

## CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by:

Developer E.S. YAMAGUCHI FAMILY LIMITED PARTNERSHIP

Address P.O. Box 10851, Honolulu, Hawaii 96816

Project Name(\*): EMERSON COURT (formerly 1423 EMERSON)

Address: 1423 Emerson Street, Honolulu, Hawaii 96813

Registration No. 1271  
(Conversion)

Effective date: April 19, 2005

Expiration date: May 19, 2006

### Preparation of this Report:

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

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

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

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

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

### Type of Report:

- ☐ **PRELIMINARY:**  
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- ☐ **FINAL:**  
(white) 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 \_\_\_\_\_
- ☒ **THIRD**  
**SUPPLEMENTARY:**  
(pink) This report updates information contained in the:  
☐ Preliminary Public Report dated: \_\_\_\_\_  
☒ Final Public Report dated: August 5, 1980  
☒ Supplementary Public Report dated: November 25, 1991 and February 22, 1993
- 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

G:\CPR\CLIENT\Emerson Ct new\supplementary prpt dr3.wpd

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

☒ [ X ] Required and attached to this report  
as Exhibit "H"

☐ [ ] Not Required - Disclosures covered in this report.

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

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

☐ [ ] No prior reports have been issued by the developer.

☒ [ X ] Changes made are as follows:

- (a) This Project, formerly named "1423 Emerson", is now called "EMERSON COURT".
- (b) The present owner of the Project is E.S. Yamaguchi Family Limited Partnership, a Hawaii limited partnership ("Developer").
- (c) The Developer has entered into an Escrow Agreement with Title Guaranty Escrow Services.
- (d) The Managing Agent for the Project is Hawaiiana Management Co., Inc.
- (e) The lanais in Apartment Nos. 101, 107, 207, 208 and 211 have been enclosed. The Apartments now have a net living area of approximately 796 square feet. A one-half bath has been added to each of said Apartments.
- (f) The lanais in Apartment Nos. 105, 110, 201 and 210 have been enclosed. Each of the Apartments now contains a net living area of approximately 796 square feet.
- (g) The Apartments in the Project are being offered for sale in fee simple only; initially they were offered in leasehold.

**SPECIAL ATTENTION**

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

**THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT 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: E.S. YAMAGUCHI FAMILY LIMITED PARTNERSHIP Phone: (808) 942-4164  
Name\* (Business)  
P.O. Box 10851  
Home Address  
Honolulu, Hawaii 96816

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):

Lilian T. Yamaguchi, General Partner  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: Islands, Inc. Phone: (808) 949-5577  
Name (Business)  
1580 Makaloa Street, Suite 980  
Business Address  
Honolulu, HI 96814

Escrow: Title Guaranty Escrow Services Phone: (808) 521-0211  
Name (Business)  
235 Queen Street  
Business Address  
Honolulu, HI 96813

General Contractor\*: None Phone: NA  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Condominium Managing Agent\*: Hawaiiana Management Co. Ltd. Phone: (808) 539-9100  
Name of Apartment Owners (Business)  
711 Kapiolani Blvd., Suite 700  
Business Address  
Honolulu, Hawaii 96813

Attorney for Developer: Jeffrey S. Grad, Esq. Phone: (808) 521-4757  
Name (Business)  
841 Bishop St., Ste. 1800  
Business Address  
Honolulu, HI 96813

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

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

<input type="checkbox"/> Proposed		
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No. _____ Book <u>14550</u> Page <u>678</u>
<input type="checkbox"/> Filed -	Land Court:	Document No. _____

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

1. Amendment No. 1 dated October 25, 1991, recorded as Document No. 91-147981.
2. Amendment No. 2 dated October 31, 1991, recorded as Document No. 91-152199.
3. Amendment No. 3 dated November 21, 1991, recorded as Document No. 91-160801.
4. Amended and Restated Declaration dated March 7, 2005, recorded as Document No. 2005-048466.
5. Amendment dated March 30, 2005, recorded as Document No. 2005-064555.

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

The Condominium Map for this condominium project is:

<input type="checkbox"/> Proposed		
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances	Condo Map No. <u>688</u>
<input type="checkbox"/> Filed -	Land Court	Condo Map No. _____

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

1. Amended and Restated Map recorded on March 11, 2005.

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

The Bylaws for this condominium are:

<input type="checkbox"/> Proposed		
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No. _____ Book <u>14550</u> Page <u>678</u>
<input type="checkbox"/> Filed -	Land Court:	Document No. _____

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

1. Amended and Restated Bylaws dated March 7, 2005, recorded as Document No. 2005-048467.

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:

☒ [ X ] 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>75%</u>
House Rules	---	<u>Majority of Board Directors</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.

