



Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required [ X ] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

[ x ] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

SPECIAL ATTENTION

The Developer has disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (pages 13 and 16).
- (c) The Sales Contract provides that the purchaser will not have the right to sue the declarant for damages and defects of the Project (see page 18).
- (d) The Developer has reserved future development rights to add another dwelling on the condominium project. The Developer has also reserved the right to consolidate the Land and to re-subdivide it into two (2) lots, and to amend the Declaration following such subdivision to remove all or a portion of the Land from under the provisions of a condominium property regime.

This public report does not constitute approval of the Project by the Real Estate Commission, 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 apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Sylvia Krewson Reck  
Name  
47-377B Kamehameha Highway  
Business Address  
Kaneohe, Hawaii 96744

Phone: 239-6021  
(Business)

Names of officers or general partners of developers who are corporations or partnerships:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate  
Broker: The Developer intends to offer the  
Name units for sale as owner.  
Business Address  
\_\_\_\_\_

Phone: \_\_\_\_\_  
(Business)

Escrow: Hawaii Escrow & Title, Inc.  
Name  
700 Bishop Street  
Business Address  
Honolulu, Hawaii

Phone: 532-2977  
(Business)

General  
Contractor: \_\_\_\_\_  
Name  
Business Address  
\_\_\_\_\_

Phone: \_\_\_\_\_  
(Business)

Condominium  
Managing  
Agent: Sylvia Krewson Reck  
Name  
47-377B Kamehameha Highway  
Business Address  
Kaneohe, Hawaii

Phone: 239-6021  
(Business)

Attorney for  
Developer: Jeffrey S. Grad  
Name  
841 Bishop Street, Suite 2001  
Business Address  
Honolulu, Hawaii 96813

Phone: 521-4757  
(Business)

\* The Developer is not a registered condominium managing agent and does not have the required bond as specified under Chapt. 514A, Hawaii Revised Statutes. The Developer will not be able to operate as a condo managing agent until he is properly licensed and registered with the Real Estate Commission. If the Developer does not register as a condominium managing agent (CMA) or a CMA is not appointed and registered, then, the Project will be considered self-managed.

**CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances - Document No. 92-178826  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court - Document No. 1967388

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

**Amendment No. 1 to Declaration of Condominium Property Regime dated December 21, 1992, recorded as Document No. 1984470 on December 29, 1992.**

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

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 1767  
 Filed - Land Court Condo Map No. 934

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

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

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances - Document No. 92-178826  
 Filed - Land Court Condo Map No. 1967389

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

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

**See attached Exhibits "A" and "B"**





[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 47-377B Kamehameha Highway Tax Map Key: (1) 4-7-9:6 & 33  
Kaneohe, Hawaii 96744 (TMK)

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

Land Area: 13,814 [ x ] square feet [ ] acre(s) Zoning: **R-5**

Lessor  
(Fee Owner): Sylvia Krewson Leck  
Name

47-377B Kamehameha Highway  
Address

Kaneohe, Hawaii 96744

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

\_\_\_\_\_  
Address

\_\_\_\_\_

C. Buildings and Other Improvements:

1.  New Building(s)  Conversion of Existing Building(s)  
 Both New Building(s) and Conversion

2. Number of Buildings: 2 Floors Per Building 1

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

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

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

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

5. Special Use Restrictions:

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

[ ] Pets: \_\_\_\_\_

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

[ ] Other: \_\_\_\_\_

[ x ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators -0- Stairways -0- Trash Chutes -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>Dwelling A</u>	<u>1</u>	<u>3/1</u>	<u>1,300</u>	<u>Decks: 313</u>
<u>Dwelling B</u>	<u>1</u>	<u>3/1-1/2</u>	<u>1,092</u>	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Dwelling.

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each units)	<u>4</u>	_____	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>4</u>	_____	_____	_____	_____	_____	_____

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool     Storage Area     Recreation Area

Laundry Area     Tennis Court     Trash Chute

Other: \_\_\_\_\_

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

There are no violations.     Violations will not be cured.

Violations and cost to cure     Violations will be cured by \_\_\_\_\_ are listed below.

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):

The present condition of all structural components for Dwelling B appears to be in good structural condition.

With respect to Dwelling A, it appears to be in fair structural condition, except as follows: (a) the exterior stairway at the left side of the Dwelling is damaged by termites and rot; (b) the mauka corner is sagging about 3-1/2 inches; (c) the guardrails and the handrail are missing; and (d) the carport and driveway appurtenant to said Dwelling A lack all-weather surface.

