

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

1010 RICHARDS STREET

P. O. BOX 3469

HONOLULU, HAWAII 96801

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON

KE KUMULANI

Kilepa Place

Aiea, Oahu, Hawaii

Registration No. 1561

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: November 7, 1983

Expires: December 7, 1984

SPECIAL ATTENTION

A comprehensive reading of this report by prospective purchasers is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON AUGUST 24, 1983, AND INFORMATION SUBSEQUENTLY FILED AS OF NOVEMBER 2, 1983. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KE KUMULANI is a proposed fee simple condominium project consisting of thirty-four (34) detached single family one and two story homes to be built in accordance with floor plans filed with the Real Estate Commission.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report.
3. No advertising and promotional matter, other than the Condominium Pre-Sale Offering to Owner-Occupants required under Act 189, has been filed pursuant to the rules and regulations promulgated by the Commission.
4. The basic documents (Declaration of Horizontal Property Regime, ByLaws of Association of Apartment Owners, and a copy of the floor plans) have not been filed as of this date in the office of the recording officer.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Preliminary Public Report is made a part of the registration of the KE KUMULANI condominium project. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) and the Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed receipt therefor.
7. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, November 7, 1984, unless a Final or Supplementary Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: KE KUMULANI

LOCATION: The project is located at the end of Kilepa Place, Aiea, Oahu, Hawaii, and is situate on one (1) parcel of land consisting of 269,869 square feet, more or less.

TAX KEY: First Division, 9-8-02:por.50.

ZONING: A-1 (Low density apartment).

DEVELOPER: Blackfield-Lusk Partnership, a general partnership consisting of Blackfield Hawaii Corporation, a Hawaii corporation and John D. Lusk & Son, a California corporation authorized to do business in the State of Hawaii. Developer's principal place of business and post office address is Suite 1618, Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813 (Telephone No.: 537-4972).

The name and address of each partner is:

John D. Lusk & Son

Suite 1618, 841 Bishop Street
Honolulu, Hawaii

Blackfield Hawaii Corporation Suite 700
1221 Kapiolani Blvd.
Honolulu, Hawaii

ATTORNEY REPRESENTING DEVELOPER: Damon, Key, Char & Bocken,
Tenth Floor, 810 Richards Street, Honolulu, Hawaii 96813
(Attn: Charles W. Key), Telephone No.: 531-8031.

DESCRIPTION OF THE PROJECT: The proposed Declaration of Horizontal Property Regime indicates that the project will consist of thirty-four (34) single family detached homes, herein sometimes referred to as "Home(s)", numbered "1", "2" and "4" through "35", each located within and situated upon certain specific delineated land areas shown on the Condominium Map. All improvements comprising a home, and all other improvements within each of said land areas that do not service any other home comprise a condominium apartment.

The various separate land areas numbered "1" through "35" as shown on the Condominium Map are limited common elements. Home "2" currently has appurtenant thereto, as limited common elements, land areas "2" and "3". Each of the other Homes has appurtenant thereto as a limited common element the land area having the same number as said Home.

There is currently no Home designated number "3". Notwithstanding any provisions herein to the contrary, Owner may at any time within ten (10) years of the date of the Declaration of Horizontal Property Regime convert Apartment "2" into two apartments by constructing a Home on land area "3" and by amending the Declaration to reflect the construction of Apartment "3".

The Homes are of double wall wood frame construction on concrete slab with a cedar roof, and are principally constructed of wood, interior drywall partitions, exterior masonite siding, glass, aluminum and appropriate trim. There are no basements.

There are two types of dwelling units shown on said Condominium Map. These two types of dwelling units are designated by either a "1" or "3", and the type of dwelling unit within each Condominium Lot is set forth in Column 3 of Exhibit "A" attached hereto and made a part hereof. The dwelling unit constructed within Condominium Lot 15 is a type 3 modified.

