

REAL ESTATE COMMISSION STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS PROFESSIONAL & VOCATIONAL LICENSING DIVISION 1010 Richards Street P. O. Box 3469 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on SPRECKELS ST. WEST 1520 Spreckels Street Honolulu, Hawaii

Registration No. <u>1253</u> (Conversion)

Issued: April 27, 1987 Expires: May 27, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of <u>April 21</u>, 1987 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

<u></u>	PRELIMINARY: (yellow)	Real Estat	per may not as yet have created the condominium but has filed with the e Commission minimal information sufficient for a Preliminary Public A Final Public Report will be issued when complete information is filed.
	FINAL: (white)	informatio []	oper has legally created a condominium and has filed complete n with the Commission. Supersedes all prior public reports Must be read together with
<u> </u>	SUPPLEMENTARY: (pink)	[X]	formation contained in the Prelim. Public Report dated <u>March 28, 1980</u> Final Public Report dated <u>June 30, 1981</u> Supp. Public Report dated
		And [x] []	Supersedes all prior public reports Must be read together with This report reactivates the public report(s) which expired on
Disclo	sure Abstract: Separate	Disclosure A	Abstract on this condominium project:
ł] Required	[X] 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.

- 1. Savio Development Co., Inc., a Hawaii corporation (the "Developer"), has purchased all of the right, title and interest of the original developer, Spreckels St. West (the "Original Developer"), in and to the apartment leases (the "Apartment Leases") issued for this condominium project (the "Project").
- 2. The Original Developer originally intended only to distribute apartments to its partners. The Developer plans to sell apartments in this Project to any purchaser.
- 3. The mortgage dated August 25, 1969, in favor of Amfac Financial Corp. and assigned to Southhold Savings Bank, has been released. Title to the land is now subject to a Real Property Mortgage and Financing Statement in favor of First Hawaiian Creditcorp, Inc., a Hawaii corporation, and a Second Mortgage in favor of Spreckels St. West, a Hawaii limited partnership.
- 4. The managing agent is now Professional Island Management, Ltd., a Hawaii corporation.
- 5. The real estate sales agent is now Savio Realty, Ltd., a Hawaii corporation.
- 6. The escrow company is now Island Title Corporation, a Hawaii corporation.
- 7. The attorney for the Seller is now Cades Schutte Fleming & Wright (Attention: Edward R. Brooks or Martin E. Hsia).
- 8. The Declaration of Horizontal Property Regime (the "Declaration") has been amended (1) to add a provision requiring that the Association of Apartment Owners indemnify the Developer and Peter B. Savio against all claims, losses, damages and attorncys' fees arising under a Guaranty and Indemnity Agreement (see Exhibit "P" attached) executed by Curtis Carlsmith in favor of Betty Toshie Ueno, (2) to change the location and allocation of parking stalls, and (3) to make the description of the trash enclosure consistent with the Condominium Map.
- 9. The Apartment Leases have been recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau") and have been amended to extend the term during which the lease rent is fixed.
- 10. A new Disclosure Abstract is included in this report.

- 11. The Condominium Map has been amended (a) to add the apartment numbers of the apartments, (b) to disclose the net living areas of the apartments, (c) to change the indication of a broom closet to an enclosed duct shaft in each of the kitchens, (d) to change the designation of parking stalls, (e) to make the designation of reversed apartment types consistent with the Declaration, (f) to correct the tax map key of the Project, (g) to delete a stairway from apartment types C and C-R, (h) to label the rooms in the layout for apartment type E, (i) to change the designation of "Living Room" to "Living Room and Dinning Area" to be consistent with the Declaration, and (j) to make miscellaneous other changes.
- 12. The Deposit Receipt, Reservation Agreement and Sales Contract has been revised to allow the Developer to deposit with escrow \$40,000.00 toward a Capital Improvement Fund for the benefit of the Association of Apartment Owners. The foregoing sum is a consideration for the Developer's release from the Buyers of the Project from any continuing or further obligation to the Project.

TABLE OF CONTENTS

page

t hanges ints hation o	from Earlier Public Reports.	• • • • •	• • • •	• • • • • • •	2 3 4
CONN	NECTED WITH THE PROJECT		• • •	•••	6
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claratic ndomir laws.	on nium Map (File Plan)	<i>.</i> 	· · · · · ·	••••	7 7 8
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IONAL	_ INFORMATION NOT COVERED ABOVE	•••	• • •	•••	. 18
to Can Real Est	tate Commission Chairman	•••	 	•••	. 19 . 20
T B: T C: T C: T F: T F: T G: T H: T J: T L: T M: T N:	Lease Rent for Each Apartment Boundaries of Each Apartment Permitted Alterations to Apartments Condition and Expected Useful Life of Structural Components; Mechanical and Electrical Installations Compliance with Building Code and Municipal Regulations; Cost to Cure Violations Common Elements and Parking Stalls Limited Common Elements Common Interest Encumbrances Against Title Estimate of Initial Maintenance Fees Construction Warranties Summary of Pertinent Provisions of the Sales Contra Summary of Escrow Agreement Provisions				
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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 Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 they 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 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.

Some condominium projects are leasehold. This means that the land or the land, 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 lesses (apartment owner/tenant) 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 lesses; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lesse term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT (cite to appropriate pages in text of report)

Interest to be Conveyed to Buyer:

Leasehold

Type of Project:

1.	[]	New Building(Both New Bui	s) Iding(s) al	nd Convi	ersion	[X]	Conversion			
2.	[X] [] []	Residential Mixed Resider Other	ntial and (Commer	cial	[]	Commercial			
З.	[]	High Rise (5 s	tories or r	nore)		[x]	Low Rise			
4.	[X]	Single or	[] [Multiple	Buildings					
5.	Aparti	ment Descriptio	n	See here		"A"	attached	hereto	and made	a part
		Apt. <u>Type</u>	Oty		BR/Bath		Net Living Area*	<u> </u>	nai/Patio	
				-				•		
				-						
				-				•		
				-						

Total Apartments:

*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.

