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REGISTRATION

DECLARATION SUBMITTING PROPERTY TO THE
HORIZONTAL PROPERTY REGIME

"61-283 & 61-285 KAMEHAMEHA HIGHWAY"
(Condominium File Plan No. 1123)

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THIS DECLARATION, made this 16th day of February, 1988, by ROBERT W. SPENCER and DORIS M. SPENCER, husband and wife, whose residence and post office address is 2629 Evelin Avenue, West Covina, California 91792 (hereinafter collectively referred to as the "Declarant" or "Owner").

W I T N E S S E T H :

WHEREAS, Owner owns in fee simple a parcel of real property situate on Kamehameha Highway located in Kawaihoa, Waialua, City and County of Honolulu, State of Hawaii, more particularly described in Exhibit "A" attached hereto and made a part hereof (the "Land"); and

WHEREAS, Declarant has developed the Land by the construction thereon of two dwellings and certain improvements and now desires to convert the Land and such improvements to condominium status, such improvements being in accordance with plans incorporated herein by reference and simultaneously recorded with the Bureau of Conveyances of the State of Hawaii as Condominium File Plan No. 1123 (hereinafter referred to as the "Condominium Map"); and

NOW, THEREFORE, in order to create a condominium project consisting of said Land and improvements (herein called the "Project") and to be known as "61-283 & 61-285 KAMEHAMEHA HIGHWAY", Declarant hereby submit said Land and all of their estate, right, title and interest therein to the Horizontal Property Regime established by the Horizontal Property Act, Chapter 514A, Hawaii Revised Statutes, as amended (the "Act") and in furtherance thereof, makes the following declarations as to divisions, limitations, restrictions, covenants and conditions, and hereby declare and agree that said real property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to said declarations, restrictions and conditions set forth herein and in the By-Laws, of even date herewith and which is being recorded herewith with the Bureau of Conveyances of the State (and which By-Laws are incorporated herein by reference) hereof, as the same may from time to time be amended, which declarations, restrictions and conditions shall constitute covenants running with the Land and shall be binding on and for the benefit of Owner, their respective successors and assigns, and all subsequent owners and lessees of all or any part of said real property and their respective successors, heirs, personal representatives and assigns. All of the provisions of this Declaration are intended to create mutual servitudes upon each apartment within the condominium project herein described and to create reciprocal rights between the respective apartment owners.

1. NAME, LOCATION AND DESCRIPTION OF PROPERTY.

1.1 Name of Project: "61-283 & 61-285 KAMEHAMEHA HIGHWAY".

1.2 Location: Kawaiiloa, Waialua, City and County of Honolulu, State of Hawaii.

1.3 Tax Map Key No.: Oahu 6-1-12-7

1.4 Description of Land: The project is located on that certain fee simple parcel of land, as more particularly described in Exhibit "A" attached hereto and made a part hereof.

2. DESCRIPTION OF PROJECT.

2.1 The Project consists of two (2) apartments (interchangeably called "Dwelling", "Apartment" or "Unit"). The apartments are identified on the Condominium Map as "Dwelling 61-283" and "Dwelling 61-285". Each Dwelling has appurtenant to it the right to use the yard area and other areas, described below as Limited Common Elements.

3. DESCRIPTION OF UNITS AND ADJACENT AREAS.

3.1 Dwellings. Each Dwelling is a separate detached single family residential building. Each is constructed principally of wood. Foundations are of concrete slab. Framing and exterior walls are wood. Each Dwelling has a pitch and gravel roof. Each Dwelling is one story in height.

3.2 Unit Location. Looking from Kamehameha Highway, Dwelling 61-283 is on the right side, and Dwelling 61-285 is located on the left side. The location of each Dwelling is as shown on the Condominium Map.

3.3. Description of Units: One (1) freehold estate is hereby designated in each of the two (2) Apartments contained in the Project, within the outside surfaces of the exterior walls and roof and the bottom surfaces of the footing and foundations of each Dwelling.