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

See attached Exhibit "B"

### III. THE CONDOMINIUM PROJECT

**A. Interest to be Conveyed to Buyer:**

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

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

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

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

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

Lease Rent Payable:      ☐ Monthly                      ☐ Quarterly  
   ☐ Semi-Annually                      ☐ Annually

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

For Sub-leaseholds:

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

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

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

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

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

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

Lease Rent Payable:    ☐ Monthly                      ☐ Quarterly  
                                 ☐ Semi-Annually           ☐ Annually

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

☐ Other:

### **IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

#### **B. Underlying Land:**

Address: 1423 Emerson Street  
Honolulu, Hawaii 96813

Tax Map Key (TMK): (1) 2-1-39-47 CPR Nos.

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

Land Area: 24,883 ☒ square feet ☐ acre(s) Zoning: A-2

Fee Owner: E.S. Yamaguchi Family Limited Partnership  
Name\*  
P.O. Box 10851  
Home Address  
Honolulu, HI 96816

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: 1 Floors Per Building 2-story building plus a Ground Floor

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

3. **Principal Construction Material:**

☒ Concrete ☐ Hollow Tile ☐ Wood

☒ Other: concrete block, cement, plaster, gypsum board, metal and glass

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>28</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other-shed	<u>      </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

☒ Yes ☐ No

5. Special Use Restrictions:

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

[X] Pets: Allowed, subject to certain limitations (Bylaws, Par. 10.7)

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

[X] Other: See Declaration as to restrictions on use, signage, and alterations within apartments (enclosure of lanais).

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -1- Stairways: -2- Trash Chutes: -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>102/202</u>	<u>2</u>	<u>S/1</u>	<u>436</u>	<u>94</u>	<u>lanai</u>
<u>103/203</u>	<u>2</u>	<u>1/1</u>	<u>436</u>	<u>100 or none</u>	<u>lanai</u>
<u>2 bedroom</u>	<u>24</u>	<u>2/1 or 1.5</u>	<u>648 to 796</u>	<u>148 or none</u>	<u>lanai</u>

Total Number of Apartments: 28

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

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

Boundaries of Each Apartment:

Each Apartment shall be deemed to include: (i) all the walls and partitions which are not load-bearing within its perimeter walls, (ii) the interior decorated or finished surfaces of all walls, floors and ceilings, including floor coverings, (iii) any doors and door frames, windows or panels along the perimeters, window frames, (iv) all fixtures originally installed therein, (v) the air space within and bounded by the interior decorated or finished surfaces of the perimeter walls, floors and ceilings, and (vi) the decorated or finished surface of the floor, walls (if any) and ceiling of the lanai(s) appurtenant to the Apartment, the railing (if any) of such lanai(s) and the lanai air space.

The respective Apartments shall not be deemed to include: (a) the undecorated or unfinished interior surfaces of the perimeter walls, floors and ceilings, (b) the interior load-bearing walls, (c) the exterior portions and components of the Building in which the Apartment is located, including walls, siding, roofs, attic space, stairways, breezeways, landings and utility rooms and areas outside of the perimeter walls of the Apartment, and (d) any pipes, shafts, wires, conduits or other utility or services lines running through such Apartment, the same being deemed common elements as hereinafter provided.

Permitted Alterations to Apartments: See attached Exhibit "G"

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 elected to provide the information in a published announcement or advertisement.

N/A

7. Parking Stalls:

Total Parking Stalls: -28-

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>TOTAL</u>
Assigned	_____	<u>28</u>	_____	_____	_____	_____	<u>28</u>
	(one for each apartment)						
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>-28-</u>		<u>-0-</u>		<u>-0-</u>		<u>-28-</u>

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.
- ☐ Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

**8. Recreational and Other Common Facilities:**

[X] There are no recreational or common facilities.

☐ Swimming pool                      ☐ Storage Area                      ☒ Recreation Area - courtyard area

☒ Laundry Area                      ☐ Tennis Court                      ☐ Trash Chute/Enclosure(s)

☒ Other: Storage lockers (one assigned per apartment)

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

[X] 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):

See attached Exhibit "H", item 5.

11. Conformance to Present Zoning Code

a. ☒ No variances to zoning code have been granted.

☐ Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u></u>	<u></u>
Structures	<u></u>	<u>X*</u>	<u></u>
Lot	<u>X</u>	<u></u>	<u></u>

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

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

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

\*Letter from City and County of Honolulu dated August 28, 1991, indicates the structure encroaches into the required set back area.

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

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

☒ described in Exhibit C.

☐ as follows:

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

☐ There are no limited common elements in this project.

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

☒ described in Exhibit C.