The number of rooms and stories and the approximate gross floor area of each type of dwelling unit in square feet is set forth below:

	<u>1</u>	<u>3</u>
Number of Rooms	7	7
Number of Stories	1	2
Gross Area	1,475	1,761

The approximate net living area of each type of dwelling unit consisting of the enclosed portion of the dwelling unit measured from the interior surface of the dwelling unit perimeter walls, and the area of the lanai or patio and garage is set forth below in square feet:

	<u>1</u>	<u>3</u>
Net living area:	1,038	1,205
Garage:	<u>384</u>	<u>426</u>
TOTAL:	1,422	1,631

Each of the apartments has immediate access to driveways on the grounds of the Project and to a public street.

COMMON ELEMENTS: The proposed Declaration of Horizontal Property Regime states that the common elements shall include all the remaining portions of the project (but for the apartments) including specifically, but not limited to:

(a) The land in fee simple.

(b) All yards, grounds and landscaping, roads, walkways, loading areas, fences, driveways, refuse facilities and parking areas which are not within an apartment, and all of lot 37 as shown on the Condominium Map.

(c) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the land of the project and/or within an apartment which serve more than one apartment for services such as power, light, water, gas, drainage, sewer, telephone and radio and television signal distribution.

(d) Any and all apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

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

(a) The various land areas numbered "1" through "35" as shown on the Condominium Map are limited common elements. Apartment "2" currently has appurtenant thereto, land areas "2" and "3".

(b) All other common elements of the Project which are rationally related to less than all of said Homes shall be limited to the use of such apartments.

All limited common elements, costs and expenses, including but not limited to, maintenance, repair, replacement, additions and improvements, shall be charged to the owner of the Home to which the limited common elements is appurtenant.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting, as set forth in Exhibit "A".

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Homes shall be occupied and used only for residential purposes and no dwelling unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The Homes shall not be rented for transient or hotel purposes, which are defined as: (1) rental for any period less than thirty (30) days; or (2) any rental in which the occupants of the Homes are provided customary hotel services such as room service for food and beverages, maid service, laundry and linen or bellboy service. The Homes or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership", or time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a Home or Homes in the project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Except for the foregoing, the owners of a Home shall have the absolute right to lease such Homes.

MERGER OF ADDITIONAL INCREMENTS: One or more condominium projects, whether or not adjacent to the project, but part of the same incremental plan of development and in the same vicinity, may be merged together with the project from time to time so as to permit the joint use of the common elements of the projects by all the owners of the apartments in the merged projects. The merger documents may provide for a single association of apartment owners and board of directors for the merged project and for sharing of the common expenses of the projects among all the owners of the apartments in the merged projects. Any merger or mergers shall be effective upon the affirmative vote or written consent of seventy-five percent (75%) of the apartment owners and upon execution of the merger documents by two (2) officers of the association and recordation of same in the Bureau of Conveyances.

DISCLOSURES AND RESERVATIONS: The Developer may use any and all Homes for sales purposes, and Developer has disclosed that it intends on constructing and selling additional housing on lands adjoining the project, and that the construction activity of Developer shall continue on the site and on adjacent land after apartment owners occupy their Homes and that this activity may result in noise, dust or other annoyances to the apartment owners, and Developer:

(a) reserves the right to convert Apartment "2" into two apartments by constructing a home on land area no. 3;

(b) reserves the right for itself and its employees, subcontractors, vendors and suppliers to use the common elements for access to construction areas within the Project and on adjacent land;

(c) reserves the right to conduct sales activities, including the use of model dwelling units, signs and extensive sales displays and activities in the Project until Owner ceases development of additional housing in the vicinity of the Project; and

(d) reserves the right for itself, its sales representatives and prospective purchasers to utilize the common elements for ingress and egress to unsold apartments within the Project and within land areas in the vicinity of the Project in order to show apartments to prospective buyers.