6. Parking:

ing.	Number of Stalls
Assigned Stalls (Individual Units) Guest Stalls	30
Unassigned Stalls Extra Stalls Available for Purchase Other:	
Total Parking Stalls	

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer:	Savio Development Co., Inc.	Phone: 942-7701
	931 University Avenue	(Business)
	Suite 301	
	Honolulu, Hawaii 96826	

Real Estate Sales Agent:	SAVIO REALTY, LTD. Name 931 University Avenue, Suite 301 Business Address Honolulu, Hawaii 96826	Phone:	942-7701 (Business)
Escrow:	ISLAND TITLE CORPORATION Name 1001 Bishop Street, Pauahi Tower Business Address Suite 600, Honolulu, Hawaii 96813	Phone:	526-9171 (Business)
Managing Agent:	PROFESSIONAL ISLAND MANAGEMENT, LTD. Name 33 South King Street, Suite 514 Business Address Honolulu, Hawaii 96813	Phone:	526-3020 (Business)
Attorney for Developer:	CADES SCHUTTE FLEMING & WRIGHT (Attn Name		d R. Brooks or E. Hsia)

<u>1000 Bishop Street, 10th Floor</u> Business Address <u>Honolulu, Hawaii 96813</u>

11. 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 Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

A. <u>Declaration of Horizontal Property Regime</u> contains a description of the land, buildings, apertments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[[x]	Proposed Recorded - Bursey of Conveyances - Book 15495 Page 1	
ĺ	Ĵ	Filed - Land Court - Document Number	

Amendment date(s) and recording/filing information:

March 9 , 1987 - Book 20443 , Page 399

B. <u>Condominium Map (File Plan)</u> 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

 [X]
 Recorded - Bureau of Conveyance Condo Map No.

 []
 Filed - Land Court Condo Map No.

Amendment date(s) and recording/filing information:

March 9 , 1987 - Book 20443 , Page 399

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 way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

		Proposed		
ĺX]	Recorded — Bureau of Conveyances — Book	15495	Page 25
[]	Filed - Land Court - Docum	ent Number	•

Amendment date(s) and recording/filing information:

D. <u>House Rules.</u> The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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 [X] 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. <u>Apartment Owners:</u> Minimum percentage of apartment owners who must vote for or give written consent to changes:

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

The percentages for individual condominium projects may be more than the minimum set by law.

2. <u>Developer</u>: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

Section 10 of the Declaration provides that "at any time prior to the recording in the Bureau of Conveyances of the State of Hawaii of an apartment lease (or an assignment thereof) demising an apartment and its appurtenances to a party not a signatory hereto, the Declarant may amend this Declaration (including the By-laws, Condominium Map and other exhibits) in any manner, with the prior written consent of the Lessor, but without the approval or consent of any apartment purchaser."

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [] <u>Fee Simple:</u> Individual apartments and the underlying land will be in fee simple.
- [X] Lessehold or Sublessehold: Individual apartments and the underlying land will be lessehold.

The lesses for the individual apartments and the underlying land usually require that at the end of the lesses term, the lesses (tenant) deliver to the lessor (fee property owner) possession of the lessed premises and all improvements, including improvements paid for by the lesses.

Exhibit _____ contains further explanations.

Lease Term Expires: Rent Renegotiation D	<u>May</u>)ate(s):	15. 2043 January 1. 20	18. Ja	nuar	y 1,	202	8, aı	nd Januar	<u>y</u>
Lease Rent Payable:	[x] []	Monthly Semi—Annually		[]					
Exhibit "B" [x] Month	cont	ains a schedule o		C 250	rent	for	each	apartment	per

[] Individual Apartments in Fee Simple, Underlying Land in Lessehold or Sublessehold:

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

Exhibit _____ contains further explanations.

Lease Term Expires: Rept Renegotiation D		(a) .					
		(3/.					
Lease Rent Payable:	[[]]	Monthly Semi—Annually	[[]]	Quarteriy Annually	

Exhibit _____ contains a schedule of the lease rent for each apartment per [] Month [] Year.

[] Other:

For Subleaseholds:

- [] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is [] Cancelled [] Foreclosed.
- [] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