The mechanical and electrical installation material to the use and enjoyment of the Project appears to be good.

No warranty is made as to the expected useful life of the Project.

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:

Variance No. 69/ZBA-140 was approved for the construction of a single family dwelling. However, this dwelling was never constructed. See attached letter (Exhibit I) from Building Department of the City and County of Honolulu dated October 13, 1992.

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

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

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

\* Dwelling B sideyard (see Exhibit "I")

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

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

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

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

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

described in Exhibit     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.

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

[ x ] described in Exhibit D

[ ] as follows:

Note: Reference in said Exhibit D to "Dwelling Areas" A and B 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 \_\_\_\_\_.

[ x ] as follows:

Dwelling A	-	50%
Dwelling B	-	50%

If Dwelling C is added to the Project, then upon creation of Dwelling C, the common interest for Dwelling A and Dwelling C shall be changed so that the revised common interest shall be determined by having as its denominator the total area of Dwelling Area A prior to creation of Dwelling C and having as its numerator the area of the Land exclusively appurtenant to Dwelling A or Dwelling C, as the case may be, expressed as a percentage. The common interest for Dwelling B will remain unchanged.

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 F describes the encumbrances against the title contained in the title report dated November 6, 1992 and issued by Hawaii Escrow & Title, 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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his 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:

Purchaser understands that Dwelling A was built in 1922 and Dwelling B was constructed approximately in 1961. Seller is selling the Project together with the appliances and other personal property in "as is" condition. The Seller is giving no warranties to Purchaser with respect to the construction, materials or workmanship 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 Estimated Completion Date:

Dwelling A was constructed in 1922.

Dwelling B was constructed approximately in 1961.

H. Project Phases:

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

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

The Developer has reserved the right until December 31, 2020, to amend the Declaration and the Condominium Map by adding one additional dwelling unit which would be known as "Dwelling C". The exact location, size, dimensions and other features of Dwelling C are at the discretion of the Developer but are subject to Paragraph 19.3 of the Declaration.

The Developer has also reserved the right to consolidate the Land and to re-subdivide it into two (2) lots, and to amend the Declaration following such subdivision to remove all or a portion of the Land from under the provisions of a condominium property regime. The procedure for subdivision and removal is set forth in Paragraph 19.2 of the Declaration.



IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer
- the developer or 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, your apartment may be liened and 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).

See attached Disclosure Abstract (Exhibit H)

C. Utility Charges for Apartments:

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

- None       Electricity       Gas     Water
- Sewer       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

[ x ] Specimen Sales Contract

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

[ x ] Escrow Agreement dated October 28, 1992

Exhibit G 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, 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 condominium 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 given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Law (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 and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107) are available at the Cashier's Office, Department of Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541 Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2750 filed with the Real Estate Commission on November 12, 1992.

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C. Additional Information Not Covered Above

The specimen Sales Contract provided that the Developer states in part that the Purchaser of Dwelling A and the purchaser of Dwelling B understand that the Apartments and the Project are being sold in "as is" condition. The existence of any defect in the Apartments or anything installed thereon shall not excuse the Purchaser's obligation to perform all of his obligations under this contract.

The Specimen Sales Contract further states that the Purchasers will not have the right to file any lawsuit for damages against the Seller for any defects in Dwelling A and Dwelling B or in the Project.

D. 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.

SYLVIA KREWSON RECK

Name of Developer

By Sylvia Krewson-Reck January 20, 1992  
Duly Authorized Signatory Date

Sylvia Krewson Reck

print name & title of person signing above

Distribution:

Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu  
Federal Housing Administration

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraph 20 of the Declaration states the general rule:

"Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Dwelling Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such Owners or by the proper officers of the Association."

2. Exceptions to General Rule:

(a) Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Bureau of Conveyances of the State of Hawaii of a conveyance of a Dwelling, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Dwelling purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, apartment numbers, and the dimensions of an improvement or change in a Dwelling as built; or (ii) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number.

(b) Notwithstanding the foregoing, the Owner of any Dwelling shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to a Dwelling in accordance with Paragraph 19.1 of this Declaration (which is described in Exhibit "B" of this Public Report). Paragraph 19.1 of the Declaration allows each Owner to make certain changes.