Developer intends on retaining ownership of Homes "1" and "2" for an indefinite period of time; and Developer shall use these two Homes to conduct sales activities.

In the event Developer decides to convert Apartment "2" into two apartments, Developer must provide a 100% performance bond and must construct a Home within and upon land area "3" that is either of equal or better quality than the other Homes in the Project, which shall become Apartment "3".

Developer expressly reserves the right to amend the Declaration of Horizontal Property Regime upon substantial completion of construction of a Home on land area 3 without the consent or joinder of persons then owning or leasing apartments so as to properly reflect the additional Home, including the percentage interest in the common elements allocated to Home No. 2 and 3.

NOTE: prior to sale of Home No. 3, Developer shall file and the Commission will issue a supplementary public Report specific to Home No. 3.

NEWTOWN ESTATES ASSOCIATION: Each Home owner of this project will be a member of Newtown Estates Association and is subject to assessment by said Association. Each Home owner shall remain a member thereof until such time as his ownership of such lot ceases for any reason, at which time his membership in said Association shall automatically cease. Such membership shall be appurtenant to and may not be separate from the ownership of an apartment and shall be deemed to be conveyed or encumbered with such apartment even though such membership is not expressly mentioned or described in the conveyance or other instrument.

The provisions of the Declaration of Horizontal Property Regime for the project are subordinate and subject to all the provisions of that certain Master Declaration of Covenants, Conditions and Restrictions for Newtown Estates at Waimalu, Hawaii, dated May 26, 1972, filed in the Office of the Assistant Registrar of the Land Court as Document No. 582929, as amended.

OWNERSHIP OF LAND: The Developer has submitted to the Commission a preliminary title report dated July 1, 1983, prepared by Title Guaranty of Hawaii, Incorporated. This report reflects that the fee simple title to the land on which the project is situated is owned by Developer.

ENCUMBRANCES AGAINST TITLE: Said preliminary report dated July 1, 1983, reflects that the title to said land is subject to:

1. A perpetual easement in favor of the State of Hawaii for the natural flowage of water, over, through and across that portion of the Waimalu Stream included within the boundaries of the land registered herein; but provided, however, that the said easement shall not be deemed to be a waiver of or prejudicial to the rights in said Waimalu Stream appurtenant or belonging to the lands herein registered.
2. Lease of Right-of-Way in favor of Hawaiian Electric Company, Inc., and Hawaiian Telephone Company dated March 9, 1956, filed as Land Court Document No. 190860; leasing and demising said parcel for a term expiring December 31, 1965, and thereafter from year to year until terminated.
3. Reservations contained in Deeds dated November 24, 1970, filed as Document No. 520690; dated November 17, 1970, filed as Document No. 520691; dated November 24, 1970, filed as Document No. 520692; dated November 18, 1970, filed as Document No. 520693; and dated December 1, 1970, filed as Document No. 520694, to-wit: "RESERVING, HOWEVER, to the Grantor, for the benefit of Lot 48, as shown on Map 16, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application 950 (amended), the following:
 - A. The right of access over, under, upon and across Lots 47, 45 and 40, and Easements M, L and K, all as shown on said Map 16, from said Lot 48 to Moanalua Road.
 - B. The right to use such sewer, water and other utility lines, pipes, wires and conduits installed by the Grantees in the premises as have not been conveyed to the City and County of Honolulu and to enter on the premises for the purpose of making connections thereto to serve such remaining land of the Grantor.
 - C. All compensation and damages paid or that may be paid in the future, including without limitation, severance damages and damages from the taking of access rights, arising from the taking of land and easements in land by the State of Hawaii in Civil No. 26609 in the Circuit Court of the First Judicial Circuit of the State of Hawaii, or any other action seeking condemnation of the same or similar land and easements."
4. Declaration of Covenants, Conditions and Reservations for the Newtown Estates dates May 26, 1972, filed as Document No. 582929.
5. Easement "125" (10 feet wide) for water purposes, as shown on Map 33, as set forth by Land Court Order No. 40515, filed August 30, 1974.

