



**PLAIN LANGUAGE ADDENDUM**  
**Hawaii Association of REALTORS® Standard Form**  
**Revised 12/17 (NC) For Release 5/19**

FOR USE DURING  
 5/9/19 SFC Mtg  
 Only



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State law mandates the use of a Plain Language Addendum for transactions of less than \$25,000.

PLAIN LANGUAGE ADDENDUM is made a part of Purchase Contract:

Purchase Contract Reference Date: \_\_\_\_\_

Property Reference: \_\_\_\_\_

Tax Map Key: Div. \_\_\_\_\_/Zone \_\_\_\_\_/Sec. \_\_\_\_\_/Plat \_\_\_\_\_/Parcel \_\_\_\_\_/CPR \_\_\_\_\_ (if applicable).  
 Address \_\_\_\_\_

DEFINITIONS: Some words used in the Hawaii Association of REALTORS® Purchase Contract may be unfamiliar and are defined in this Addendum in order to put them in Plain Language as defined in the State of Hawaii Plain Language Statute (Chapter 487A, Hawaii Revised Statutes). However there is no warranty, expressed or implied, that this Addendum and the referenced Purchase Contract comply with Chapter 487A of the Hawaii Revised Statutes, as amended. This means that the Hawaii Association of REALTORS® is not liable to any Buyer, Seller or other person who uses this form for any damage or penalty because of any violation of Hawaii State law. You are advised to see your own attorney.

1. **ACCEPTANCE:** An act showing Seller and Buyer have agreed to and are bound by the terms of the Purchase Contract.
2. **ACKNOWLEDGMENT:** An act signifying that signing is a voluntary act and genuine signature of specific person.
3. **ADDENDUM/ADDENDA** (singular/plural): Additional document(s) attached to and made part of the Purchase Contract.
4. **AGENCY:** A fiduciary or statutory relationship that imposes certain duties, obligations, confidentiality and standards of good faith and loyalty.
- 4-5. **AMENDMENT:** A modification to an existing contract, mutually agreed to by all parties.
- 5-6. **ARBITRATION:** A process where Seller and Buyer select a third party to resolve a dispute between them. The third party, called an arbitrator, conducts a hearing and makes a binding decision resolving the dispute.
- 6-7. **ASSESSED VALUE:** Official valuation of real property for government tax purposes.
- 7-8. **ASSESSMENTS:** Fees charged to property owners by an association or governmental body.
- 8-9. **ASSUMED OBLIGATIONS:** Responsibilities which Buyer takes over from another party and for which Buyer becomes responsible.
- 9-10. **ASSUMPTION OF MORTGAGE:** Agreeing to be liable for terms and conditions of an existing mortgage.
- 10-11. **BREACH OF CONTRACT:** When one breaks a term or condition of an agreement, or refuses to do what was agreed to.
- 11-12. **BUILT-IN FURNITURE:** Fixtures such as bookcases, shelving, or cabinets, permanently attached to real property.
- 12-13. **BY-LAWS:** Document that establishes rules for the management and operation of a governing association.
14. **CC & Rs:** Recorded document(s) outlining the conditions, covenants, and restrictions of the Property.
- 13-15. **CLOSING DISCLOSURE:** A detailed accounting prepared by Escrow of the real estate transaction.
- 14-16. **CODE OF ETHICS:** Any written standard of ethical conduct. Only members of the National Association of REALTORS® are required to subscribe to the National Association of REALTORS® Code of Ethics.
- 15-17. **COMMON ELEMENT:** A portion of a property that is owned by and benefits all owners within an association.
- 16-18. **CONTINGENCY:** An event or action affecting the Buyer or Seller upon which the sale depends.
- 17-19. **CONTRACT:** An agreement between two or more parties containing all important terms and conditions.
- 18-20. **CONVEY:** To sell or transfer ownership of the Property.
- 19-21. **CONVEYANCE DOCUMENT(S):** Document(s) that transfer title or ownership interest in real property.
- 20-22. **CONVEYANCE TAX:** A State transfer tax usually paid by Seller when the Property has sold.
- 21-23. **COVENANTS:** An agreement with another party promising to do, or not to do, something.
24. **DECLARATION:** A governing document which creates and defines a condominium project or other type of homeowner's association.
- 22-25. **DEED:** 1) A written instrument by which title to land is conveyed. 2) A written instrument which when properly executed and delivered conveys title to real property from one person ( grantor) to another ( grantee).
- 23-26. **DEFAULT:** Non-performance of a duty or obligation in the Purchase Contract.
27. **DISCLAIMER:** A statement denying responsibility for something.
- 24-28. **DISTRESSED PROPERTY:** Any residential real property at risk of loss of current ownership due to foreclosure or pending foreclosure, the levy of liens or encumbrances due to non-payment of real property taxes, association fees and/or maintenance fees. Additionally, a property can become distressed when a loan has been accelerated or the property is the subject of any mortgage relief services or representation, offer or agreement of services.
- 25-29. **EASEMENT:** A limited right or interest that one person or entity has to use the property of another person. For example, a right for you to cross over someone else's land to get to your own Property.
- 26-30. **ENCROACHMENT:** When an improvement of a property extends over the property line onto someone else's property.
- 27-31. **ESCROW:** A neutral company that holds money and/or documents until the terms of the Purchase Contract are completed, or the transaction is cancelled.
- 28-32. **EXTENSION:** An agreement to continue a performance period beyond the originally agreed upon period.
- 29-33. **FEE SIMPLE:** An interest in land which gives a full right of ownership. This interest can be freely transferred.
- 30-34. **FIDUCIARY:** A person, such as an agent, placed in a position of trust. A fiduciary owes his/her client a duty of loyalty and obedience; a duty of exercising due care; and must act in good faith.
35. **FIXTURE:** An item that has been attached permanently to real property.
36. **HOA / AOA:** A non-profit association of homeowners organized pursuant to the CC&R's