☐ as follows:

NOTE: Reference in said Exhibit "C" to "Private Yard" does not mean legally subdivided lots.

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

☐ described in Exhibit \_\_\_\_\_.

☒ as follows:

3.74% for each two bedroom apartment  
2.56% for each one bedroom or studio apartment

- 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 D describes the encumbrances against the title contained in the title report dated March 21, 2005  
and issued by Title Guaranty of Hawaii, Inc.

**Blanket Liens:**

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

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

☒ 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>
Mortgages	Buyer's interest may be terminated by mortgagee but Seller shall be obligated to return Buyer's deposit.

**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:

Governmental records indicate that construction of the Building was completed during 1959 and that portions were renovated in 1992. All Apartments will be sold "as is" without any warranties whatsoever and without any warranties of merchantability or fitness for a particular purpose with respect to an Apartment, appliances or anything installed therein, the common elements of the Project or any portions of the Project.

2. Appliances:

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartments.

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

Construction of the Building was completed in 1959, and renovations were completed in 1992.

H. **Project Phases:**

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

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

#### IV. CONDOMINIUM MANAGEMENT

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

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

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

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

- B. Estimate of Initial Maintenance Fees:**

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

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

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

- C. Utility Charges for Apartments:**

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

[ ] None [X] Electricity (  X  Common Elements only \_\_\_\_\_ Common Elements & Apartments)

[ ] Gas ( \_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)

☐ Water      ☒ Sewer (Common Elements only)      ☐ Television Cable

☐ Other \_\_\_\_\_

## V. MISCELLANEOUS

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

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

☐ Notice to Owner Occupants

☒ Specimen Sales Contract

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

☒ Escrow Agreement dated March 7, 2005

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

☐ Other \_\_\_\_\_

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

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

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

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

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

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

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

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

This Public Report is a part of Registration No. 1271 filed with the Real Estate Commission on March 14, 1980.

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**

**LEAD WARNING STATEMENT**

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

**HAZARDOUS MATERIALS**

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

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SHL 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

E.S. YAMAGUCHI FAMILY LIMITED PARTNERSHIP, a Hawaii limited partnership

Printed Name of Developer

By: Lillian M. Yamaguchi  
Duly Authorized Signatory

April 4, 2005  
Date

Lillian M. Yamaguchi, its General Partner

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.***

# EXHIBIT "A"

Description of Apartments  
1423 Emerson Street

Apt #	Gross Area Including Lanai (SF)*	Net Living Area (on floor plan sht) **	Net Lanai Area (on floor plan sht) (SF)***	Total Net Area	Interest %	Storage	Type	Parking
101	840	796	0	796	3.74%	S01	2/1.5	2
102	569	436	94	530	2.56%	S02	Studio	14
103	581	536	0	536	2.56%	S03	1/1.0	16
104	835	648	148	796	3.74%	S04	2/1.0	18
105	835	796	0	796	3.74%	S05	2/1.0	1
106	840	796	0	796	3.74%	S06	2/1.0	3
107	828	796	0	796	3.74%	S07	2/1.5	7
108	828	796	0	796	3.74%	S08	1/1.0	13
109	840	796	0	796	3.74%	S09	2/1.0	8
110	837	796	0	796	3.74%	S10	2/1.0	22
111	826	796	0	796	3.74%	S11	2/1.0	10
112	826	796	0	796	3.74%	S12	2/1.0	9
113	826	648	148	796	3.74%	S13	2/1.0	23
114	837	648	148	796	3.74%	S14	2/1.0	24
201	840	796	0	796	3.74%	S15	2/1.0	4
202	569	436	94	530	2.56%	S16	Studio	15
203	581	436	100	536	2.56%	S17	1/1.0	17
204	835	648	148	796	3.74%	S18	2/1.0	19
205	835	648	148	796	3.74%	S19	2/1.0	20
206	840	648	148	796	3.74%	S20	2/1.0	21
207	828	796	0	796	3.74%	S21	2/1.5	5
208	828	796	0	796	3.74%	S22	2/1.5	6
209	840	796	0	796	3.74%	S23	2/1.0	11
210	837	796	0	796	3.74%	S24	2/1.0	25
211	826	796	0	796	3.74%	S25	2/1.5	12
212	826	648	148	796	3.74%	S26	2/1.0	26
213	826	648	148	796	3.74%	S27	2/1.0	27
214	837	648	148	796	3.74%	S28	2/1.0	28
					100.00%			

\* Gross Area is taken from centerline of wall to exterior of building

\*\* Net Living Area is taken from face of glass to interior wall

\*\*\* Lanai Area is taken from face of glass to exterior of building

## EXHIBIT "B"

### DEVELOPER'S RESERVED RIGHTS

The Declaration of Condominium Property Regime grants and reserves a number of rights in favor of the Developer. These rights include, without limitation, the rights referred to in Paragraph 25(a) and (b) which read as follows:

"(a) Developer's Reserved Rights. The Developer has reserved certain rights under this Declaration, specifically those rights set forth in (i) Paragraph 8 to grant easements, to conduct sales activities, and to have an easement to complete repairs in the Project; (ii) Paragraph 23, to amend this Declaration prior to the sale of all of the Apartments in the Project and to amend this Declaration in connection with filing in the Recording Office "as built" drawings and certificates. Each of such reserved rights (including ancillary and related rights) is more particularly described in this Declaration ("Developer's Reserved Rights" collectively). These Reserved Rights include, among other rights, the rights to take certain action and to amend this Declaration, the Bylaws and the Condominium Map to reflect changes to the Project or the Land caused by or otherwise related to the exercise of the Developer's Reserved Rights.

(b) Exercise of Developer's Reserved Rights. The Developer may exercise any of its Reserved Rights without being required to obtain the consent, approval or joinder of the Association or any person, including any Apartment Owner or any lien holder, or any other person who may have any interest in the Project or the Land."

## EXHIBIT "C"

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Sections 5 and 6 of the Declaration designate the Common Elements and the Limited Common Elements of the Project. Those Sections are as follows:

"5. COMMON ELEMENTS. One freehold estate is hereby designated in all of the portions of the Project not included within the definition of an Apartment (herein called the "common elements"), including specifically, but not limited to the following:

- (a) The Land in fee simple;
- (b) All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, exterior stairs and stairways, breezeways, landings, pumps, ducts, pipes, wires, conduits, or other utility or service lines located outside of the Apartments, and generally all equipment, apparatus, installations and personal property existing for common use in any of the buildings or located on the Land;
- (c) All stairways, an elevator (together with equipment areas and the equipment used in connection with such elevator), corridors, lobby areas, ramps, entrances, entries and exits of all buildings of the Project, and all storage areas, laundry areas, or trash container rooms not located within an Apartment;
- (d) All driveways and other common ways, all parking and loading spaces, all gates and kiosks or gatehouses (if any) at the entryway to the Project, all landscaping, courtyards, fences, gates, retaining walls, trash areas, maintenance structures and facilities and accessory equipment areas, including electrical and mechanical rooms or facilities located on the Land or within any of the buildings and serving more than one Apartment;
- (e) All fences (if any), trellises, and mail boxes;
- (f) All yards, grounds, planting areas, planters, walkways, walkway railings, landscaping, waterscape areas, and gardens, recreation decks, and any toilet and restroom facilities and recreational facilities and appurtenances not located within an Apartment;
- (g) All ducts, vents, shafts, utility lines, conduits, sewage treatment and refuse equipment and facilities (if any), mechanical equipment, electrical equipment, telephone equipment, pipes, tanks, pumps, motors, fans, compressors, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas (if any), temperature control, fire safety, sanitary waste, cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution, and any rooms or other enclosures in which such foregoing facilities are housed; and
- (h) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

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

(a) Each Apartment shall have appurtenant thereto and reserved for its exclusive use one or more mailboxes located in the Project, such mailboxes to be allocated among the Apartments from time to time in the discretion of the Board.

(b) Each Apartment shall have appurtenant thereto as limited common elements all pipes, wires, ducts, conduits or other utility or service lines located within or running through the Apartment and utilized by or serving only that Apartment.

(c) Each Apartment shall have appurtenant thereto as a limited common element the parking stall having the number shown on the Condominium Map as designated in Schedule 1 attached hereto. Parking stalls may be transferred from one Apartment to another in accordance with the Act; provided, however, that each Apartment in the Project shall have no less than one parking stall appurtenant to such Apartment.

(d) Each Apartment shall have appurtenant thereto as a limited common element a single storage locker located on the ground floor of the Project having the number of such locker shown on the Condominium Map as is designated in Schedule 1 attached hereto and made a part hereof.

(e) That portion of the Land shown on the Condominium Map as "Private Yard" shall be a limited common element appurtenant to the Unit to which it abuts. (Affects only Apartment 104 and Apartment 105) and

(f) Any other common element of the Project which is rationally related to fewer than all the Apartments shall be deemed a limited common element appurtenant to and for the exclusive use of such Apartment or Apartments to which it is rationally related. "

End of EXHIBIT "C"

EXHIBIT "D"

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 minerals and metallic mines reserved to the State of Hawaii.

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "EMERSON COURT" (FORMERLY KNOWN AS 1423 EMERSON STREET) CONDOMINIUM PROJECT AND BY-LAWS dated February 1, 1980, recorded in Liber 14550 Page 678, as shown on Map 688 and any amendments thereto.