6. Grant in favor of the City and County of Honolulu dated February 21, 1975, filed as Document No. 735013; granting an easement across said Easement "125".
7. Easement "332" (50 feet wide) for flowage purposes, as shown on Map 65, as set forth by Land Court Order No. 59097, filed February 23, 1981.
8. Easement "P" (6.00 feet wide) for electrical purposes.
9. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
10. Roadway easement commonly known as Waimalu Valley Road, as shown on Map 1, Land Court Application No. 950 (amended).
11. Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company dated January 16, 1956, recorded in Liber 3066 at Page 370; granting an easement for utility purposes.
12. UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING dated July 1, 1981, filed as Document No. 1075133, recorded in Liber 15671 at Page 198.
13. For any taxes that are due and payable, reference is made to the office of the Finance Director, City and County of Honolulu.

NOTE: Although not of record, Developer has advised the Commission that the property will be mortgaged to Bank of Hawaii as security for a construction loan.

PURCHASE MONEY HANDLING: The Developer has submitted to the Commission a copy of Specimen Sales Agreement and an Escrow Agreement dated July 20, 1983, identifying Title Guaranty Escrow Services, Inc., as the Escrow Agent. Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement before executing the Sales Agreement, since the Escrow Agreement prescribes the procedure for receiving and disbursing purchasers' funds and the Sales Agreement specifically provides that funds may be disbursed for certain costs of the Project prior to completion of construction.

Among other things, the specimen Sales Agreement provides that:

1. The Sales Agreement shall not be construed as a present transfer of any interest in the property covered by the Sales Agreement, but rather it is an agreement to transfer in the future; that the purchaser acknowledges and agrees that all security interests obtained by the Lender in connection with the loan for construction costs, costs of acquiring Developer's interest in the Project and other associated costs of the

Project, as well as any extensions, renewals and modifications thereof shall be and remain at all times a lien or charge on the Project, including the Property covered by the Sales Agreement, prior to and superior to any and all liens or charges on the Project arising from the Sales Agreement or any other prior reservation agreement.

2. The Developer has made no representations with respect to the possibility or probability of rental or other income from the apartments, or other economical benefits to be derived from the rental of the apartments, including but not limited to, any representations to the effect that Developer or the managing agent of the Project will provide services relating to the rental or sale of the apartments nor representations as to possible advantage from the rental of the apartments under federal or state tax laws. If a purchaser wishes to rent his apartment to third persons, purchaser must make his own arrangements.

3. The purchaser agrees for a period of two (2) years from and after the closing date that the purchaser shall not place anywhere within the Ke Kumulani project any "For Sale" or "For Rent" signs.

4. The contract shall not become fully binding until the third day after the Developer has taken the Buyer's receipt for a copy of the Real Estate Commission's Final Public Report on this Project. The contract shall become fully binding automatically on said day without further notice to Buyer.

5. All taxes, assessments and charges of any kind assessable against the Property shall be payable according to the terms of the Declaration and the ByLaws, and will be prorated between Developer and Purchaser as of the final closing date. Purchaser shall pay all closing costs in connection with the sale, including without limitation, escrow fees, preparation of the conveyance, preparation of any agreement of sale, preparation of any land trust and related documents, State of Hawaii conveyance tax, preparation of any mortgages and all costs related to obtaining the mortgage, all acknowledgment fees, all recording fees, the escrow fee and any proof of title, including the cost of any title insurance premiums, and certain prepayments, all as set forth in the Contract.