Note: The net living area of each Dwelling is not calculated by this perimeter; rather such is calculated according to the interior surfaces of the walls and doors.

Dwelling 61-283 is a single story family residence built in 1969 and contains seven rooms including three bedrooms, two baths, a kitchen and a living/dining room. Dwelling 61-283 has a net living area of approximately 928

square feet. It also has the use of two uncovered regular-size parking stalls located on Dwelling Lot 61-283.

Dwelling 61-285 is also a single story family residence built in 1969 and contains seven rooms including three bedrooms, two baths, a kitchen and a living/dining room. Dwelling 61-285 has a net living area of approximately 928 square feet and a two-car garage of approximately 400 square feet.

Both Dwelling 61-283 and Dwelling 61-285 contain carpeting (except in bathrooms and kitchen) and they also contain a stove and disposal.

3.4 Parking. The Project has two (2) covered regular size parking stalls within the garage of Dwelling 61-285 and which are for the exclusive use of Dwelling 61-285. Dwelling 61-283 has the exclusive use of two uncovered parking stalls located within the area shown on the Condominium Map as "Parking for Dwelling 61-283".

4. COMMON ELEMENTS.

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

- 4.1 Said land in fee simple;
- 4.2 A driveway designated on the Condominium Map as "Common Element" 972 square feet.
- 4.3 All other portions of the Land and improvements not specifically heretofore designated as Dwellings, 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 Horizontal Property Regime.

5. LIMITED COMMON ELEMENTS.

5.1 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 of each Dwelling, called herewith a "Dwelling Lot", consisting of the land beneath the Dwelling and as shown and delineated as a "Dwelling Lot" on said Condominium Map. Each Dwelling Lot has the same letter designation as the Dwelling to which it is appurtenant.

6. PERCENTAGE OF UNDIVIDED INTEREST IN THE COMMON ELEMENTS.

6.1 Each Dwelling shall have appurtenant thereto an undivided fifty percent (50%) interest in all common elements of the Project (herein called the "common interest"), and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting on all matters requiring action by the Dwelling owners. No change or reallocation of the common interest appurtenant to any Dwelling may be made without the consent of the holders of the first mortgages on the Dwellings.

7. EASEMENTS.

In addition to any easements designated in the limited common elements, the Dwellings and common elements shall have and be subject to the following easements:

7.1 Each Dwelling shall have appurtenant thereto perpetual, nonexclusive easements over, under and across the common and limited common elements designed for such purposes for ingress to, egress from, utility services (including but not limited to electricity, water and sewer) for and support of such Dwelling; and in the other common elements for use according to their respective purposes.

7.2 If any common element now or hereafter encroaches upon any Dwelling a valid easement for such encroachment and maintenance thereof, so long as it continues, does and shall exist. If any building or other improvement shall be partially or totally destroyed and then rebuilt, minor encroachments by any common element upon any apartment or limited common element or by any Dwelling upon any other Dwelling Lot due to reconstruction shall be permitted, and valid easements for such encroachments and the maintenance thereof, so long as they continue, shall exist. PROVIDED, that in no event shall a valid easement for encroachment be created in favor of the owner of any Dwelling or in favor of any owners of the common elements if such encroachment occurred due to the negligence or misconduct of said owner or owners.

7.3 If any Dwelling Unit now or hereafter encroaches upon any Dwelling Lot belonging to the owner of another

Dwelling, a valid easement for such encroachment and maintenance thereof, so long as it continues, does and shall exist. If any building or other improvement shall be partially or totally destroyed and then rebuilt, minor encroachments by any Dwelling Unit upon any Dwelling Lot or other limited common element due to reconstruction shall be permitted, and valid easements for such encroachments and the maintenance thereof, so long as they continue, shall exist. PROVIDED, that in no event shall a valid easement for encroachment be created in favor of any owners of a Dwelling Unit if such encroachment occurred due to the negligence or misconduct of said owner or owners. Minor encroachments by an existing Dwelling upon any other Dwelling Lot shall be permitted, and valid easements for any such encroachment and the maintenance thereof, so long as they shall continue, shall exist.

