

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Barbara L. O'Dor
Address: 1156 Victoria Avenue, Stockton California 95203

Project Name (\*): 1068 AND 1068 A MAUNAWILI ROAD
Address: 1068 & 1068 A Maunawili Road, Kailua, Honolulu, Hawaii 96734

Registration No. 5769
(Conversion)

Effective date: September 29, 2005
Expiration date: October 29, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(\*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30286/986/189/1190/892/0197/1098/0800/0203/0104

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

Required and attached to this report

Not Required - Disclosures covered in this report.

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

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

The Developer discloses the following:

The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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 (page 15).

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

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Barbara L. O'Dor  
Name\*  
1156 Victoria Avenue  
Business Address  
Stockton, California 95203

Phone: 209-953-8391  
(Business)

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

n/a  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate  
Broker\*:

Helen K. Daniels  
Danielsen Properties, Inc.  
46-001 Kamehameha Hwy, Ste. 317D  
Kaneohe, Hi 96744

Phone: 808-235-1500

Escrow\*:

Title Guaranty Escrow Services, Inc.  
235 Queen Street, Honolulu, Hi 96813

Phone: 808-521-0211

General  
Contractor\*:

N/A  
\_\_\_\_\_

Phone: \_\_\_\_\_

Condominium Managing

Agent\*:

Project will be self managed by the Association  
Of Apartment Owners

Phone: \_\_\_\_\_

Business Address  
\_\_\_\_\_

Attorney for  
Developer\*:

Terry L. Day  
3283 Beaumont Woods Place  
Honolulu, Hawaii 96822

Phone: 808-988-9493

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

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. 2005-144789  
Book \_\_\_\_\_ Page \_\_\_\_\_

Filed - Land Court: Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. 4036  
 Filed - Land Court Condo Map No. \_\_\_\_\_

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

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

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. 2005-144790  
Book \_\_\_\_\_ Page \_\_\_\_\_

Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed     Adopted     Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

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

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

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

For Sub-leaseholds:

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

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

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

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

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

Lease Term Expires: Rent Renegotiation Date(s):

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

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



**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: 1068 and 1068 A Maunawili Road  
Kailua, Hawaii 96734

Tax Map Key (TMK): 1<sup>st</sup> Division 4-2-07:19

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

Land Area: 16,867  square feet  acre(s) Zoning: R-7.5

Fee Owner: Name Barbara L. O'Dor  
 Address 1156 Victoria Avenue, Stockton, California 95203  
 Lessor: Name N/A  
 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: Unit 1068: 1 floor, Unit 1068 A: 2 floors  
 Exhibit contains further explanations.

3. Principal Construction Material:  
 Concrete  Hollow Tile  Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

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

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

5. **Special Use Restrictions:**

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

Pets: Pets are permitted – refer to Article V, section 5.3(9) of the Bylaws

Number of Occupants: \_\_\_\_\_

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

There are no special use restrictions: \_\_\_\_\_

6. **Interior** (fill in appropriate numbers):

Elevators: 0 Stairways: Unit 1068 A – 1 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>Unit 1068</u>	<u>1</u>	<u>4/2</u>	<u>1,487</u>	<u>440/144</u>	<u>carport/lanai</u>
<u>Unit 1068 A</u>	<u>1</u>	<u>1/1</u>	<u>694</u>	<u>123/96</u>	<u>decks</u>
				<u>96</u>	<u>storage sheds</u>

Total Number of 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 Unit.

Permitted Alterations to Apartments:

See attached Exhibit "I"

Apartments Designated for Owner-Occupants Only:

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

7. **Parking Stalls:**

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit) <u>2</u> *							<u>4</u>
	(Unit 1068)	(Unit 1068 A)					
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	<u>4</u>		<u>0</u>		<u>0</u>		<u>4</u>

Each apartment will have the exclusive use of at least 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.

\*Unit 1068 A has ample parking for two vehicles within its limited common element area. Said parking is considered non-conforming (see note on page 20).