The Escrow Agreement provides, in part: A purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one 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, there shall have been a change in the building plans, subsequent to the execution of purchaser's sales contract, requiring approval of a county officer having jurisdiction over the issuance of building permits, unless such change is specifically authorized in the Declaration of Horizontal Property REgime or by the terms of the sales contract or unless a purchaser's written approval or acceptance of the specific change is obtained or ninety days have elapsed since the purchaser has accepted in writing the unit or the purchaser has first occupied the unit; or

(d) The Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change shall not have been obtained; or

(e) The Final Report shall not have been issued within one (1) year from the date of issuance of the Preliminary Report and the purchaser has not waived or has not been deemed to have waived his right to a refund.

Escrow shall release from the Escrow fund and refund all sums received by it under a particular sales contract, subject only to such deductions as may be provided in said sales contract, upon receipt of evidence satisfactory to it from Seller or purchaser thereunder or both that the conditions provided in such sales contract for such a refund have been met, or that the conditions provided in the Horizontal Property Act for such a refund have been met. Upon refund of said funds to the purchaser as aforesaid, Escrow shall return to seller such purchaser's sales contract and any conveyance documents delivered to Escrow, and thereupon neither the purchaser nor Seller shall be deemed obligated thereunder.

ALTERNATION OF PROJECT: The proposed Declaration of Horizontal Property Regimes states that any restoration or replacement of any building or any construction of additional buildings or structural alteration or any addition to structure of material different from the Condominium Map will require the approval of the Board of Directors of the Association of Apartment Owners and by filing an amendment to the Declaration of Horizontal Property Regime and the Condominium Map.

Any restorations or rebuilding of improvements within an apartment or any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall require only the prior written approval of the Board.

It is noted that this project and every owner is subject to the Master Declaration of Covenants, Conditions and Reservations for Newtown Estates. Section 3.03(h) of Article III of this Master Declaration of Covenants reads as follows:

"No substantial structural addition or alteration visible from a street on which any lot abuts shall be made after the initial residence has been completed without the prior approval of the Architectural Committee as to design, colors and materials. Plans for proposed work shall be

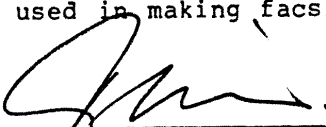
presumed to be approved in the event no action has been taken on such plans for forty-five (45) days after submission thereof. An addition or alteration shall be deemed substantial if its fair replacement cost is in excess of \$500.00, measured in terms of purchasing power of the dollar in 1972."

PROPERTY MANAGEMENT: Developer has submitted to the Commission a copy of an Agreement entitled "Condominium Property Management Agreement", which was executed by Developer on behalf of the Association of Apartment Owners with Hawaii Management Corporation, as Agent. Said Agreement provides for property management of the Project. The address of Hawaii Management Corporation is 1221 Kapiolani Boulevard, Suite 700, Honolulu, Hawaii 96814, and its telephone number is 538-3841. Hawaii Management Corporation is a wholly owned subsidiary corporation of Blackfield Hawaii Corporation, one of the partners of the Blackfield-Lusk Partnership.

STATUS OF PROJECT: The Developer has stated that site work for the Project has commenced and that the construction of Homes "1" and "2" have been completed and that the estimated date of completion of construction of the entire project is about June 30, 1984.

The purchaser or prospective purchaser should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted on August 24, 1983, and information subsequently filed as of November 2, 1983.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1561 filed with the Commission on August 24, 1983. This report, when reproduced, shall be a true copy of the Commission's Preliminary Public Report. The paper stock used in making facsimilies must be yellow.



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

Distribution:
Department of Finance, City and County of Honolulu
Bureau of Conveyances
Planning Department, City and
County of Honolulu
Federal Housing Administration
Escrow Agent

Registration No. 1561

November 7, 1983

<u>Apartment Number</u>	<u>Type of Dwelling Unit</u>	<u>Percent Ownership of Common Elements</u>
1	1	2.85
2	3	5.70
4	1	2.85
5	3	2.85
6	1	2.85
7	3	2.85
8	1	2.85
9	3	2.85
10	1	2.85
11	3	2.85
12	1	2.85
13	3	2.85
14	1	2.85
15	3	3.10
16	1	2.85
17	1	2.85
18	3	2.85
19	1	2.85
20	3	2.85
21	1	2.85
22	3	2.85
23	1	2.85
24	3	2.85
25	1	2.85
26	3	2.85
27	1	2.85
28	3	2.85
29	1	2.85
30	3	2.85
31	1	2.85
32	3	2.85
33	1	2.85
34	3	2.85
35	1	2.85