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE



- 34-37. HOUSE RULES: Rules of conduct adopted by the Board of Directors of the HOA/AOAO
- 32-38. IMPROVEMENTS: Any item or structure that is permanently attached to the land.
- 33-39. INITIAL EARNEST MONEY DEPOSIT: First money put into escrow as called for in the contract.
- 40. LAND COURT (Torrens System): A system of recordation of documents affecting land administered by the Judiciary of the State of Hawaii.
- 34-41. LANDLORD: The owner of leased premises
- 35-42. LEASEHOLD: An interest in land for a fixed period of time, which is less than fee simple and usually includes periodic rental payments.
- 36-43. LESSEE: An owner of a leasehold interest in land.
- 37-44. LESSOR: An owner of the land subject to a leasehold interest.
- 38-45. LIENS AND ENCUMBRANCES: Claims or rights against the title to one's property held by another party.
- 39-46. LIMITED COMMON ELEMENT: A common element which use is restricted to a specific owner or owners.
- 40-47. LITIGATION: The court process where one party sues another party.
- 41-48. MARKETABLE TITLE: Title or right of ownership to property which is free of any claims which would affect one's ability to sell the Property.
- 42-49. MEDIATION: A non-binding process where Seller and Buyer select a neutral third party to assist the parties in finding a solution to their dispute.
- 43-50. NULL & VOID: Having no legal force or effect; of no worth.
- 51. OFFER: A promise Buyer makes to buy the Property under the terms set forth in the Purchase Contract.
- 44-52. PERSONAL PROPERTY: Movable property; belongings exclusive of land and buildings
- 45-53. POSSESSION: To control or occupy the Property.
- 46-54. PRELIMINARY TITLE REPORT: An initial report that describes the Property including current ownership, boundaries, liens, encumbrances and other recorded documents relating to the Property.
- 47-55. PREVAILING PARTY: The party determined to be the winner in a dispute.
- 48-56. PRORATE: To calculate income or expense on a daily basis over a period of time.
- 49-57. REAL PROPERTY: The land, the air above and the ground below, as well as any improvements on the land.
- 50-58. RECORDING: The act of submitting documents affecting title to real property into the public records via the Regular System and/or the Land Court.
- 59. REGULAR SYSTEM: A system of recording land title administered by the State Bureau of Conveyances.
- 54-60. RESCIND: Cancellation of the real estate contract between Buyer and Seller
- 52-61. RESERVATIONS: Rights in the Property which will not transfer when the Property is sold.
- 53-62. RESERVE STUDY: An analysis done by or on behalf of a homeowner's association that examines and estimates the future costs of major repairs and maintenance that the association will encounter, and determines how much money the association will need to collect each year to pay for those repairs and maintenance.
- 54-63. RISK OF LOSS: Responsibility and liability for damages or injuries caused to or on the Property.
- 55-64. SELLER'S REAL PROPERTY DISCLOSURE STATEMENT: A report containing important information regarding the Property usually prepared by Seller and provided to Buyer.
- 56-65. SHORT SALE: A sale of property where the sale proceeds are less than the amount owed on the Property.
- 57-66. SPECIFIC PERFORMANCE: When a party must do what was promised.
- 58-67. SUBDIVISION: Land that is divided into two or more parcels.
- 59-68. SUPERSEDE: To take the place of or replace.
- 60-69. TENANCY: How title to the Property is held.
- 64-70. TERMINATION: End or cancel.
- 62-71. TIME IS OF THE ESSENCE: All obligations in the Purchase Contract must be done by a specified time.
- 63-72. TITLE: Right of ownership to the Property.
- 73. TRANSFER OF TITLE: The act of changing the legal right of ownership.
- 64-74. UNILATERAL/BILATERAL: Doing something unilaterally means it's done without the agreement or participation of another party. A bilateral action means the action must be done with agreement/participation with both parties. ie: Unilateral means either Buyer OR Seller can make take the action. Bilateral means both BUYER AND SELLER must agree to the action to be taken.
- 65-75. VESTING: Taking ownership of the Property in the legal name of the new owner.
- 66-76. WARRANTIES VESTING MARKETABLE TITLE: Seller guarantees to Buyer that the title or right of ownership to Seller's Property is free of any claims which would affect the ability to sell the Property.
- 67-77. WARRANTY: A guarantee.

We have received a copy of this PLAIN LANGUAGE ADDENDUM:

BUYER	DATE	SELLER	DATE
Title _____		Title _____	
BUYER	DATE	SELLER	DATE
Title _____		Title _____	

**NOTE:** THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language. But there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES. This means that the Hawaii Association of REALTORS® is not liable to any Buyer, Seller, or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).