Said Declaration was amended by instruments dated October 25, 1991, recorded as Document No. 91-147981, dated October 31, 1991, recorded as Document No. 91-152199, dated November 21, 1991, recorded as Document No. 91-160801, and dated March 7, 2005, recorded as Document No. 2005-048466.

Said By-Laws have been amended by instrument dated March 7, 2005, recorded as Document No. 2005-048467.

4. Encroachments or any other matters as shown on survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated June 20, 1994.

5. Any unrecorded leases and matters arising from or affecting the same.

6. Mortgage dated November 12, 2003 in favor of CITY BANK, a Hawaii Corporation, recorded as Document No. 2003-252483.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AND RENTS dated November 12, 2003, recorded as Document no. 2003-252484.

8. Financing Statement recorded on November 18, 2003 as Document no. 2003-252485.

EXHIBIT "E"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT (DROA together with Sales Contract addendum)

1. Description of the Property to be Conveyed: Fee simple interest in the Apartment, together with the furnishings and appliances.

2. Purchase Price and Terms. The purchase price set forth on page 1 of the Sales Contract is to be paid as follows:

a. An initial deposit and a subsequent deposit;

b. The balance of the purchase price is to be paid to escrow by purchaser on the Closing Date.

3. Financing of Purchase. If Purchaser desires financing, a loan application must be made and prequalification received within fifteen (15) days and if Purchaser's application is not approved within \_\_\_\_\_ (\_\_\_\_) days after the Seller has accepted the Sales Contract, then either Seller or Purchaser may cancel the Sales Contract. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest.

4. Closing Costs. In addition to the purchase price, the Purchaser is required to pay at closing (aa) Purchaser's notary fees; (bb) all of the cost of title reports and all premiums for title insurance requested by Purchaser; (cc) any fees or charges pertaining to Purchaser's use of the Apartment, including telephone installation and cable television connections; (dd) all of Escrow's fees; and (ee) any other closing costs not mentioned above which are customarily paid or incurred in connection with the purchase and sale of Hawaii Residential real estate. In addition to the foregoing, the Purchaser may be required to prepay insurance premiums for as much as one year in advance, prepay maintenance fees for as much as two months in advance, pay a start-up fee equal to two months' maintenance fees and prepay real property taxes for the remainder of the tax year.

5. Closing.

a. Seller has agreed to cause the Apartment to be sold to the Purchaser within the time period set forth on page 1 of the Sales Contract, which is expected to occur no earlier than sixty (60) days after Seller's acceptance of the Sales Contract nor more than one hundred thirty-five (120) days after Seller's acceptance of the Sales Contract.

b. The Seller has the right to extend the Scheduled Closing Date for a reasonable period, if necessary, to remove any existing tenants. If Purchaser fails to close as required, then after fifteen (15) days following Seller's notice of Purchaser's default, if Purchaser has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Purchaser will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

c. Paragraph 16 of the Sales Addendum provides that if Seller's lender(s) has conditioned its releasing the Apartment from the mortgage(s) on the simultaneous closing of a certain number or dollar amount of apartments, and such conditions shall not have been met by the Scheduled Closing Date, then Seller may extend the Scheduled Closing Date for up to \_\_\_\_ days, which shall become the Scheduled Closing Date. If by the Extended Scheduled Closing Date, Seller has not made sufficient number of sales to obtain the required partial release(s), then either Seller or Buyer may elect to terminate the Sales Agreement.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Purchaser if (a) Purchaser fails to qualify for a permanent loan (paragraph 8(b)); or (b) Purchaser defaults under the Sales Contract (paragraph 13(b)). If Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract will be subject to an existing loan, and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. The same protection will be given to any lender who repays such existing loan, as is expected. Seller may assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender (or its successor) acquires the Seller's interest in the Sales Contract, then the Purchaser is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract (see paragraph 6 of the Sales Contract).

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

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

b. The Purchaser may also cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Purchaser's Apartment or the amenities available for the Purchaser's use (paragraph 9(b)).

c. Purchaser fails to qualify for permanent financing (paragraph 8(c)).

9. Receipt of Project Documents. Paragraph 3 of the Sales Contract provides that the Purchaser acknowledges that he or she has examined (and agrees to be bound) by the following:

- a. Escrow Agreement;
- b. The Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners;
- c. The Apartment Deed;
- d. Disclosure Abstract; and
- e. The Supplementary Final Public Report.