8. Undertying Land:

Address:	1520 Sprecke	als Street awaii 96822	Tax Map Ke (TMK)	y: 2-8-12:54 an
[] Addr		TMK is expected to change becau		
		TWIC IS expected to change becau		
Land Area:	<u>12,988</u> [X	(] square feet [] acre(s)	Zoning:	A-4
Fee Owner:		Chee Young, Helen Asae Y	oung and Betty	Toshie Ueno
		nipaa Street, Honolulu, H	awaii 96819 (Y	oungs)
	address 5840 Sp	pring Valley, Apt. No. 15	12, Dallas, Tex	as 75240 (Ueno)
Sublessor:				
	name	· · · · · · · · · · · · · · · · · · ·		
	address			
	nd Other Improven			
1. [] []	New Building(s) Both New Buildin	[x] Conversion	of Exi sting Building(s)
1. [] [] 2. Buildir	New Building(s) Both New Buildin ngs:1	[x] Conversion Ig(s) and Conversion Floors Per Building		s)
1. [] [] 2. Buildir []	New Building(s) Both New Buildin ngs:1 Exhibit co	[x] Conversion g(s) and Conversion Floors Per Building Intains further explanations.		s)
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1. [] [] 2. Buildir [] 3. <u>Princir</u> []	New Building(s) Both New Buildin ngs: Exhibit co bal Construction M Concrete	[x] Conversion g(s) and Conversion Floors Per Building Intains further explanations. laterial:	;: <u>4</u> []	Wood
1. [] [] 2. Buildir [] 3. <u>Princir</u> [] [X]	New Building(s) Both New Buildin ngs: Exhibit co bal Construction M Concrete	[x] Conversion ag(s) and Conversion Floors Per Building Intains further explanations. laterial: [] Hollow Tile e, glass, concrete block,	;: <u>4</u> []	Wood ement plaster
1. [] [] 2. Buildir [] 3. <u>Princir</u> [] [X] 4. <u>Permit</u>	New Building(s) Both New Buildin ngs: Co Exhibit Co Dal Construction M Concrete Other <u>Concrete</u> Ted Uses:	[x] Conversion g(s) and Conversion Floors Per Building Intains further explanations. laterial: [] Hollow Tile	;: <u>4</u> []	Wood
1. [] [] 2. Buildir [] 3. <u>Princir</u> [] [X] 4. <u>Permit</u>	New Building(s) Both New Buildin ngs: Exhibit co bal Construction M Concrete Other <u>Concrete</u>	[x] Conversion ag(s) and Conversion Floors Per Building Intains further explanations. laterial: [] Hollow Tile e, glass, concrete block, <u>No. of Apts.</u>	;: <u>4</u> []	Wood ement plaster
1. [] [] 2. Buildir [] 3. <u>Princir</u> [] [X] 4. <u>Permit</u> []	New Building(s) Both New Buildin ngs: Co Exhibit Co Dal Construction M Concrete Other <u>Concrete</u> Ted Uses:	[x] Conversion ag(s) and Conversion Floors Per Building Intains further explanations. laterial: [] Hollow Tile e, glass, concrete block, <u>No. of Apts.</u>	; [] aluminum and c	Wood ement plaster
1. [] [] 2. Buildir [] 3. <u>Princir</u> [] [X] 4. <u>Permit</u> [] [X]	New Building(s) Both New Buildin ngs: Co Exhibit Co Dal Construction M Concrete Other <u>Concrete</u> Other <u>Concrete</u> ted Uses: Commercial	[x] Conversion g(s) and Conversion Floors Per Building Intains further explanations. Internal: [] Hollow Tile a, glass, concrete block, No. of Apts. []]	; [] aluminum and c	Wood ement plaster

5. Special Use Restrictions:

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

- [X] Pers: No livestock, poultry, rabbits, dogs or other animals except cats and fish in reasonable numbers
- [X] Number of Occupants: 2 persons per bedroom excluding children under 5, up to 3 persons per bedroom
 [X] Other: See By-laws and House Rules
- [] There are no special use restrictions.
- Interior (fill in appropriate numbers): See Exhibit "A" attached hereto and made a part hereof.
 Total Apartments 30

Elevators	0	Stairways 2		Trash Chutes0
Apt. <u>Type</u>	<u>Oty</u>	BR/Bath	Net Living Area*	Lansi/Patio
				- Contraction of the Contraction
		-		

"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 floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "C" attached hereto and made a part hereof

Permitted Alterations to Apartments:

See Exhibit "p" attached hereto and made a part hereof.

7. Parking Stalle:

	Regular		Compect		Tan		TOTAL
	covered	covered	sem1- covered	open	covered	open	
Assigned (for individual units)		<u> </u>	<u>14</u>	_7			
Guest Unessigned Extra Aveilable							
for Purchase Other:			6				
Total Covered , Op	en .		36				

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

- [] Commercial parking garage permitted in condominium project.
- [X] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- [] There are no recreational or common facilities.

- Present Condition of Improvements
 (For conversions of residential apartments in existence for five years):
 - a. <u>Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical</u> Installations

See Exhibit "E" attached hereto and made a part hereof.

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

See Exhibit "F" attached hereto and made a part hereof.

10. Conformance to Present Zoning Code

- a. [X] No variances to zoning code have been granted. -- See Exhibit "F".
 - [] 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.

	Conforming	Non-Conforming	lilegal
Uses Structures	<u> </u>		
Lot			
COL		<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. <u>Common Elements</u>: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit "G" describes the common elements.

- 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.
 - [x] The limited common elements and the apartments which may use them are:
 - [X] described in Exhibit "H"
 - [] as follows:

- 3. <u>Common Interest</u>: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.
 - [x] Exhibit <u>"I"</u> describes the common interests for each apartment.
 - [] as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit $\frac{n_{J}n}{march 10, 1987}$, describes the encumbrances against the title contained in the title report deted

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apertment-by-spartment basis upon payment of specified sums so that individual apertments 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 planket liens which may affect title to the individual apartments.

Blanket litins (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
First Mortgage	Buyer's interest is specifically made subject and subordinate to both
Second Mortgage	liens - Buyer's interest can be terminated. Buyer's interest will be partially released from both liens when an apartment lease is assigned to Buyer.

F. <u>Management of the Common Elements</u>: 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 managing agent to assist the Association n managing the condominium project.

initial Managing Agent: When the developer or the developer's affiliate is the initial 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 IO days or less.

The initial managing a sent for this condominium is:

- [X] not affiliated with the Developer.
- [] the Developer or the Developer's affiliate.
- [] other __

G. 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, your apartment may be liened and sold through a foreclosure proceeding.

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

Exhibit ____K"__ contains a schedule of maintenance fees and maintenance fee disbursements.

H. 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:

[]	x]	Electricity	[x]	Television Cable
[]	x]	Gas	[_X]	Water & Sewer
]	1	Other		

I. 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 "L" attached hereto and made a part hereof.

2. Appliances:

See Exhibit "L" attached hereto and made a part hereof.

REV:6/30/87

J. Status of Construction and Estimated Completion Date:

Construction of the building was completed in 1970.