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

There are no recreational or common facilities.

Swimming pool       Storage Area       Recreation Area

Laundry Area       Tennis Court       Trash Chute/Enclosure(s)

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

9. **Compliance With Building Code and Municipal Regulations: Cost to Cure Violations:** (See Exhibit H)

There are no violations.       Violations will not be cured.

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

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

The present condition of all structural components and mechanical and electrical installation material to the use and enjoyment of the Project appears to be good, subject to wear and tear. No warranty is made as to the expected useful life of the Project. The foregoing statement is based on an inspection report prepared by Edward A. Resh, Architect No. 3239, dated July 18, 2005. (See Exhibit J)

11. **Conformance to Present Zoning Code (See Exhibit H)**

- a.  No variances to zoning code have been granted.  
 Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

\*Non-conforming parking may be continued unless the use of the Project is changed to a use which requires greater parking or if an apartment is increased in size so that it would require an additional parking space. (See Exhibit H)

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 B

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit C\*

as follows:

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

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

described in Exhibit

as follows: Each unit and its owner(s) shall have appurtenant thereto a one-half (1/2) fractional (50%) interest in the common elements of the Project for all purposes including voting, said interest is referred to as "common interest".

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

Exhibit D describes the encumbrances against the title contained in the title report dated July 29, 2005 and issued by Title Guaranty Escrow Services, 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>
Mortgage	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should a lender terminate Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.

**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:

Improvements are sold "AS IS".

2. Appliances:

Appliances are sold "AS IS".

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

Unit 1068 dwelling was completed in 1965.  
Unit 1968 A dwelling was completed in 1972.

**H. Project Phases:**

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

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



#### IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer  the Developer or Developer's affiliate  
 self-managed by the Association of Apartment Owners  Other:

- B. **Estimate of Initial Maintenance Fees:**

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

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

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

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

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

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

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

\*See Page 20

## V. MISCELLANEOUS

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

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated August 8, 2005.

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

Other

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

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

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

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

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

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

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

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

C) One of the following has occurred:

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

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

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

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

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

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

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

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

This Public Report is a part of Registration No. 5769 filed with the Real Estate Commission on August 22, 2005.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

**NON-CONFORMITIES:**

The Project contains a non-conforming gravel driveway and parking spaces located in the limited common area belonging to Unit 1068 A. These non-conforming "structures" may remain, but if such a structure is substantially destroyed it must be rebuilt so that it conforms with the present law. The non-conforming parking spaces may continue as such unless the use of the Project is changed to a use which requires greater parking or if Unit 1068 A is increased in size so that it would require an additional parking space(s). Other changes to Unit 1068 A may also require that the non-conforming parking and driveway be rebuilt to conform with the present law. A PROSPECTIVE PURCHASER SHOULD INVESTIGATE THE LEGAL REQUIREMENTS WITH RESPECT TO THE NON-CONFORMING PARKING AND DRIVEWAY IN THE EVENT OF CHANGES TO THE UNIT.

**LEAD WARNING STATEMENT:**

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

**HAZARDOUS MATERIALS:**

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

**ACCESS TO PUBLIC ROAD OR HIGHWAY:**

Both Units have direct access to Maunawili Road, a public roadway.

C. Additional Information Not Covered Above (continued):

SEWER & WATER:

Unit 1068 is connected to City and County of Honolulu water and sewer lines. Unit 1068A has a private sewage pump system that connects to Unit 1068's sewer line. Water is provided to Unit 1068 and 1068 A by the City and County of Honolulu Board of Water Supply. Both Units share a water/sewer meter located at Unit 1068, and Unit 1068 receives the monthly bills for both Units. The charges for each unit are calculated on the number of persons residing in each unit, and each unit owner(s) shall be responsible for the respective unit's share of these charges. Upon receipt of a copy of the monthly billing from Unit 1068, Unit 1068 A shall pay its portion of the bill to Unit 1068, by way of a check made payable to the Board of Water Supply.