10. Disclaimer of Warranties.

a. (i) At closing, Seller will disclaim any warranties, either express or implied, including any implied warranty of habitability, with respect to the Project, the apartments or their contents. Seller will not be liable for any construction or other defects, including any latent or hidden defects in the Project, the apartments or their contents. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects. An "as is" form of addendum is attached to the Sales Contract.

(ii) Existing Tenants. The Apartment may presently be occupied by a tenant until the Scheduled Closing Date. Although Seller will utilize its best efforts to terminate such tenancy prior to closing and cause the tenant to maintain and repair the Apartment, such are risks of the purchase of the Apartment. In the event that the tenant has not vacated the apartment by the Scheduled Closing Date, then Seller reserves the right to extend the Scheduled Closing Date for a reasonable period of time to remove the tenant.

b. Inspection. Buyer shall have a period of thirty (30) days following the date of Seller's execution of the Sales Contract to inspect the Apartment and the Project. If Buyer is not satisfied with the physical condition of the Project or the Apartment, then Buyer may elect within such thirty (30) day period to cancel this Agreement upon giving written notice to Seller, and upon such cancellation, Seller shall direct Escrow to refund the Buyer all sums paid hereunder by Buyer, without interest.

End of EXHIBIT "E"

EXHIBIT "F"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc.:

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

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

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

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

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

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

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

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

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

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

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

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

## EXHIBIT "G"

### PERMITTED ALTERATIONS TO APARTMENTS.

Section 21 of the Declaration addresses alteration of the Project, including connections between Apartments and Alterations within Apartments. Section 21 of the Declaration reads as follows:

#### "21. ALTERATION OF PROJECT.

(a) Generally. Except as otherwise provided in subparagraphs (b), (c) or (d) of this Section 21 or otherwise in the Declaration, any repair, replacement or restoration of the Project or of any building or other facility or construction of any additional building or structural alteration (including the enclosure of a lanai) or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the Apartment Owners and consented to in writing by 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 of Directors, and promptly upon completion of such replacement, restoration or construction, the Association shall record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

#### (b) Connection between Apartments.

(i) The Owner of any two or more adjacent Apartments separated by a common element which is a wall may, with the consent of all mortgagees of record of any interest in such Owner's Apartments, alter or remove all or portions of the intervening wall (and, if the Owner so desires, install a door within the opening created by such removal), if the structural integrity of the common elements or any other Apartment in the Project will not thereby be adversely affected and if the finish of the common element then remaining is placed in a condition substantially comparable to that of the common element prior to such alterations.

(ii) Prior to commencing any such alteration or removal, the Apartment Owner shall provide to the Board (i) a certification in form and content reasonably satisfactory to the Board signed by a duly registered Hawaii architect or engineer, that such alteration or removal will not adversely affect the structural integrity of the common elements or any other Apartment in the Project, (ii) satisfactory evidence that all governmental approvals required for such alteration or removal have been duly obtained, and (iii) if the cost of such alteration or removal, as reasonably determined by the Board of Directors, should exceed the sum of \$25,000 (increased from time to time at the rate of 3% per annum since 2005), the Board of Directors may require that the Owner provide evidence satisfactory to the Board of Directors of sufficient financing to complete such alteration or removal or, in lieu thereof, require that the Owner obtain a performance and lien payment bond, naming as obligees the Board of Directors and the Association and collectively all Apartment Owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such alteration or removal. Such alteration or removal may be undertaken without the necessity of an amendment to this Declaration or the Condominium Map and, except as otherwise provided in this Subparagraph (ii), without the consent or joinder of the Association, the Board, or any other person.

(iii) If any intervening wall between adjacent Apartments shall have been altered or removed pursuant to the foregoing provisions, then prior to the termination of the common ownership of such adjacent Apartments, the Owner of such Apartments shall restore such intervening wall to substantially the same condition in which the same existed prior to such alteration or removal.

(iv) Notwithstanding any alteration or additions permitted under this Paragraph 21, such shall not affect the common interest or limited common interest allocable to any Apartment.

(c) Handicap Stall(s). Any provision of this Declaration to the contrary notwithstanding, the Board of Directors shall have the right without the consent or joinder of any other person, Apartment Owner or lien holder to designate a common element parking stall as a limited common element handicap parking stall by amendment of this Declaration and the Condominium Map under the following conditions:

(i) A person with a disability has purchased or intends to purchase an Apartment in the Project which does not have a handicap stall appurtenant thereto; and

(ii) Such person's disability would interfere with the person's full use and enjoyment of the Apartment unless a handicap stall were made appurtenant thereto; and

(iii) The handicap stall to be designated is the closest such stall to the Apartment owned or to be owned by the person whose disability requires the availability of a handicap stall; and

(iv) The amendment(s) required to effect changes in designated parking stalls pursuant to this subparagraph (d) need only be signed and approved by two officers of the Association, which amendment(s) shall become effective only upon filing in the Recording Office, and a copy of each amendment, showing recordation data, shall be promptly delivered to the Association through the Secretary or the managing agent.