K. Project Phases:

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium. Summary of Developer's Present Plans for Future Development:

L. 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
- [x] Specimen Sales Contract

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

[x] Escrow Agreement dated _____ February 26, 1987

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

[] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The Developer purchased the Apartment Leases, which already had been issued to the Original Developer, and is filing this Supplementary Public Report in order to comply with the Real Estate Commission's requirements.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer 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, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

- 1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report <u>OR</u> the Supplementary Public Report which has superseded the Final Public Report;
 - AND
 - Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- 2. The buyer is given an opportunity to read the report(s); and
- 3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. 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:

- There is a material change in the condominium which directly, substantially, and adversely affects

 (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities
 available for buyer's use; and
- 2. 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.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

- 1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
- 2. Declaration of Horizontal Property Regime and Condominium Map.
- 3. Bylaws of the Association of Apartment Owners.
- 4. House Rules.
- 5. Escrow Agreement.
- 6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
- 7. Other

If these documents are not in final form, the buyer should ask to see the most recent draft,

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. <u>1253</u> filed with the Real Estate Commission on _______ February 22, 1980_____.

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

[] yellow paper stock [] white paper stock [X] pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on-the front of the report.

G/A. 'RED" MORRIS, Chairman REAL ESTATE COMMISSION STATE OF HAWAII

Distribution:

Bureau of Conveyances Department of Finance, City & County of Honolulu Planning Department, City & County of Honolulu Federal Housing Administration Escrow Agent

Description of Apartments

Apt. Type	<u>Qty.</u>	BR/ Bath	Net Living Area	Lanai/ Patio
А	3	2/1	775 sq. ft.	60 sq. ft.
A-R	3	2/1	775	60
В	3	2/1	730	60
B-R	3	2/1	730	60
С	3	2/1	660	60
C-R	3	2/1	660	60
D	3	1/1	580	49
D-R	3	1/1	580	49
Ε	3	1/1	493	35
E-R	3	1/1	493	35

Total Apartments: 30

EXHIBIT "A"

Schedule of Lease Rent Per Month

Apartment	April 1, 1981, to December 31, 1988	January 1, 1989, to December 31, 1998	January 1, 1999, to December 31, 2008	January 1, 2009, to December 31,
201	29.13	33.50	38.52	52.00
202	26.89	30.92	35.56	48.00
203	27.64	31.78	36.55	49.34
204	22.41	25.75	29.63	40.00
205	18.67	21.47	24.70	33.34
206	18.67	21.47	24.70	33.34
207	27.64	31.78	36.55	49.34
208	22.41	25.75	29.63	40.00
209	29.13	33.50	38.52	52.00
210	26.14	30.06	34.57	46.67
301	29.13	33.50	38.52	52.00
302	26.89	30.92	35.56	48.00
303	27.64	31.78	36.55	49.34
304	22.41	25.75	29.63	40.00
305	18.67	21.47	24.70	33.34
306	18.67	21.47	24.70	33.34
307	27.64	31.78	36.55	49.34
308	22.41	25.75	29.63	40.00
309	29.13	33.50	38.52	52.00
310	26.14	30.06	34.57	46.67

EXHIBIT "B" Page 1 of 2

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Apartment	1981, to	1989, to	January 1, 1999, to December 31, 	January 1, 2009, to December 31,
401	29.13	33.50	38.52	52.00
402	26.89	30.92	35.56	48.00
403	27.64	31.78	36.55	49.34
404	22.41	25.75	29.63	40.00
405	18.67	21.47	24.70	33.34
406	18.67	21.47	24.70	33.34
407	27.64	31.78	36.55	49.34
408	22.41	25.75	29.63	40.00
409	29.13	33.50	38.52	52.00
410	26.89	30.92	35.56	48.00

EXHIBIT "B" Page 2 of 2

Boundaries of Each Apartment

Section 3.B.(4) of the Declaration provides:

"The respective apartment units shall not be deemed to include the perimeter or party walls or the undecorated or unfinished surfaces thereof; the exterior surfaces of all perimeter walls, doors, door frames, window and window frames; the interior load-bearing walls, awnings (if any), the floor and ceiling surrounding each apartment or any pipes, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment; all of the foregoing being common elements. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors and door frames, windows and window frames, the lanai air space, and all fixtures originally installed in the apartment."

EXHIBIT "C"

Permitted Alterations to Apartments

Article V, Section 4 of the By-laws provides:

"(d) Restoration or replacement of the Property or facility, building or other any or construction or structural alteration or addition to any such structure different in any material respect from the condominium map, shall be undertaken by the Association or any Apartment Owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of all the Apartment Owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board and by Lessor; and promptly upon completion of such restoration, replacement or construction the Association shall dulv record or file of record such amendment together with a complete set of floor plans of the Project as so altered, certified by a registered architect or professional engineer to accurately depict the layout, location, apartment numbers and dimensions of the apartments as built. Notwithstanding any provision in the Declaration or these By-laws to the contrary, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall require the written consent thereto, and the written approval of the Apartment Owner's plans therefor, by the liens affecting such apartment (if the lien holders of holders require such approvel), the Board, the Lessor and all other Apartment Owners thereby directly affected (as determined by said Board), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered."

EXHIBIT "D"

0783H

Condition and Expected Useful Life of Structural Components, Mechanical and Electrical Installations

Based solely on a letter, dated February 6, 1980, by E. Dow Davidson, architect, of Architectural Group, Ltd., the Original Developer stated that "it appears that the building and all appurtenant components are structually [sic], mechanically and electrically sound, respectively, and that no code violations exist. . . No representations are made by Declarant (nor is anyone authorized by Declarant to do so) with regard to the expected useful life of any structural, mechanical, electrical or other component of the building." This statement by the Original Developer was submitted to the Real Estate Commission of the State of Hawaii on February 28, 1980, and is on file with the Real Estate Commission.