KE KUMULANI
CONDOMINIUM
DEVELOPER'S DISCLOSURE ABSTRACT

Name of Project: KE KUMULANI
Kilepa Place
Aiea, Hawaii 96701

Developer and Project Manager: BLACKFIELD-LUSK PARTNERSHIP
Suite 1618, Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813
Telephone No. 537-4972

Number of Apartments and Use:

There are thirty-four (34) residential apartments in the project which are single family detached homes. The homes shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and personal guests and shall not be used for transient or hotel purposes.

The Declaration of Horizontal Property Regime has provisions for construction of one additional home.

Warranties.

The Developer's warranty policy is attached hereto as Exhibit "A". The Developer makes no other warranties, express or implied, with respect to the property or any common element or anything installed therein.

Breakdown of Annual Maintenance Fees and Monthly Estimated Costs of the Project Payable by Each Home:

Attached hereto as Exhibit "B" is a copy of the initial estimated operating budget for the Association of Owners of the Project, and the breakdown of annual maintenance fees and monthly estimated costs of each home, which was prepared by Hawaii Management Corporation.

Assessment by Newtown Estates Association:

Each home is also subject to assessment by the Newtown Estates Association. The current assessment is \$15.00 per month, which amounts to \$180.00 per year.

DATED: Honolulu, Hawaii, September 21, 1983.

KE KUMULANI

New Home Limited Warranty

IMPORTANT: Sales representatives are not authorized to modify or add to the terms of this warranty policy. The Builders standard New Home Limited Warranty Policy is as follows:

1. Subject to the provisions of this policy, we will correct any defect in the structural components of your home due to faulty materials or workmanship of which we receive written notice during the one-year period following the date of close of escrow, or the date you take possession, whichever occurs earlier (the "warranty year"). The foregoing shall only apply to the structural components of your home which include the walls, wall covering, floors, ceilings, roof, doors, cabinets, shelves, closets, patios, balconies, bathroom fixtures, railings, shingles, gutters and windows. The foregoing shall also apply to the structural components of the plumbing, electrical, heating and air conditioning systems (if any) which include such things as ducting, wiring and pipes. This warranty shall not extend to any portion of the plumbing, electrical, heating and air conditioning systems which are not a part of the structural component of your home or which carry an express warranty by the manufacturer thereof. The structural component does not include any appliances, equipment or other "consumer" items which may be attached to the structural component, such as a smoke alarm installed in a bearing wall or the water heater attached to the hot water pipes. These consumer items are not a part of the structural component for the purposes of the Warranty, but they are generally warranted by the manufacturers thereof and you should look directly to the manufacturers for service on these items. Obviously, any item can be a "consumer" item depending on how it is sold, but we consider an item to be part of the structural component of your home if it has no separate function other than as part of the house. If a defect appears which the owner thinks is covered by the Limited Warranty, he must notify us in writing of the defect within a reasonable time following its discovery, but in no event later than one (1) week after the end of the applicable warranty period. Upon receipt of a written report of a defect, if the defective item is covered by this Limited Warranty, we will repair or replace it at no charge to the homeowner, within sixty (60) days (longer if weather conditions, labor problems or material shortages cause delays). The work will be done by us, or by a subcontractor of our choice. The choice between repair or replacement is also ours. Our sole responsibility under this warranty shall be to restore your home to the condition existing at the time the defect occurred. We do not take responsibility for any secondary damage caused by the defect, including, without limitation, damage to your personal property.