ELECTRICITY:

Each Unit has an electrical meter located at Unit 1068. Unit 1068 is billed for the electrical usage for both units. Upon receipt of a copy of the monthly billing from Unit 1068, Unit 1068 A shall pay its portion of the bill to Unit 1068, by way of a check made payable to the electric company. If Unit 1068 A wishes to obtain its own meter located on its limited common element, the costs and expenses of doing so shall be borne solely by the owner of Unit 1068 A.

**EACH UNIT OWNER SHALL BE SOLELY RESPONSIBLE AND LIABLE FOR HIS/HER UNIT'S WATER, SEWER, AND ELECTRICAL MONTHLY EXPENSES, AND THE UNIT OWNERS SHALL INDEMNIFY, DEFEND, AND HOLD EACH OTHER HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF THE RESPECTIVE UNIT'S WATER, SEWER, AND ELECTRICAL COSTS AND EXPENSES.**

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

BARBARA L. O'DOR  
Printed Name of Developer

By: Barbara L. O'Dor 7-9-05  
Date

Barbara L. O'Dor  
Printed Name & Title of Person Signing Above

Distribution:  
Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu

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

## DESCRIPTION OF INDIVIDUAL UNITS

### Exhibit A

Description of Units and Adjacent Areas. Two freehold estates are hereby created and designated, and hereinafter referred to as "condominium units" (also referred to herein as "unit" or "units"). Specifically, the two estates so created and designated are referred to hereinafter as "Unit 1068" and "Unit 1068 A". Unless provided otherwise herein, each individual condominium unit is comprised of all of the structures and/or other improvements physically located or to be located on the land area appurtenant to said unit, as designated and defined in subparagraphs 3(a) and 3(b) herein. Said condominium units are or will be located as shown and designated on the Condominium Map, the number of which is noted above. The units are described as follows:

(a) "Unit 1068" will consist of (i) an eight (8) room, single story, single wall, wood frame dwelling with a living area of approximately 1487 square feet, a carport with an area of approximately 440 square feet, and a lanai area of with a net area of approximately 144 square feet, with no basement, and (ii) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to the above-described improvements, the owner thereof is permitted, if allowed by law, to build any permitted structures on the land area appurtenant to said unit, provided that said structures comply with all applicable building codes and zoning ordinances. The costs and expenses of any such future construction shall be borne solely by the owner of said unit.

(b) "Unit 1068 A" will consist of (i) a four (4) room, two story, single wall, wood frame dwelling with a living area of approximately 687 square feet, and a first floor deck with an area of 123 square feet, and a second floor deck with an area of 96 square feet, with no basement, (ii) one wooden storage shed with an area of 64 square feet, (iii) one wooden storage shed with an area of 32 square feet, and (iv) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to the above-described improvements, the owner thereof is permitted, if allowed by law, to build any permitted structures on the land area appurtenant to said unit, provided that said structures comply with all applicable building codes and zoning ordinances. The costs and expenses of any such future construction shall be borne solely by the owner of said unit.

## DESCRIPTION OF COMMON ELEMENTS

### Exhibit B

Common Elements. One freehold estate is hereby designated in all portions of the Project other than the units (except as herein specifically included), these portions of the Project being herein referred to as the "common elements", including specifically, but not limited to:

- (a) The land in fee simple;
- (b) All ducts, pumps, pipes, wires, conduits or other utility lines running over, under or through any unit or any limited common element appurtenant thereto which are utilized by or serve more than one unit and other central and appurtenant installations for common services, if any, including water, power, light, sewage, irrigation and telephone;
- (c) Any and all other apparatus, installations and/or facilities in common use and all other parts of the Property necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use;
- (d) Each unit shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes of ingress to, egress from, utility services for, and support, maintenance and repair of such unit, and in the other common elements of the Project for use according to their respective purposes. When applicable, each unit shall also have appurtenant thereto easements in the other unit(s) for the purposes of utility service for, and the maintenance and repair of said utility services, including but not limited to electricity, gas, water, sewage, telephone and television cable;
- (e) The limited common elements described in Exhibit C.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of record against any condominium unit(s).