(c) Notwithstanding the foregoing, the Declarant shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to the Land in accordance with Paragraph 19.2 of this Declaration (which is described in Exhibit "B" of this Public Report).

(d) Notwithstanding the foregoing, the Declarant shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the addition of the Additional Dwelling in accordance with Paragraph 19.3 of this Declaration (described in Exhibit "B" of this Public Report).

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 19.1 of the Declaration states:

"Each Dwelling Owner, with the consent of any holder of any mortgage affecting the Owner's Dwelling, shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all liens affecting his Dwelling, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Dwelling or portions thereof or to make improvements including without limitation, garages or additional parking areas upon the Dwelling Area appurtenant to the Dwelling (collectively, the foregoing are referred to "changes") subject to the following conditions:

(a) All building plans for any such changes shall be prepared by a licensed architect or professional engineer and conform with County building and zoning laws and other applicable County ordinances.

(b) Any change to a Dwelling must be made within the Dwelling Area to which the Dwelling is appurtenant;

(c) No change to a Dwelling will be made if the effect of such change would be to exceed the Dwelling's proportionate share of the allowable floor area or Lot area coverage for the Land, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made. The proportionate share for each Dwelling shall be the same as its common interest;

(d) All such changes shall be at the expense of the Dwelling Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Dwelling Owner's use of his Dwelling Area;

(e) No additional dwelling unit may be constructed on Dwelling Area B without the prior written consent of the Owner of Dwelling A.

(f) During the entire course of such construction, the Dwelling Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(g) The Dwelling Owner making such change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Dwelling affected by such change for electricity, sewer and

other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project;

(h) Each and every conveyance, lease and mortgage or other lien made or created on any Dwelling and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to all Dwelling Owners the rights set forth in this paragraph; and

(i) To the extent that joinder of any Dwelling Owner or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in Paragraph 19.1, such joinder shall be accomplished by power-of-attorney in favor of the Owner making such change from each of the owners, lien holders or such other parties, the acquiring or acceptance of ownership in a Dwelling or of a lien covering a Dwelling or of any other interest in the Project or Property subject to this Declaration being a grant of such power, and the grant being coupled with an interest, being irrevocable.

2. Paragraph 19.2 of the Declaration further states:

"Declarant's Reserved Right to Consolidate the Land and to Re-subdivide into Lots A and B.

(a) Notwithstanding anything to the contrary set forth in this Declaration, the Declarant reserves the right without the joinder of any owner or any other person at any time and from time to time to cause the Land to be consolidated and to be re-subdivided into two lots. One lot (hereinafter "Lot A") shall contain approximately 7,500 square feet and shall include approximately the area which is presently Dwelling Area A and a portion of Dwelling Area B to provide for sufficient access from Lot A to Kamehameha Highway if required in order to obtain subdivision approval. The other Lot (hereinafter "Lot B") shall consist of the remainder of the Land and shall include approximately the area which is presently Dwelling Area B, excluding therefrom a portion to provide access between Kamehameha Highway and Lot A as aforesaid. The area shown as "common area" on the Condominium Map may be included as part of Lot A or Lot B at the option of the Owner of Dwelling A, provided that both Lots shall continue to have easement rights and use said driveway for access to and from Kamehameha Highway.



(b) In connection with the subdivision of the Land, the Declarant without the joinder of any owner or any other person may execute and deliver (on behalf of all of the Dwelling Owners and their respective mortgagees, if necessary) all applications, petitions, amendments to the Declaration, and other instruments which the Declarant deems necessary or desirable (including without limitation documents to be filed or recorded with the Department of Land Utilization of the City and County of Honolulu, the Recording Office, other governmental agencies or private parties). The Declarant shall have the right also without the consent or joinder of any other person to take such actions in connection therewith. The form and content of such instruments or the taking of such actions shall be in the sole and absolute discretion of the Declarant and his or her delivery of such instrument or the taking of such action shall be sufficient determination.

(c) In connection with the foregoing, the Declarant shall have the right, without being required to obtain the consent or joinder of any person, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Project, (i) to amend the Declaration and the Condominium Map to describe and depict the Land as modified by consolidation and re-subdivision; (ii) to remove a portion of the Land (including the Dwelling located thereof) from the Condominium Property Regime; (iii) to create additional common and limited common elements and easements as appurtenant to the remaining Dwelling in the Project or to the subdivided lot being removed; (iv) to determine and describe the common interest and percentage of expenses effective upon such subdivision and to set forth such other matters necessary or desirable to effect any such alteration in the Project; (v) to re-constitute a new condominium project upon any portion of the Land not being removed from the condominium property regime; and (vi) to amend any prior instrument of conveyance of an apartment and undivided interest so as to conform the same to the Declaration, as so amended.