No representations are made by the Developer regarding the condition or expected useful life of structural components or mechanical or electrical installations of the Project.

The Developer disclaims any warranties, either express or implied, including any implied warranties of habitability, merchantability, workmanlike construction, or fitness for a particular purpose, with respect to the Project, the apartments or anything installed or contained therein. Each apartment will be sold "AS IS" and the Developer shall not be liable for any construction or other defects, including any latent or hidden defects in the Project, the apartments, or anything installed or contained herein. This means that a buyer will not have the right to file any lawsuit for damages against the Developer for any defects later discovered by the buyer.

Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

Section 14 of the Declaration provides:

"Based solely on that certain report prepared by E. Dow Davidson, a copy of which is attached hereto as Exhibit "E", and without independent inquiry or investigation on the part of either the Declarant or Lessor, the subject property was and is in compliance with all ordinances, codes, rules, regulations and all and any other requirements in force at the time of its construction."

Section 15 of the Declaration provides:

"No variances have been granted with respect to the subject property from any ordinance, code, rule, regulation or any other requirements in force at the time of its construction or from any current ordinance, code, rule, regulation or other requirement."

The Developer does not make, and hereby disclaims, any representations or warranties as to compliance of the Project with the building code and other municipal regulations and the cost to cure violations. A buyer shall not rely on the Developer with respect to compliance of the Project with the building code and other municipal regulations, or with respect to the cost to cure any violations.

0783H

EXHIBIT "F"

Section C of the Declaration provides:

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

(1) Said land in fee simple;

(2) All structural components, such as foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, stairways and fire escapes, entrances, exits, floor slabs, unfinished perimeter, party and load-bearing walls, awnings and walkways of said building;

(3) All common spaces such as yards, the laundry area, trash collection areas, parking areas, driveways and access lanes;

(4) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under, and across the property which serve more than one apartment for services such as power, light, gas, hot water, cold water, ventilation, sewage, telephone, radio and television signal distribution, if any;

(5) Any apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, vents, and other such installations and apparatus; and

(6) All other property necessary or convenient to its existence, maintenance, and safety, or normally in common use."

EXHIBIT "G"

Limited Common Elements

Section D of the Declaration provides:

"Certain parts of the common elements, herein called the 'limited common elements', are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

(1) The corridors of each residential floor shall be limited common elements appurtenant to all the apartments located on such floor;

(2) Each apartment unit shall have for its exclusive use one (1) or more parking spaces as designated in the schedule set forth in Exhibit "I" attached hereto and incorporated herein by this reference.

(3) Each apartment unit shall have for its exclusive use the mailbox bearing the same number as such apartment."

EXHIBIT "H"

Common Interest and Parking Stalls

Apartment	Type	Common Interest	Parking Stall(s)
201	А	3.9	1
202	С	3.6	2
203	В	3.7	3
204	D	3.0	4
205	F.	2.5	5
206	E-R	2.5	6
207	B-R	3.7	7
208	D-R	3.0	8
209	A-R	3.9	9
210	C-R	3.5	10
301	А	3.9	11
302	С	3.6	12
303	В	3.7	13
304	D	3.0	14
305	E	2.5	15
306	E-R	2.5	16
307	B-R	3.7	17
308	D-R	3.0	18
309	A-R	3.9	19
310	C-R	3.5	20
401	А	3.9	21
402	С	3.6	22

EXHIBIT "I" Page 1 of 2

0783H

Apartment	Type	Common Interest	Parking Stall(s)
403	В	3.7	23
404	D	3.0	24
405	Е	2.5	25
406	E-R	2.5	26
407	B-R	3.7	27
408	D-R	3.0	28
409	A-R	3.9	29, 31, 32, 33, 34, 35, 36
410	C-R	3.6	30

EXHIBIT "I" Page 2 of 2

SUBJECT TO:

- Any and all Real Property Taxes that may be due and owing.
 Tax Keys: (1) 2-8-12-54 and 55.
 NOTE: The apartment units are all individually assessed.
 Title to all minerals and metallic mines reserved to
- the State of Hawaii.
- 3. Condominium Map No. 802, filed in the Bureau of Conveyances, State of Hawaii, as amended.
- 4. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by-laws set forth in the Declaration of Horizontal Property Regime dated April 1, 1981, recorded April 22, 1981, in the Bureau of Conveyances, State of Hawaii, in Book 15495, Page 1.

Said Declaration was amended by instrument dated March 9, 1987, recorded March 10, 1987, in said Bureau, in Book 20443, Page 399.

5. The Thirty Apartment Leases affecting the premises therein stated, upon the terms, covenants and conditions therein provided. Lessor: Robert Chee Young and Helen Asae Young, husband and wife, and Betty Toshie Ueno, unmarried. Lessee: Spreckels St. West, a Hawaii limited partnership. Term: Commencing on April 1, 1981 and ending at midnight on May 15, 2043.

Said Apartment Leases were amended by instrument dated December 18, 1986, recorded December 30, 1986, in said Bureau, in Book 20220, Page 294.

Lessee's interest assigned by instrument dated December 29, 1986, recorded December 30, 1986, in said Bureau, in Book 20220, Page 302. To: Savio Development Co., Inc., a Hawaii corporation.

EXHIBIT J: Encumbrances Against Title

Page 1 of 2

Consent thereto by Robert Chee Young and Belen Asae Young, husband and wife, and Betty Toshie Ueno, unmarried, recorded concurrently in said Bureau, in Book 20220, Page 310.

Mortgage dated December 20, 1986, recorded December 30, 1986, in the Bureau of Conveyances, State of Hawaii, in Book 20220, Page 315, to secure the repayment of \$676,000.00, and any additional advances and other amounts secured thereby, under the terms and provisions thereof, Mortgagor: Savio Development Co., Inc., a Hawaii

corporation. Mortgagee: First Hawaiian Creditcorp, Inc., a Hawaii

corporation.