(d) Alterations within Apartments. Notwithstanding any provision in this Declaration to the contrary, (i) alterations (including the enclosure) of a lanai portion of an Apartment; (ii) the additional of a half bathroom within an Apartment; or (iii) any other alteration within an Apartment shall require only the written consent and approval by the Owner of the Apartment making such change and by the holders of any lien affecting such apartment (if the lien holder requires such consent and approval); provided, however, that any such alteration or change (the "change") shall be subject to the following conditions:

(i) All building plans for any such change shall be prepared by a licensed architect or professional engineer; shall conform with City and County of Honolulu building codes, Land Use Ordinance and other applicable County Ordinances; and a copy thereof shall be furnished such be furnished to the Board in advance of such change being made;

(ii) any change shall not jeopardize the soundness or safety of the Project, impair any easement or other benefit of the Project; or overutilize electrical, plumbing or other utility servicing the Project;

(iii) The Apartment Owner making such change shall obtain a building permit therefor, if such permit is required under the Land Use Ordinance, and shall provide a copy thereof to the Board;

(iv) During the entire course of the making of such change, the Apartment Owner making such change shall cause to be maintained at his expense builder's all risk insurance in an amount not less than the estimated cost of such construction, and such insurance shall name the Association as an additional insured;

(v) The Apartment Owner making such change shall indemnify and hold harmless the Association and the other Apartment Owners in the Project from any loss, liability, damage or expense arising out of or connected in any way with the making of such change.

(vi) Upon completion of such change, the Apartment Owner making such change shall have the right without the consent or joinder of any other person (including the Board or the Association) to amend this Declaration and the Condominium Map to reflect the changes made to the Apartment in accordance with this Paragraph 21, and promptly upon completion of such change, the Apartment Owner making such change shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map indicating such changes to the Project and shall provide to the Board a copy of such required amendment.

(vi) In the case of a change which is an alteration (including the enclosure) of a lanai portion of an Apartment, all such changes shall be made so that the appearance of the lanai or the enclosure as changed shall be substantially similar and uniform to the appearance of the other lanais or exterior portions of the Project."

End of EXHIBIT "G"

EXHIBIT "H"

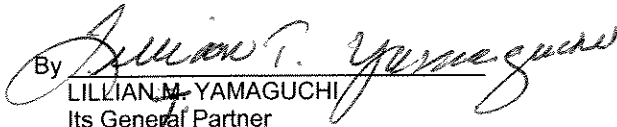

DISCLOSURE ABSTRACT  
(pursuant to Section 514A-61, Hawaii Revised Statutes)

1.     (a) PROJECT:                   EMERSON COURT  
  1423 Emerson Street  
  Honolulu, Hawaii 96813  
  
       (b) DEVELOPER:               E.S. Yamaguchi Family Limited Partnership  
  P. O. Box 10851  
  Honolulu, Hawaii 96816  
  
  Telephone: (808) 942-4164  
  
       (c) MANAGING               Hawaiiana Management Co., Ltd.  
           AGENT:                   711 Kapiolani Boulevard, Suite 700  
  Honolulu, Hawaii 96814
2.    Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).  
  
       Note:    A reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.
3.    DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:  
  
       The Developer is not giving any warranty on the materials and workmanship of the Units and Common Elements..
4.    USE OF UNITS. The EMERSON COURT Condominium Project consists of twenty-eight (28) unit(s) which will be used for residential purposes by the respective owners thereof, their tenants, families and domestic servants and social guests, and for no other purpose.
5.    EXISTING STRUCTURES BEING CONVERTED. Based upon reports prepared by Hale Takazawa, Registered Professional Architect, and Armstrong Consulting, Inc., the Developer states:
  - a.   Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in fair to good structural condition consistent with their age.
  - b.   Subject also to normal wear and tear, the electrical and plumbing systems are operable and in fair working order consistent with their age. Electrical service appears to be adequate for current usage; however, the addition of any substantial load, such as air conditioning service, may lead to inadequate service. Several of the Units contain nonoperable garbage disposals.
  - c.   The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a).
  - d.   Letter dated August 28, 1991, from the City and County of Honolulu Building Department indicates that the structure is nonconforming, as the structure is built within the setback required under the current zoning law.
  - e.   The Developer is not aware of any outstanding notices of uncured violations of building code or other municipal regulations.