(d) After the subdivision of the Land into Lot A and Lot B, each of the Dwelling Owners and their respective mortgagee(s) shall cause to be conveyed free of any mortgage liens Lot A to the Owner of Dwelling A and Lot B to the Owner of Dwelling B.

(e) To the extent that joinder of any Dwelling Owner or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in this Paragraph 19.2, such joinder shall be accomplished by power-of-attorney in favor of the Declarant from each of the owners, lien holders or such other parties, the acquiring or

acceptance of ownership in a Dwelling or of a lien covering a Dwelling or of any other interest in the Project or Property subject to this Declaration being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(f) This Paragraph 19.2 may not be amended without the consent of the Declarant.

(g) By accepting or acquiring any right, title or interest in the Project or the Property subject to this Declaration, each Dwelling Owner, lien holder or other person having any interest in the Project or Property agrees that he shall, if required by law or by the Declarant, join in, consent to, or execute all instruments or documents necessary or desirable to effect the consolidation and re-subdivision of the Land and amendment of the Declaration and Condominium Map as provided for in this Paragraph 19.2."

3. Paragraph 19.3 of the Declaration further states:

"Declarant's Reserved Right to Add Dwelling C.

(a) Notwithstanding anything to the contrary contained in this Declaration, the Declarant shall have the right at any time up to but not later than December 31, 2020, to add to the Project an additional dwelling to be known as "Dwelling C" or the "Additional Dwelling", subject to the following conditions.

(i) The Additional Dwelling must be made located on Dwelling Area A.

(ii) The improvements constituting the Additional Dwelling shall be subject to sole and absolute discretion of the Owner of Dwelling A.

(iii) if the Additional Unit shall require any construction, then all building plans for the Additional Dwelling shall be prepared by a licensed architect or professional engineer and, in any event, the construction of the Additional Dwelling shall conform with County building and zoning laws and other applicable County ordinances.

(iv) The net living areas of the Additional Dwelling shall not exceed 2,500 square feet, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made.

(v) All costs related to the Additional Dwelling shall be at the expense of the Declarant and shall be expeditiously made and in a manner that will not unreasonably interfere with other Dwelling Owner's use of his Dwelling Area.

(vi) During the entire course of any such construction, the Declarant will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any.

(vii) The Declarant shall, prior to commencement of construction, notify the other Owners and shall inform them of the intended improvements and the timing thereof. The Declarant shall provide reasonable assurance to the other Owners that the Declarant is financially able to make all payments to complete the improvements and that no mechanics' or materialmen's liens are likely to affect the interest of the Owners of other Dwellings. The Declarant shall indemnify and hold harmless the other Owners against any loss, liability, damage or expense incurred or suffered by them or any of them arising out of or connected in any way with the addition of Dwelling C or the construction thereof.

(b) In connection with the addition of Dwelling C, the Declarant has the right, without being required to obtain the consent or joinder of any person, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Project,

(i) to amend this Declaration and the Condominium Map to describe and depict the Additional Dwelling, to establish Dwelling C (as the apartment number for the additional apartment) to create additional common and limited common elements and easements as appurtenances to the additional apartment and/or to the other apartments in the Project, to determine and describe the common interest and percentage of expenses appurtenant to the additional apartment, to reduce the common interests appurtenant to the other apartments located on Dwelling Area A in accordance with paragraph 6.2 of this Declaration, to declare that the additional apartment may be used for those purposes allowed by Section 9 of the Declaration, to file the "As Built" Certificate required by the Act upon completion of construction for the Additional Dwelling, and to set forth such other matters necessary or desirable to effect any such alteration in the Project;

(ii) to amend any prior instrument of conveyance of an apartment and undivided interest so as to conform the same to the Declaration, as so amended; and

(iii) to go and to have its contractor or contractors go upon the Property and the Project as necessary for the construction of the Additional Dwelling; provided that the Declarant shall use

reasonable efforts, consistent with maintaining the progress of such construction, shall be made to avoid interference with the use and enjoyment of the Project by the other Dwelling Owners.