**DESCRIPTION OF LIMITED COMMON ELEMENTS**

**Exhibit C**

Limited Common Elements. Certain parts of the common elements, herein referred to as the "limited common elements", are hereby set aside and reserved for the exclusive use of certain units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) Limited common element areas:

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
1068	10,657 square feet
1068 A	6,210 square feet

(b) One mailbox shall be appurtenant to and for the exclusive use of each Unit;

(c) All pipes, wires, conduits, and other utility and service lines not contained within a unit but used by and servicing only that unit shall be a limited common element appurtenant to and for the exclusive use of the unit using and serviced by such pipes, wires, conduits, and other utility and service lines; and

(d) All other common elements of the Project which are rationally related to less than all of said units shall be limited to the use of such units to which their use is rationally related;

Except for liability created by negligence or intentional actions, all costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

## **ENCUMBRANCES AGAINST TITLE**

### **Exhibit D**

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Easement 43 (5-feet wide) for storm drain purposes, as shown on File Plan No. 914.
3. Utility easement in favor of Hawaiian Electric Company, Inc., and Hawaiian Telephone Company, now known as Hawaiian Telcom, dated January 15, 1965, and recorded in Liber 4960, Page 103.
4. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as set for in the Declaration, dated June 26, 1987, and recorded in Liber 20825, Page 494.
5. A mortgage to secure an indebtedness of the amount stated herein, and any other amounts payable under the terms thereof dated May 20, 2002, in the amount of \$218,000.00, recorded/filed June 3, 2002, as Document No. 2002-096717, in favor of Mortgage Electronic Registration Systems, Inc. as nominee for Countrywide Home Loans, Inc.
6. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS AND EASEMENTS, BUT OMITTING ANY COVENANTS OR RESTRICTIONS IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGINAL UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS, AS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME.

### **DECLARATION OF CONDOMINIUM PROPERTY REGIME OF 1068 AND 1068 A MAUNAWILI ROAD**

Dated: July 9, 2005  
Document No. 2005-144789

Condominium Map No. 4036

**7. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF 1068 AND 1068 A MAUNAWILI ROAD**

Dated: July 9, 2005  
Document No. 2005-144790  
to which reference is made

8. MATTERS AS SHOWN ON CONDOMINIUM MAP NO. 4036, FILED IN THE BUREAU OF CONVEYANCES.

9. ANY AND ALL EASEMENTS ENCUMBERNG THE APARTMENTS HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENAT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION AND/OR IN SAID APARTMENT DEED, AND/OR AS DELINEATED ON SAID CONDOMINIUM MAP.

**END OF EXHIBIT D**

## SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

### Exhibit E

The sales contract consists of two documents: the current form of the HAR Standard Deposit Receipt Offer and Acceptance ("DROA") and a document attached to the DROA which is entitled "Special Provisions to the DROA".

1. Description of the Property to be conveyed. Fee simple title to the Unit, together with the furnishings and appliances, if any, described in the DROA and the undivided interest in the common elements set forth in the DROA. Title will be conveyed subject to the encumbrances of record.
2. Purchase Price and Terms. The purchase price for the Unit as set forth on page 2 of the DROA is to be paid in the method and at the times set forth in the DROA. This may include payment of (a) an initial deposit; (b) an additional cash deposit if set forth in the DROA; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.
3. Financing of Purchase. Paragraph C-24 of the DROA (if selected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application is made, then either Seller or Buyer may cancel the Sales Contract. Upon such a cancellation, Buyer's deposits will be refunded by escrow without interest.
4. Closing costs. Closing costs and escrow fees are to be shared in accordance with the DROA. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.
5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 3 of the DROA which is expected to occur within 90 days of the date of the Sales Contract.
6. No Present Transfer. The Sales Contract may be subject to an existing blanket loan or loans, and any security interest now or hereafter obtained by a lender of Seller is or will be prior and senior to any rights of the Buyer arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.