2. We will warrant all concrete, brick, stone and other masonry against substantial defects for a period of one (1) year. However, we will repair only those cracks in house slabs, basement floor and walls, garage slabs, walks and other masonry which substantially interrupt the plane of surface or affect its structural value and integrity. We will not assume responsibility for hairline cracks in concrete, plaster,

drywall, masonry, ceramic tile and other rigid materials which occur due to normal expansion, contraction and settlement; the foregoing shall, without limitation, apply to hairline cracks in walls, driveways, garage floors, patios, and balconies, and to ceramic tile in the kitchen, shower, bathroom and entryway areas. We will not be responsible for and will not repair minor separation of ceramic tile grout at the tub line or at the intersection of a wall and floor where it is adjoined with other material resulting in loose grout.

3. We will make minor repairs such as doors sticking, cabinet drawer adjustments, failure of electrical plugs and operating fixtures, leaking faucets, tile caulking and the like only if brought to our attention in writing during the thirty (30) day period following the close of escrow or the date you take possession, whichever occurs first.

4. We will only correct defects or smudges of painted surfaces, counter tops, chipping of porcelain or tile in the kitchen, sinks, bathtub or elsewhere, chipped or otherwise defective surfaces of plumbing fixtures, torn or defective screens, defects in cabinet surface or finish, broken window or mirrored glass or similar defects readily visible to the human eye which go beyond industry standards or normal production tolerances and which are noted at the time of your Pre-move-in Inspection. The foregoing does not apply to hairline cracks in rigid materials which are covered above.

We will not be responsible for normal fading, chalking, or checking or paint or stucco which is not in excess of industry standards, which may occur due to sunlight or exposure to the elements. Where we do engage in paint and stucco repairs or patching, we do not warrant that the new paint or stucco will match perfectly with the old.

5. Plumbing drains are tested for proper operating before occupancy and we will only take responsibility for stoppages which are reported to us in writing within thirty (30) days after you take possession of your home. We will warrant the structural components of the plumbing system to be in proper working order and free from defective materials and workmanship for a period of one (1) year; provided, however, that normal maintenance items such as toilet adjustments and repair of dripping faucets are limited to a thirty (30) day warranty period. This warranty does not extend to the water heater or external plumbing fixtures, or any other portion of the plumbing system which is not a part of the structural component of your home or which carries an express warranty by the manufacturer of that part. Nor does this Warranty include the system or any of its parts which became defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents. Any costs we incur to eliminate a stoppage, whether or not reported within the thirty (30) day period, resulting solely from your use of the home will be billed to you.

6. We will warrant the electrical system for a period of one (1) year as follows: that the electrical system has been installed in accordance with good electrical practice and meets inspection agency standards. This warranty does not extend to the electrical system which is not a part of the structural

component of your home, including light bulbs and light fixtures, or which carries an express warranty by the manufacturer of that part. Nor does this warranty include the system or any of its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents.

7. We will warrant proper operation of the heating system, in the original finished room areas, for a period of one (1) year as follows: that the heating system has been installed in accordance with good heating practice and meets inspection agency standards. This warranty does not extend to the furnace or any other portion of the heating system which is not a part of the structural component of your home or which carries an express warranty by the manufacturer of that part. Nor does this warranty include the system or any of its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents.

8. We will warrant the air conditioning system, if included in the sale of the dwelling, for a period of one (1) year as follows: that the air conditioning system has been installed in accordance with good air conditioning practice and meets inspection agency standards. This warranty does not extend to the air conditioning system which is not a part of the structural component of your home or which carries an express warranty by the manufacturer of that part. Nor does this warranty include the system or its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents.

9. The provisions of this policy are not transferable and only extend to the original buyer of each home if such original buyer occupies the home as his principal residence or purchases with the intent to occupy as his principal residence. In any event, the warranty herein provided shall automatically terminate as to the home when the original buyer ceases to occupy the home, upon the sale (by grant deed, installment land sales contract or otherwise) or lease of the home by the original buyer, or upon the expiration of the warranty year, whichever first occurs. Steps taken by the Builder to correct any defects shall not extend the warranty year beyond its initial one (1) year term.