Guarantee thereto by Peter B. Savio and Phyllis D. Savio, recorded concurrently in said Bureau, in Book 20220, Page 332.

Mortgage dated December 29, 1986, recorded December 30, 1986, in the Bureau of Conveyances, State of Hawaii, in Book 20220, Page 339, to secure the repayment of \$1,013,000.00, and any additional advances and other amounts secured thereby, under the terms and provisions thereof,

Mortgagor: Savio Development Co., Inc., a Hawaii corporation. Mortgagee: Spreckles St. West, a Hawaii limited

partnership.

EXHIBIT J: Encumbrances Against Title

Page 2 of 2

AUDIT	\$984.00
INSURANCE:	
FIRE & LIABILITY	2,208.00
UMBRELLA	1.008.00
DIRECTORS & OFFICERS	204.00
LEGAL FEES	420.00
MANAGEMENT FEES	3,744.00
REFUSE	1,800.00
MAINTENANCE:	
MISC. PROJECT EXPENSES	5,100.00
PEST CONTROL	120.00
GROUNDS	2,400,00
	2,400.00
UTILITIES:	
ELECTRIC	3,480.00
WATER & SEVER	6,000,00
TELEPHONE	384.00
GAS	9,960.00
CABLE TV	4,888.00
CADLE IV	4,000.00
TOTAL ESTIMATED EXPENSES	\$42,700.00
LESS ESTIMATED LAUNDRY INCOME	1,440.00

TOTAL ESTINATED ANNUAL NAINT, BUDGET	\$41,260.00
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Estimated Maintenance Fee

	for Each Apartment			
Apartment #	Percentage Interest in Common Elements Per Apartment	Monthly Maintenance Fee Per Apartment (Estimated)		
201, 301, & 401	3.9	\$135.00		
209, 309, & 409	3.9	135.00		
203, 303, & 403	3.7 128.0			
207, 307, & 407	3.7	128.00		
202, 302, & 402	3.6	124.00		
210, & 310	3.5	121.00		
410	3.6	124.00		
204, 304, & 404	3.0	104.00		
208, 308, & 408	3.0	104.00		
205, 305, & 405	2.5	86,00		
206, 306, & 406	2.5	86.00		

PROFESSIONAL ISLAND MANAGEMENT, LTD., as managing agent for the Spreckels Street West condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

PROFESSIONAL ISLAND MANAGEMENT, LTD.

MAR 1 9 1987

By <u>Clanences Ropush</u> Its President

NOTE: The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

EXHIBIT "K"

0783H

Construction Warranties

The apartments and the structures located at 1520 Spreckels Street were initially constructed in 1970. The apartments in the Project are now being sold in "AS IS" condition. The Developer disclaims any warranties, either express or implied, including any implied warranties of habitability, merchantability, workmanlike construction, or fitness for a particular purpose, with respect to the Project, the apartments or anything installed or contained therein. Each apartment will be sold "AS IS", and the Developer shall not be liable for any construction or other defects, including any latent or hidden defects in the Project, apartments or anything installed or contained therein. This means that a buyer will not have the right to file any lawsuit for damages against the Developer for any defects later discovered by the buyer.

Summary of Pertinent Provisions of the Sales Contract

The Deposit Receipt, Reservation Agreement and Sales Contract used in connection with the Project contains, among other things, acknowledgements by each buyer: (i) that time is of the essence in the Sales Contract, and if the buyer fails to perform any obligations required in the Sales Contract, the Developer may, upon written notice of 10 days, terninate the Sales Contract and keep all sums previously paid by the buyer as liquidated damages; (ii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment, or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iii) that the buyer acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; (iv) that the buyer's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of the other security instruments made by mortgages or the Developer described in the Sales Contract to secure the loans obtained for the purpose of completing the conversion of the Project; (v) that the Project and the apartment and anything installed or contained therein are being sold on an "AS IS" basis, without any warranties, express or implied; (vi) that the apartments in the Project may currently be occupied by tenants, and that it is the responsibility of the buyer and not the Developer to evict any tenants in the buyer's apartment; (vii) that the buyer will indemnify the Developer and Peter B. Savio against claims arising under a Guaranty and Indemnity executed by Curtis Carlsmith; and (viii) that the Developer has the right to cancel the Sales Contract if the Developer is unable to sell at least twenty-four (24) apartments in the Project or is unable to complete the conversion of the Project for any reason beyond the Developer's control.

EXHIBIT "M"

Summary of Escrow Agreement Provisions

Among other provisions, the Escrow Agreement dated February 26, , 1987, executed by the Developer and Island Title Corporation ("Escrow"), provides that a buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such buyer, upon the terms and conditions provided for in the Deposit Receipt, Reservation Agreement and Sales Contract (the "Sales Contract"), if any one of the following has occurred:

(a) The Developer and the buyer shall have requested Escrow in writing to return to the buyer the funds of the buyer held under the Escrow Agreement by Escrow; or

(b) The Developer shall have notified Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer.