Notwithstanding that the Sales Contract may be subordinate to a blanket lien, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Unit to Buyer at closing free and clear of any blanket lien.

7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if paragraph C-24 of the DROA is selected); (b) Buyer defaults under the Sales Contract (paragraph 5(b) of the Special Provisions); or (c) Buyer dies prior to Closing Date (paragraph 5(a) of the Special Provisions). Pursuant to paragraph 5(b) of the Special Provisions, if Buyer fails to close as required, then after ten (10) days following Seller's notice of Buyer's default, if Buyer has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Buyer 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 Buyer shall be borne by the Buyer. Time is of the essence with respect to the Sales Contract.

8. Rights of the Buyer to Cancel the Sales Contract. The Buyer 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 Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Buyer does not act within the thirty (30) day period, or if the Unit is conveyed to the Buyer, Buyer 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 of the Special Provisions).

b. The Buyer 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 Buyer's Unit or the amenities available for the Buyer's use (paragraph 7(a) of the Special Provisions).

c. Buyer fails to qualify for permanent financing if paragraph C-24 of the DROA has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges that he or she has examined (and agrees to be bound by) the following:

- a. The Condominium Map (including floor plans, exterior elevations and site map for the Project);
- b. Escrow Agreement;
- c. The Declaration of Condominium Property Regime and the By-laws of the Association of Apartment Owners;
- d. Specimen form of the Apartment Deed; and
- e. The Final Public Report, an effective date having been issued by the Real Estate Commission of the State of Hawaii.

10. Paragraph 11 of the Special Provisions contains an "as is" clause whereby Seller disclaims all warranties relating to construction, design, materials or workmanship of the Unit being bought and the Project. Buyer is cautioned to have his own inspection of the property and the Unit.

***THE SUMMARY CONTAINED IN THIS EXHIBIT IS MERELY A SUMMARY AND IS NOT INTENDED TO BE A SUBSTITUTE FOR THE BUYER'S CAREFUL REVIEW OF THE SALES CONTRACT.***

## **EXHIBIT F**

### **SUMMARY OF CONDOMINIUM ESCROW AGREEMENT**

1. Sales Contracts Deposited in Escrow. As and when Developer shall enter into a sales contract for the sale of a unit, Developer shall deliver an executed copy of such sales contract to Escrow.

2. Receipt of Funds by Escrow. Developer shall pay over to Escrow any monies received by Developer from purchaser under sales contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers.

3. Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued a Final Report on the Project; provided, however, to the extent any sales contracts are entered into and a purchaser's funds are obtained prior to the issuance of a Final Public Report of the Real Estate Commission, no disbursements shall be made from such purchaser's funds until (i) such Final Public Report shall have been issued; and (ii) the purchaser shall have been given a copy of said Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same and Developer's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective; and

(b) Developer or Developer's attorney shall have delivered a written opinion to Escrow stating that the requirements of Sections 514A-62 and 514A-63, Hawaii Revised Statutes, as amended, have been met; and, if the project is a conversion project, that requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been complied with; and

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

(d) Developer shall have delivered to Escrow a certificate from Developer's architect stating that the project is in compliance with the Federal Fair Housing Amendments Act of 1988.

4. Return of Funds and Documents. A purchaser shall be entitled to a return of 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 the purchaser the funds of the 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 such purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

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

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of \$250.00) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) Notwithstanding any other provision in this Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow, if Developer and the purchaser shall so request in writing and any one of the following events has occurred:

- (i) No sales contract has been offered to the purchaser who has been placed on Developer's reservation list of owner-occupant applicants; or
- (ii) The purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for the purchaser's reserved unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which Developer is limited to selling to owner-occupants; or
- (iii) The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or
- (iv) The purchaser indicates an intent not to become an owner-occupant of such unit.