(c) To the extent that joinder of any Dwelling Owner or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the limited purposes set forth in this Paragraph 19.3, such joinder shall be accomplished by power-of-attorney in favor of Declarant from each of the Owners, lien holders or such other parties, the acquiring or acceptance of ownership in a Dwelling or of a lien covering a Dwelling or of any other interest in the Project or Property subject to this Declaration being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(d) The Declarant shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Dwelling affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project;

(e) Each and every conveyance, lease and mortgage or other lien made or created on any Dwelling and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to all Dwelling Owners the rights set forth in this paragraph.

(f) This Paragraph 19.3 may not be amended without the written consent of the Declarant.

(g) The Declarant shall have the right to assign, mortgage or otherwise transfer or encumber its rights in Paragraph 19.3 to add the Additional Dwelling, and any income or other financial benefit therefrom shall accrue solely to the benefit of the Owner of Declarant.

(h) By accepting or acquiring any right, title or interest in the Project or the Property subject to this Declaration, each apartment owner, lien holder or other person having any interest in the Project or Property agrees that he shall, if required by law or by the Developer, join in, consent to, or execute all instruments or documents necessary or desirable to effect the addition of the Additional Dwelling to the Project as provided for in Paragraph 19.3."

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

1. The Land in fee simple;
2. The roadway right of way which is designated on the Condominium Map as "common area";
3. All other portions of the Land and improvements not specifically heretofore designated as Units, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 5 of the Declaration designates:

1. Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Dwelling, and each Dwelling shall have appurtenant thereto exclusive easements for the use of such limited common elements. 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 immediately by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Dwelling A is located, consisting of the Land beneath and immediately adjacent to Dwelling A, as shown and delineated on the Condominium Map as "Dwelling Area A", together with the airspace above such site is for the exclusive benefit of Dwelling A.

(b) The site on which Dwelling B is located, consisting of the land beneath and immediately adjacent to Dwelling B, as shown and delineated on the Condominium Map as "Dwelling Area B", together with the airspace above such site is for the exclusive benefit of Dwelling B.

(c) The underground water spring located beneath Dwelling Area B together with the flowage of the water onto Dwelling Area B and all rights to take the water generated therefrom shall be for the exclusive benefit of Dwelling A.



EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT

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;

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 within ten (10) days and if Purchaser's application is not approved within forty-five (45) days after the application, 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 all escrow fees, notary and recording fees, cost of credit report, if any, any loan fee and the cost for preparing any notes and mortgages, the cost of any required title insurance, and appraisal fees and any obligations of purchaser to his mortgage lender. 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, and prepay real property taxes for the remainder of the tax year.

5. Closing. 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 within 90 days of the date of the Sales Contract. If Purchaser fails to close as required, then after ten (10) 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.

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 16); (b) Purchaser defaults under the Sales Contract (paragraph 5,2); or (c) Purchaser dies prior to Closing Date (paragraph 5.1). If



Seller cancels the Sales Contract, Escrow will return to Purchaser all of Purchaser's funds earlier deposited in the escrow, without interest.

6.1 If Purchaser defaults in making any of the payments or performing any of the obligations called for in the Sales Contract (including, but not limited to, Purchaser's making a mortgage loan application pursuant to paragraph 3 of the Sales Contract), and such default shall continue for ten (10) days after notice delivered personally or by mail by Seller to Purchaser, then, at the option of Seller, Purchaser shall lose any and all rights under the Sales Contract, and any amount paid toward the purchase price may be retained by Seller as liquidated damages, or may, at the option of Seller, be returned, less Purchaser's proportionate share of expenses to be determined solely by Seller.

7. No Present Transfer and Subordination to Construction Loan. The Sales Contract may be subject to existing loans and any security interest obtained by Lender is prior and senior to any rights arising under the Sales Contract. 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 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.

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 (paragraphs 6.1 and 6.3).

b. The Purchaser may 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 7.1).

c. Purchaser fails to qualify for permanent financing (paragraph 16).

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow & Title, 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 "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: HALE NA'AUAO OKA AINA EA  
47-377B Kamehameha Highway  
Kaneohe, Hawaii 96744
- (b) DEVELOPER: SYLVIA KREWSON RECK  
47-377B Kamehameha Highway  
Kaneohe, Hawaii 96744  
Telephone: (808) 239-6021
- (c) MANAGING AGENT: Sylvia Krewson Reck

\* The Developer is not a registered condominium managing agent and does not have the required bond as specified under Chapt. 514A, Hawaii Revised Statutes. The Developer will not be able to operate as a condo managing agent until he is properly licensed and registered with the Real Estate Commission. If the Developer does not register as a condominium managing agent (CMA) or a CMA is not appointed and registered, then the project will be considered self-managed.