In light of the fact that the Project was originally constructed in the 1950s, the Developer is selling the apartment unit and the common elements in "as is" condition, and Developer will disclaim making any representations or warranties relating to the condition of the Project and the apartment units, it is strongly recommended that a prospective buyer should make his own inspection and retain the services of a licensed home inspector from whom a home warranty program may be available.

Developer has signed this Disclosure Abstract this 4<sup>th</sup> day of April, 2005.

E.S. YAMAGUCHI FAMILY LIMITED PARTNERSHIP,  
a Hawaii limited partnership

By   
LILLIAN M. YAMAGUCHI  
Its General Partner  


# EXHIBIT "1"

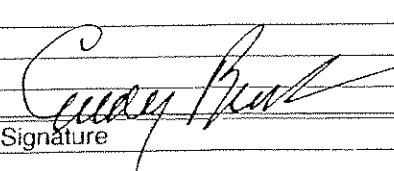
Estimate of Initial Maintenance Fees

Emerson Court  
(28 units)

Apartment Number	Common Interest	Monthly Fee	Yearly Total
101	3.74%	\$339.63	\$4,075.55
102	2.56%	\$232.47	\$2,789.68
103	2.56%	\$232.47	\$2,789.68
104	3.74%	\$339.63	\$4,075.55
105	3.74%	\$339.63	\$4,075.55
106	3.74%	\$339.63	\$4,075.55
107	3.74%	\$339.63	\$4,075.55
108	3.74%	\$339.63	\$4,075.55
109	3.74%	\$339.63	\$4,075.55
110	3.74%	\$339.63	\$4,075.55
111	3.74%	\$339.63	\$4,075.55
112	3.74%	\$339.63	\$4,075.55
113	3.74%	\$339.63	\$4,075.55
114	3.74%	\$339.63	\$4,075.55
201	3.74%	\$339.63	\$4,075.55
202	2.56%	\$232.47	\$2,789.68
203	2.56%	\$232.47	\$2,789.68
204	3.74%	\$339.63	\$4,075.55
205	3.74%	\$339.63	\$4,075.55
206	3.74%	\$339.63	\$4,075.55
207	3.74%	\$339.63	\$4,075.55
208	3.74%	\$339.63	\$4,075.55
209	3.74%	\$339.63	\$4,075.55
210	3.74%	\$339.63	\$4,075.55
211	3.74%	\$339.63	\$4,075.55
212	3.74%	\$339.63	\$4,075.55
213	3.74%	\$339.63	\$4,075.55
214	3.74%	\$339.63	\$4,075.55
<b>TOTALS</b>	100.00%	\$9,081.00	\$108,972.00

Estimated  
Fee Disbursement

Emerson Court  
(28 units)

Utilities	Monthly	Annually
Electricity	\$1,000.00	\$12,000.00
Water	\$400.00	\$4,800.00
Sewer	\$800.00	\$9,600.00
Telephone	\$125.00	\$1,500.00
<b>Maintenance</b>		
Site Manager	\$0.00	\$0.00
Grounds / Janitorial	\$1,000.00	\$12,000.00
Electrical/Lighting	\$300.00	\$3,600.00
Elevator Maintenance	\$250.00	\$3,000.00
Pest Control	\$200.00	\$2,400.00
Plumbing	\$100.00	\$1,200.00
Refuse	\$425.00	\$5,100.00
Fire Systems	\$50.00	\$600.00
Misc. Repairs and Supplies	\$600.00	\$7,200.00
<b>Professional Services</b>		
Admin Supplies and Services	\$300.00	\$3,600.00
Management Fees	\$725.00	\$8,700.00
Audit/Tax Preparation	\$60.00	\$720.00
Legal Fees	\$50.00	\$600.00
Insurance - Property	\$805.00	\$9,660.00
<b>General Liability</b>		
Umbrella	\$90.00	\$1,080.00
Fidelity Bond	\$30.00	\$360.00
Director and Officer Liability	\$70.00	\$840.00
<b>Other</b>		
GET & Fed. Taxes	\$20.00	\$240.00
Condo Registration	\$14.00	\$168.00
<b>Subtotal</b>	<b>\$7,414.00</b>	<b>\$88,968.00</b>
Reserves	\$1,917.00	\$23,004.00
<b>Total</b>	<b>\$9,331.00</b>	<b>\$111,972.00</b>
Less Laundry Money	\$250.00	\$3,000.00
<b>Net Disbursements</b>	<b>\$9,081.00</b>	<b>\$108,972.00</b>
I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent for Emerson Court 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.		
It is assumed that a reserve contribution of \$3,600 will be made to the Association by the Developer upon the closing of sale of each apartment unit.		
<div style="display: flex; justify-content: space-between;"> <div>   Signature </div> <div> 3-4-05  Date </div> </div>		

End of EXHIBIT "1"