Except for cancellations under subparagraph (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

5. Purchaser's Default. If the purchaser fails to make any payment to Escrow which is required pursuant to the sales contract on or before the due date thereof or if the purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Owner has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer any documents that had been theretofore delivered to Escrow by Developer and shall hold all other documents theretofore delivered to Escrow in connection with the purchase of the unit for the statutory period; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

**END OF EXHIBIT F**



EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>		
Unit 1068	0	x	12 months = \$ -0-
Unit 1068 A	0	x	12 months = \$ -0-

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


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

**Estimate of Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services	
Air Conditioning	-0-
Electricity	-0-
<input type="checkbox"/> common elements only	
<input type="checkbox"/> common elements and apartments	
Elevator	n/a
Gas	n/a
<input type="checkbox"/> common elements only	
<input type="checkbox"/> common elements and apartments	
Refuse Collection	-0-
Telephone	-0-
Water and Sewer	-0-
Maintenance, Repairs and Supplies	-0-
Building Grounds	-0-
Management	
Management Fee	-0-
Payroll and Payroll Taxes	-0-
Office Expenses	-0-
Insurance	-0-
Reserves(*)	-0-
Taxes and Government Assessments	-0-
Audit Fees	-0-
Other	-0-
TOTAL	-0-

I, BARBARA L. O'DOR, as agent for/and/or employed by N/A, the ~~condominium managing agent/~~developer for the 1068 AND 1068 A MAUNAWILI ROAD condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
Signature

7-9-05  
Date

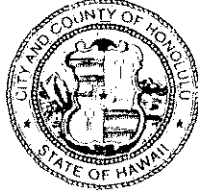
(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. **DEVELOPER DISCLOSES THAT THE RESERVE STUDY WAS NOT DONE. THERE ARE NO REGULAR MONTHLY COMMON EXPENSES. INSTEAD, ASSESSMENTS WILL BE MADE AS NEEDED.**

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

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET • HONOLULU, HAWAII 96813  
 TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.cc.honolulu.hi.us

JEREMY HARRIS  
 MAYOR



ERIC G. CRISPIN AIA  
 DIRECTOR

BARBARA KIM STANTON  
 DEPUTY DIRECTOR

KATHY SOKUGAWA  
 ACTING DEPUTY DIRECTOR

2003/ELOG-2709(LT)

February 25, 2004

Mr. Jeffrey S. Grad  
 Attorney at Law  
 A Law Corporation  
 Suite 1800, Davies Pacific Center  
 841 Bishop Street  
 Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project  
 1068 & 1068A Maunawili Road  
 Tax Map Key: 4-2-007: 019

This is in response to your letter dated August 4, 2003 requesting verification that the structures at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story single-family detached dwelling and the two-story single-family detached dwelling with four off-street parking spaces met all applicable code requirements when they were constructed in 1965 and 1972, respectively, on this 16,867-square foot R-7.5 Residential District zoned lot.

Investigation also revealed the following:

1. The 64-square foot storage shed is permitted as an accessory use. Storage sheds under 120 square feet and meeting zoning code requirements do not require a building permit.
2. The gravel off-street parking spaces and driveway are considered to be nonconforming.

Mr. Jeffrey S. Grad  
February 25, 2004  
Page 2


For your information, the Department of Planning and Permitting cannot determine all other nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

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

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-family Code Enforcement Branch at 527-6341.

Sincerely yours,

  
ERIC G. CRISPIN, AIA  
Director of Planning and Permitting

EGC:ft  
Doc 281319

## PERMITTED ALTERATIONS TO APARTMENTS

### Exhibit I

Alteration of Individual Condominium Units. Individual unit owners may, at their sole discretion, remodel, expand or otherwise alter their unit, provided same is permitted by and done in complete accordance with all applicable ordinances, codes, rules, regulations or other requirements in force at the time of said construction. Pursuant hereto, said alterations shall not require the consent or permission of other unit owners or the Association; provided, however, that any newly-constructed improvements (exclusive of fences or walls) shall maintain a minimum setback of ten (10) feet from all property lines (including all individual limited common element land area perimeter boundaries); and provided further that said newly constructed improvements do not alter the essential nature and character of the Project and do not unreasonably interfere with any other unit owner's enjoyment of their unit.