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

Developer is not making any warranties relating to the materials and workmanship of the Project.

4. USE OF UNITS. The Hale Na'auao Oka Aina Ea Condominium Project will consist of two (2) unit(s) which will ultimately 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 a report prepared by EDWARD A. RESH, Registered Professional Architect, the Developer states:

- a. The present conditions of all structural components relating to Dwelling B appears to be in good structural condition. With respect to Dwelling A, it appears to be in fair structural condition except as follows: (a) the exterior stairway at the left side of the Dwelling is damaged by termites and rot; (b) the mauka corner is sagging about 3-1/2 inches; (c) the guardrails and the handrail are missing; and (d) the carport and driveway appurtenant to said Dwelling A lack all-weather surface. The mechanical and electrical installation material to the use and enjoyment of the Project appears to be good.

b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

ESTIMATED OPERATING EXPENSES

For Period November 1, 1992 to October 31, 1993  
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance and	
*Water/Sewer and Electricity:	\$-0-
**Fire/Liability Insurance:	\$444.00
Management Fee:	\$-0-
Miscellaneous:	\$-0-
 TOTAL ANNUAL EXPENSES	 \$444.00

Estimated Monthly Expenses

(\$444 ÷ 12 months): \$ 37.00

Estimated Monthly Maintenance Fee for Each Apartment:

Estimated Monthly Expenses:	\$ 18.50
 TOTAL MONTHLY MAINTENANCE FEE FOR EACH APARTMENT:	 \$ 18.50

Note:       \*   All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.

             \*\*   It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and naming the Association of Apartment Owners as an additional insured. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association to be shared by the Apartment Owners. If it is necessary for the Association to have its own fire insurance, the cost thereof will be shared in accordance with the replacement value of each Apartment.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

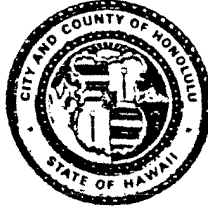
  
SYLVIA KREWSON RECK

"Developer"

BUILDING DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

HONOLULU MUNICIPAL BUILDING  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813

EXHIBIT "I"



FRANK F. FASI  
MAYOR

HERBERT K. MURAOKA  
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR  
DEPUTY

Ex92-122

October 13, 1992

Mr. Jeffrey S. Grad  
Attorney at Law  
Suite 2001, Davies Pacific Center  
841 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project  
47-377 B Kamehameha Highway  
Tax Map Key: 4-7-09: 06 and 33

This is in reply to your letter dated July 15, 1992 requesting confirmation that the two detached single-family dwellings located at 47-377 B Kamehameha Highway met all code requirements at the time of construction.

Investigation revealed that the mauka detached single-family dwelling with two off-street parking spaces met code requirements when it was constructed in 1961.

The carport/storage building with a 3-foot-5-inch side yard is less than the 5 feet required by the code.

Investigation also revealed there is no record of any building permit for the construction of the makai detached single-family dwelling. The exterior stairway at the left side of this building is extensively damaged by termites and rot and the mauka corner is sagging about 3-1/2 inches. Also, the guardrails and the handrail are missing. The carport and driveway lack all-weather surface.

The current zoning code allows two single-family dwellings on this lot.

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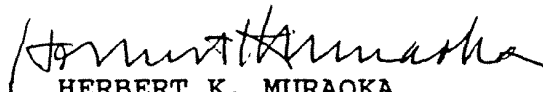
A variance, No. 69/ZBA-140, was approved for the construction of a single-family dwelling. However, this dwelling was never constructed.

For your information, the Building Department cannot determine whether this project contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

No other variances or special permits were granted to allow deviations from any applicable codes.

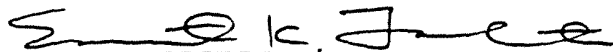
If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at 527-6341.

Very truly yours,



HERBERT K. MURAOKA  
Director and  
Building Superintendent

Subscribed and sworn to  
before me this 14th day of  
October, 1992.



Notary Public, First Judicial Circuit  
State of Hawaii

My commission expires: June 21, 1995