



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

FOR USE DURING  
 6/20/19 SFC Mtg



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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.
5. **AMENDMENT:** A modification to an existing contract, mutually agreed to by all parties.
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.
7. **ASSESSED VALUE:** Official valuation of real property for government tax purposes.
8. **ASSESSMENTS:** Fees charged to property owners by an association or governmental body.
9. **ASSUMED OBLIGATIONS:** Responsibilities which Buyer takes over from another party and for which Buyer becomes responsible.
10. **ASSUMPTION OF MORTGAGE:** Agreeing to be liable for terms and conditions of an existing mortgage.
11. **BREACH OF CONTRACT:** When one breaks a term or condition of an agreement, or refuses to do what was agreed to.
12. **BUILT-IN FURNITURE:** Fixtures such as bookcases, shelving, or cabinets, permanently attached to real property.
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.
15. **CLOSING DISCLOSURE:** A detailed accounting prepared by Escrow of the real estate transaction.
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.
17. **COMMON ELEMENT:** A portion of a property that is owned by and benefits all owners within an association.
18. **CONTINGENCY:** An event or action affecting the Buyer or Seller upon which the sale depends.
19. **CONTRACT:** An agreement between two or more parties containing all important terms and conditions.
20. **CONVEY:** To sell or transfer ownership of the Property.
21. **CONVEYANCE DOCUMENT(S):** Document(s) that transfer title or ownership interest in real property.
22. **CONVEYANCE TAX:** A State transfer tax usually paid by Seller when the Property has sold.
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.
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).**
26. **DEFAULT:** Non-performance of a duty or obligation in the Purchase Contract.
27. **DISCLAIMER:** A statement denying responsibility for something.
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.
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.
30. **ENCROACHMENT:** When an improvement of a property extends over the property line onto someone else's property.
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.
32. **EXTENSION:** An agreement to continue a performance period beyond the originally agreed upon period.
33. **FEE SIMPLE:** An interest in land which gives a full right of ownership. This interest can be freely transferred.
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

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 BUYER'S INITIALS & DATE

\_\_\_\_\_  
 SELLER'S INITIALS & DATE