In any of the foregoing events, Escrow shall, unless the buyer has waived or has been deemed to have waived the right to a refund, pay said funds to said buyer (less a cancellation fee to Escrow of not less than \$25.00 per apartment or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater) and thereupon the Sales Contract and any Assignment of Apartment Lease theretofore delivered to Escrow shall be returned and shall be deemed no longer held under the Escrow Agreement; provided, however, that no refund shall be made to a buyer at buyer's request prior to receipt by the Developer of written notice from Escrow of its intent to make such refund. SPRECKELS ST. WEST DISCLOSURE ABSTRACT (Section 514A-61, Hawaii Revised Statutes)

1.	Name of Project:	Spreckels St. West 1520 Spreckels Street Honolulu, Hawaii 96822				
	<u>Developer</u> :	Savio Development Co., Inc. 931 University Avenue, Suite 301 Honolulu, Hawaii 96826				
	<u>Project Manager</u> :	Professional Island Management, Ltd. 33 South King Street, Suite 514 Honolulu, Hawaii 96813				

2. <u>Maintenance Fees</u>:

Attached is a proposed operating budget prepared by the project manager as of March 19, 1987. As indicated in the operating budget, the annual maintenance fee estimated for the entire Project is \$41,260.00. The monthly maintenance fee estimated for the entire Project is \$3,438.33. Based on the percentage common interest appurtenant to the apartments as described in the Declaration, the monthly estimated maintenance fee for the apartments is set forth in Exhibit "K" attached hereto and made a part hereof. The maintenance fees cover the "common expenses" as defined in the Bylaws of the Association of Apartment Owners of Spreckels St. West. The maintenance fees do not include electricity for the apartments, which are separately metered.

Because the Association of Apartment Owners will be newly organized and will have no history of operation as a condominium association, the Developer can make no assurances regarding the estimated maintenance fees. In addition, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may also cause the maintenance fees to be greater or lesser than the estimated maintenance fees. The attached breakdown of the estimated costs for each apartment does not include the buyer's obligations for the payment of real property taxes, lease rent or mortgage loans.

0783H

3. Warranties:

The Project consists of thirty (30) apartments contained in one four-story building, without basements. The building was constructed in 1970. The Project, the apartments and anything installed or contained therein are being sold on an "As Is" basis, without any warranties whatsoever, express or implied. Paragraphs 14 and 15 of the Deposit Receipt, Reservation Agreement and Sales Contract provide as follows:

- 14. Apartment Being Sold "As Is". THE APARTMENTS AND THE STRUCTURES WHICH ARE LOCATED AT 1520 SPRECKELS STREET WERE INITIALLY CONSTRUCTED IN 1970. THE APARTMENT AND THE PROJECT ARE NOW BEING SOLD IN "AS IS" CONDITION. THIS MEANS THAT THE SELLER SHALL NOT CORRECT ANY DEFECTS IN THE PROJECT, THE APART-MENT OR ANYTHING INSTALLED OR CONTAINED THEREIN. THE EXISTENCE OF ANY DEFECT IN THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN SHALL NOT EXCUSE THE BUYER'S OBLIGATION TO PERFORM ALL OF HIS OBLIGATIONS UNDER THIS CONTRACT.
- 15. Seller's Disclaimer of Warranties.
 - No Warranties of Seller. THE BUYER UNDERa. STANDS AND AGREES THAT THE SELLER IS DISCLAIM-ING ANY WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF HABITABIL-ITY, MERCHANTABILITY OR FITNESS FOR A PARTICU-LAR PURPOSE, WITH RESPECT TO THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN. EACH APARTMENT WILL BE DEEMED TO BE SOLD "AS IS", AND THE SELLER WILL NOT BE LIABLE TO THE BUYER FOR ANY CONSTRUCTION OR OTHER DEFECTS, INCLUDING ANY LATENT OR HIDDEN DEFECTS IN THE PROJECT, THE APARTMENT OR ANYTHING INSTALLED OR CONTAINED THEREIN. THIS MEANS THAT THE BUYER WILL NOT HAVE THE RIGHT TO FILE ANY LAWSUIT FOR DAMAGES AGAINST THE SELLER FOR ANY DEFECTS LATER DISCOVERED BY THE BUYER.
 - b. <u>Seller's Disclaimer as Essential Factor for</u> <u>Low Purchase Price.</u> <u>THE BUYER ACKNOWLEDGES</u> <u>AND AGREES THAT THE SELLER'S DISCLAIMER OF</u> <u>WARRANTIES IS AN ESSENTIAL ELEMENT IN THE</u> <u>DETERMINATION OF THE LOW PURCHASE PRICE FOR</u> THE APARTMENT BEING SOLD TO THE BUYER. THIS

EXHIBIT "O" Page 2 of 4

MEANS	THA	T TH	IE APART	MENT	WOUL	D NOT	HAVE	BEEN
SOLD	TO	THE	BUYER	FOR	THE	AMOUN	T OF	THE
PURCHA	ASE	PRIC	E STATEI) IN	THIS	CONTRA	CT WIT	THOUT
THE SI	ELLE	R'S I	DISCLAIM	IER OF	F WARF	RANTIES	•	

4. Use of Apartments:

Except when the holder of the first mortgage on an apartment has entered into possession of the apartment following (i) a default under its first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, the apartments shall be occupied and used only as residential dwellings by the respective owners thereof, their tenants, families, domestic servants and personal quests and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, laundry and linen, or bellboy service. The parking spaces may only be used as a parking place for a motor vehicle. The apartments may not be used for any other purpose unless consent of the lessors and the Board of Directors is secured. The Association shall have the power to enact resolutions, rules and regulations, and have the power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of the Declaration and the By-Laws.

The Owners of the respective apartments shall have the absolute right to sell, lease, rent or otherwise transfer such apartments subject to all provisions of the Horizontal Property Act, the Declaration and the By-Laws attached thereto; provided, however, that no apartment owner may sell, lease, rent or otherwise transfer less than the entire apartment.

No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the property, or suffer anything to be done or kept in his apartment or elsewhere on the property which will (a) jeopardize the soundness of the property, or (b) interfere with or unreasonably disturb the rights of other owners and occupants, or (c) obstruct the corridors or stairways of the building, or (d) reduce the value of the property, or (e) increase the rate or result in

> EXHIBIT "O" Page 3 of 4

0783H

the cancellation of fire insurance on the apartments or the contents thereof.

