purchaser. Escrow's cancellation fee shall be commensurate with the amount of work performed in the subject transaction. Said fee shall be no less than \$175.00, but not more than \$250.00.

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

5. Under the Escrow Agreement no disbursement of Purchaser's funds can be made to Seller until Escrow is notified

by Sellers that the Real Estate Commission has issued a Final Public Report on the Project and that each Purchaser has been given a copy of said Final Public Report and receipted for the same; and Seller certifies in writing to Escrow that "the requirements of Sections 514A-39 and 514A-63" of the Hawaii Revised Statutes, as amended, have been met, as said quoted phrases are used in Section 514A-65 of the Hawaii Revised Statutes.

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

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