7.4 Each Dwelling Owner shall have an easement in common with the owners of all other Dwellings to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other Dwellings and serving his Dwelling. Each Dwelling shall be subject to an easement in favor of the owners of all other Dwellings to use the pipes, ducts, cables, wires, conduits, public utilities, and other common elements serving such other Dwellings and located in such Dwellings.

7.5 The Association of Dwelling Owners (the "Association") shall have the right, to be exercised by its Board of Directors (the "Board") or the Managing Agent, if any, to enter each Dwelling and the limited common elements, if any, from time to time during reasonable hours as may be necessary for the operation of the Project and to effect repairs, improvements, replacements and maintenance, as deemed necessary by the Board, or at any time for making emergency repairs therein necessary to provide damage to any Dwelling or common element.

7.6 Declarant reserves the right to grant to any public or governmental authority rights-of-way and other easements, which are for the sole benefit of the Project or which do not materially interfere with the use nor materially impair the value of, any Dwelling, over, across, under and through the common elements and limited common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided the Association, through the Board, with the consent or agreement of any holder of any then existing

easement affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project.

8. PARTITION.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Horizontal Property Act.

9. USE.

Subject to applicable Zoning law, a Dwelling shall be occupied and used only for residential purposes, including as a private dwelling by the respective owners thereof, their tenants, families, domestic servants and social guests, and for rental purposes or for time sharing as that term is defined in Chapter 514E, Hawaii Revised Statutes, as amended.

10. ASSOCIATION OF DWELLING OWNERS.

Administration of the Project shall be vested in its Association of Dwelling Owners, herein called the "Association", consisting of all Dwelling owners of the Project in accordance with the By-Laws of the Association recorded herewith and incorporated by reference, as such may be amended from time to time. The owner of any Dwelling upon acquiring title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Dwelling ceases for any reason, at which time his membership in the Association shall automatically cease; provided, however, that to such extent and for such purposes, including the exercise of voting rights, as shall be provided by lease of any Dwelling filed with the Board of Directors of the Association, the lessee of such Dwelling shall be deemed to be the owner thereof.

11. ADMINISTRATION OF THE PROJECT.

Operation of the Project and maintenance, repair, replacement and restoration of the common elements, and any additions and alterations thereto, shall be in accordance with

the provisions of the said Horizontal Property Act, this Declaration and the By-Laws of the Association. The owner of each Dwelling shall be solely responsible for the maintenance, repair, replacement and restoration of such Dwelling appurtenant limited common element and its carport, if any, except as otherwise provided herein, and the Association shall be responsible for all common elements of the Project, and specifically but without limitation shall:

11.1 Make, build, maintain and repair all fences, sewers, drains, roads, curbs, sidewalks and parking areas which may be required by law to be made, built, maintained and repaired upon or adjoining or in connection with or for the use of the Project or any part thereof.

11.2 Keep all common elements of the Project in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulation now or hereafter made by any governmental authority for the time being applicable of the Project or the use thereof.

11.3 Well and substantially repair, maintain, amend and keep all common elements of the Project including without limitation the buildings thereof, with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided herein, and maintain and keep said land and all adjacent land between any street boundary of the Project and the established curb or street line in a neat and attractive condition and all trees, shrubs and grass therein on good cultivation and replant the same as may be necessary, and repair and make good all defects in the common elements of the Project herein required to be repaired by the Association, of which notice shall be given by any owner or his agent, within 30 days after the giving of such notice.

11.4 Observe any setback lines affecting the Project shown on said Condominium Map, and shall not erect, place or maintain any building or structure whatsoever except as approved and within the area between the setback line and such land boundary.

11.5 Not erect or place on the Project any building or structure, including fences and walls, nor make additions or structural alterations to or exterior changes of any common elements of the Project, except in accordance with plans and specifications, including detailed plot plan first approved in writing by a majority of Dwelling owners or such larger numbers thereof as may be required by laws, including all owners of Dwelling thereby directly affected, and complete any such improvements diligently after the commencement thereof.