The apartments are subject to additional restrictions on their use as set forth in (i) the Declaration of Horizontal Property Regime of Spreckels St. West, (ii) the By-Laws attached thereto, (iii) the Apartment Leases, and (iv) the House Rules. Copies of the foregoing documents are on file with the Real Estate Commission of the State of Hawaii.

5. Commercial Development:

The Project contains no commercial development.

6. Existing Structure:

Based solely on the report of E. Dow Davidson, Architect, a copy of which is appended hereto, and without independent inquiry or investigation on the part of the Original Developer, the Original Developer stated as follows in the Original Developer's previously filed Disclosure Abstract:

<u>Structural</u>: As of February 6, 1980, there are no cracks nor any other structural deficiency which may cause the building to be unsafe or unsound.

<u>Mechanical</u>: As of February 6, 1980, mechanical installations, including water faucets, plumbing and water heaters are not mechanically deficient, and the same are in good and sound condition.

<u>Electrical</u>: As of February 6, 1980, electrical components, including electrical receptacles and breakers, are adequate and no problems exist with regard to electrical installations which may cause the same to be unsafe or unsound.

No representations are made by the Developer with regard to the expected useful life of any structural, mechanical, electrical or other component of the building. Based solely on the aforementioned report, as of February 6, 1980, the Original Developer stated in its previously filed Disclosure Abstract that there are no outstanding notices of uncured violations of building code or other municipal regulations.

GUARANTY AND INDEMNITY

KNOW ALL MEN BY THESE PRESENTS:

THAT CURTIS W. CARLSMITH, Suite 1800, Pioneer Plaza, 900 Fort Street Mall, Honolulu, Hawaii 96813, hereinafter called "Guarantor", being financially interested in the welfare of Spreckels Street West, a Hawaii limited partnership, whose general partner is Carlsmith Corporation, Lessee under a certain Indenture of Lease dated June 16, 1969, by and between Robert Chee Young and Helen Asai Young and Betty Toshie Veno. as Lessors, covering certain property on Spreckels Street identified as Tax Map Key Nos. 2-8-12, Parcels 54 and 55, which property is more fully described in said Lease, and as an inducement to Betty Toshie Ueno, to permit the conversion of the project into a condominium project and to enter into individual condominium apartment leases to purchasers of units in the project, does hereby guaranty to Ueno, her respective heirs, personal representatives, and assigns, the full and faithful observance and performance of all of the terms and provisions of each and every apartment lease to be issued by her to lessees, including, but not limited to, the payment of all installments of rent and other payments required to be made by said apartment lessees, and all the other terms, covenants and conditions in said apartment leases contained, which are or on the part of the lessees, ought to be observed and performed and which are capable of performance by the Guarantor. Guarantor does hereby further promise and agree to pay to Ueno all costs and expenses, including reasonable attorneys' fees, incurred by Ueno in enforcing the obligations of the lesses under said leases and in enforcing the terms of this Guiranty.

> EXHIBIT "P" Page 1 of 4

It is expressly agreed, however, that Ueno will not terminate an apartment lease because of any default by the lessee thereunder or any other cause whatsoever if, within a period of 120 days after Ueno has mailed written notice of intention to terminate the apartment lease for such cause to Guarantor at his last known address, the Guarantor shall either (a) cure such default if the same can be cured by the payment of money or (b) if not, Guarantor shall have commenced appropriate actions to rectify the same and shall continue such actions, diligently to completion.

Guarantor further hereby indemnifies and holds harmless Ueno from and against all claims, loss, damage and, or liability sustained by Ueno by reason of any claim or legal actions brought by any condominium apartment owner with respect to claims for negligent or fraudulent misrepresentations or omissions in the sales of the condominium apartment units, or any and all other claims of any kinds whatsoever which do not arise out of the negligent, fraudulent or other wrongful acts or omissions of Ueno as lessor under the apartment leases.

Anything herein to the contrary notwithstanding, it is understood and agreed that all obligations of the Guarantor hereunder are tertiary and not primary obligations and that before recovering against Guarantor, reasonable attempts for recourse shall be made first against the apartment lessees, and then against the Association of Apartment Owners where it has undertaken to perform the terms of each apartment lease should any individual apartment lessee be in default thereunder.

The rights and obligations hereunder shall inure to the benefit of and shall be binding only upon the Clarantor and Ueno and their respective heirs, personal representatives, and

> EXHIBIT "P" Page 2 of 4

assigns and no lessee, mortgagee, partner, or other person or entity, shall have any rights against the Guarantor, directly or indirectly, including, without limitation, standing to require performance of any acts by Guarantor, and no other person shall be a beneficiary hereof or of the conditions or obligations hereunder, and the obligations of the Guarantor hereunder may be freely waived, in whole or in part by Ueno in her sole discretion.

It is further understood and agreed that all obligations of the Guarantor hereunder shall terminate and be of no further effect twenty years from and after the date of this document.

IN WITNESS WHEREOF, Curtis W. Carlsmith has executed this Guaranty and Indemnity this <u>27</u>th day of <u>March</u>, 1981.

and

EXHIBIT "P" Page 3 of 4

 STATE OF HAWAII
)

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 SS:

 CITY AND COUNTY OF HONOLULU
)

On this $\frac{\sqrt{7^{1}}}{\sqrt{7^{1}}}$ day of $\frac{\sqrt{2}}{\sqrt{2}}$, $\frac{\sqrt{2}}{\sqrt{2}}$, $\frac{\sqrt{2}}{\sqrt{2}}$, before me personally appeared CURTIS W. CARLSMITH, to me known to be the person described in and who executed the foregoing instrument and acknowledged to me that he executed the same as his free act and deed.

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Notary Public, First Circuit State of Hawaii

My commission expires: 3-15-35

EXHIBIT "P" Page 4 of 4