All alterations shall be at the expense of the unit owner making said alterations, and shall be expeditiously made and in a manner that will not unreasonably interfere with the other unit owner's use of his land area. The owner of any altered unit shall, without the consent or joinder of any other person, amend and shall be required to amend this Declaration and the Condominium Map to provide for any such alterations promptly upon completion of such alterations. The owner of the altered unit shall duly record said amendment to this Declaration in the Bureau of Conveyances of the State of Hawaii, together with a complete set of floor plans and elevations of the Project as so altered, certified as-built by a registered architect or professional engineer. Pursuant hereto, all unit owners and their mortgagees, by acquiring an interest in a unit, shall be deemed to have been granted a Power of Attorney from all other unit owners to execute an amendment to this Declaration solely for the purpose of describing the alterations to his respective unit; said Power of Attorney shall be deemed coupled with each owner's interest in his unit and shall be irrevocable.

No change to a Unit will be made if the effect of such change would be to exceed the Unit's "proportionate share of the total allowable lot area coverage for the Land" or the number of dwelling units permitted on the Land, as permitted under the zoning and building codes applicable to the land in effect when the change is to be made (collectively, the "Land Use Ordinance"). A Unit's proportionate share of the total allowable lot area coverage for the Land shall be calculated by multiplying the Unit's common interest by the total allowable lot area coverage for the entire Land in the Project, provided however, that this formula does not apply to Units originally built by Developer, but only to changes to a unit after it is sold by the Developer. For example, if the total allowable lot area coverage for the entire Land in the Project is 2,000 square feet and the common interest for Unit A is 50%, then Unit A's proportionate share of the total allowable lot area coverage for the Land in the Project is 1,000 square feet (2,000 square feet x .50).

EXHIBIT J

FROM: EDWARD A. RESH  
Licensed Professional Architect. No. 3239

DATE: JUL 18 2005, 2005

I made a limited visual inspection of the structures and plumbing and electrical systems of the 1068 AND 1068 A MAUNAWILI ROAD condominium project.

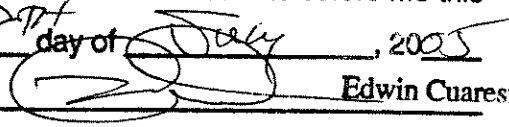
From discussions with the Developer and Owner and from my own observations during this inspection, the Units appear to have been built more than twenty years ago. My observations resulting from my inspection are:

1. Subject to normal wear and tear commensurate with its age, each of the buildings appears to be in good structural condition consistent with its age.
2. Subject also to normal wear and tear, the electrical and plumbing systems are operable and in good working order consistent with their respective ages.
3. My inspection was limited and did not include, by way of example, the condition of the soils or roofing or evidence of termite or other pests on the Project.

I have been informed that the Developer would be disclaiming any warranties relating to the construction, materials, design or workmanship of the Units, soils or the common elements of the Project, except that the Developer will be transferring the appliances and the electrical and plumbing fixtures in the normal working condition consistent with their age. Accordingly, my visual inspection should not be a substitute for a more complete inspection by a prospective buyer of a Unit in the Project. A prospective Buyer is urged to understand the importance of making his own investigation or having an investigation made by trained professionals of the Unit and the Project.

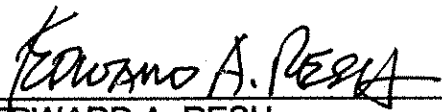
Very truly yours,

Subscribed and sworn to before me this

18<sup>th</sup> day of July, 2005  
  
Edwin Cuaresma

Notary Public, State of Hawaii

My commission expires 03/30/2007

  
EDWARD A. RESH  
Licensed Professional Architect  
No. 3239

VS