11.6 Not make or suffer any strip or waste or unlawful, improper or offensive use of the Project.

Notwithstanding the preceding paragraphs 11.1 through 11.6, each Dwelling Owner shall be responsible for the repair and maintenance of the Common Driveway. The owner of Dwelling 61-283 shall be so responsible from the date hereof until December 31, 1988, and the owner of Dwelling 61-285 shall be so responsible during the calendar year 1989. Thereafter, the responsibility for each succeeding year shall be alternated, beginning in 1990 with the owner of Dwelling 61-283. If the foregoing system is not successful in the view of either owner of a Dwelling, then the system shall be abolished and the responsibility thereafter shall be borne by the Association.

12. SERVICE OF PROCESS.

The person hereby authorized to receive service of legal process in all cases provided in said Horizontal Property Act shall be Robert W. Spencer, whose principal place of business is 2629 Evelin Avenue, West Covina, California 91792, or any of the principal officers of the Association and who is also a resident of 61-283 Kamehameha Highway, Haleiwa, Hawaii.

13. COMPLIANCE WITH DECLARATION AND BY-LAWS.

All Dwelling Owners, their tenants, families, servants and guests, and any other persons who may in any manner use the Project, shall be bound by and comply strictly with the provisions of this Declaration, the By-Laws, the House Rules, and all agreements, decisions and determinations of the Association lawfully made or amended from time to time, and failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board of Directors or Managing Agent, if any, on behalf of the Association, or in a proper case, by an aggrieved Dwelling Owner.

14. ALTERATION AND TRANSFER OF INTERESTS.

The undivided percentage interest in the common elements, appurtenant to each Dwelling shall have a permanent character, shall not be altered without the consent of all of the Dwelling Owners affected expressed in an amendment to this Declaration duly recorded, shall not be separated from the Dwelling to which they appertain, and shall be deemed to be conveyed, leased or encumbered with such Dwelling even though such undivided percentage, limited common elements or other easements are not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or

divide any portion thereof except as provided in the Act and as otherwise expressly provided herein. The right of each Dwelling Owner to transfer his respective Dwelling and appurtenant common interest in the Project is not subject to any right of first refusal or similar restriction in favor of the Association.

15. COMMON EXPENSES.

Except with respect to Section 11, all charges, costs and expenses whatsoever incurred by the Association for or in connection with the administration of the Project, including without limitation thereof, operation of the Project and maintenance, repair, replacement and restoration of the common elements, any additions and alterations thereto, all labor, services, materials, supplies and equipment therefor, all liability whatsoever for loss or damage arising out of or in connection with the common elements, or any accident or fire on the common elements or any nuisance thereon, and all premiums for hazard and liability insurance herein required with respect to the Project, shall constitute common expenses of the Project for which the Dwelling Owners shall be severally liable in accordance with their respective proportionate share. The Board of Directors (the "Board") shall from time to time assess the common expenses against all the Dwellings in the respective proportionate shares, and the unpaid amount of such assessments against any Dwelling shall constitute a lien against such Dwelling which may be foreclosed by the Board as provided by the Horizontal Property Act, provided that 30 days prior written notice of intention to foreclose shall be mailed, postage prepaid, to all other persons having any interest in the Dwelling as shown by the Association's record of ownership.

16. INSURANCE.

16.1 Fire and Extended Coverage Insurance. Subject to the Horizontal Property Act, each Dwelling Owner at his own expense shall at all times keep his respective Dwelling, the Dwelling Lot appurtenant to the Dwelling and all other common elements that are not limited common elements appurtenant to the other Dwelling, insured by a separate policy against loss or damage by fire with extended coverage in an insurance company or companies authorized to do business in Hawaii in an amount as near as practicable to the full replacement cost thereof without deduction for depreciation, with an inflation guard endorsement. If the project is located in an identified flood hazard area as designated by the federal Department of Housing and Urban Development, each Dwelling Owner shall also obtain and maintain flood insurance covering his Dwelling and appurtenant limited common elements and common