10. Except as provided herein, the Builder makes no express warranty as to materials or workmanship. Without limiting the generality of the foregoing, we make no express warranties as to any appliances, fixtures, carpeting or other consumer items installed in your home and which are not part of the structural component thereof, nor do we adopt any express or implied warranties made by the manufacturers of such items. Any warranty claims on such consumer items should be made directly to the manufacturer of a defective item and not to the Builder. Rights under these manufacturers' warranties flow directly from the manufacturer to you, and you should consult these warranties for the terms and periods of coverage. The following are examples of such warranties, though not every home includes all of these items and some homes may include appliances or equipment not in this list:

Refrigerator	Range	Space Heater
Furnace	Washing Machine	Hot Water Heater
Dryer	Dishwasher	Garbage Disposal
Ventilating Fans	Air Conditioner	Boiler
Heat Pump	Exhaust Fan	Electric Air Cleaner
Thermostat	Sump Pump	Humidifier
Central Vacuum System	Smoke Detector	Fire Alarm
Fire Extinguisher	Chimes	Garage Door Opener
Water Pump	Intercom	Burglar Alarm
Electric Meter	Water Meter	Gas Meter
Barbeque Grill	Whirlpool Bath	Water Heater
Water Softener	Freezer	Trash Compactor
Oven (and hood)	Ice Maker	

11. The provisions of this policy shall not extend to, and we shall not be responsible to repair any portion of your home, structural or otherwise, which you or your employees or contractors have modified or added to in any way, including without limitation attempted repairs.

The provisions of this policy also do not extend to damage due to ordinary wear and tear, damage due to lack of proper maintenance, or damage due to abusive or unwarranted use.

I (We) have received a copy of this policy.

BUYER:

SEP 21 '83

B U D G E T

KE KUMULANI

Prepared by Hawaii Management Corporation

	<u>Annual Total</u>	<u>Monthly Average</u>
<u>INCOME</u>		
Maintenance Fees	\$ 22,138.92	\$ 1,844.91
Start-Up Fees	<u>1,844.91</u>	<u>153.74</u>
TOTAL INCOME	\$ 23,983.83	\$ 1,998.65
<u>EXPENSES</u>		
Office	\$ 120.00	\$ 10.00
Management Fees	4,060.00	338.33
Electricity	1,260.00	105.00
Water & Sewer	6,600.00	550.00
Grounds Maintenance	2,400.00	200.00
General Maintenance	180.00	15.00
Insurance-All risk	5,760.00	480.00
Insurance-Other	3,000.00	250.00
Maintenance Reserve	420.00	35.00
G.O. Reserve	<u>183.83</u>	<u>15.32</u>
TOTAL EXPENSES	\$ 23,983.83	\$ 1,998.65

Monthly apartment maintenance fee:

Apartments "1", "4" through "14" and "16" through "35"	2.85%	\$ 52.58
Apartment "2"	5.70%	105.16*
Apartment "15"	3.10%	57.19

Annual apartment maintenance fee:

Apartments "1", "4" through "14" and "16" through "35"	2.85%	630.96
Apartment "2"	5.70%	1,261.92*
Apartment "15"	3.10%	686.28

The undersigned certifies that the above budget of estimated monthly and annual maintenance fees for each apartment of Kumulani was based on information supplied by the developer and prepared in accordance with generally accepted accounting principles.

September 21, 1983

Date

Frank Hinshaw

Frank Hinshaw

* Note: If Apartment "2" is converted into two apartments (designated Apartments "2" and "3"), then each shall own 2.85% of the common elements and the monthly fees shall be \$52.58 and the annual fee shall be \$630.96.

EXHIBIT "B"