



PURCHASE CONTRACT
Hawaii Association of REALTORS Standard Form
Revised 8/13 (NC) For Release (includes changes through 7/19/17 SFC meeting)



COPYRIGHT AND TRADEMARK NOTICE: This copyrighted Hawaii Association of REALTORS Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks.

NAR CODE OF ETHICS: Buyer and Seller are aware that the National Association of REALTORS holds its members accountable for their actions through a strict Professional Code of Ethics, which includes a grievance system to address complaints.

Reviewed by: Name of Principal Broker/Broker-in-Charge Signature Brokerage Firm

Reference Date:

Property Reference or Address:

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

THIS PURCHASE CONTRACT BECOMES A LEGALLY BINDING CONTRACT FOR THE PURCHASE OF REAL ESTATE UPON EXECUTION BY THE PARTIES. READ IT CAREFULLY. HANDWRITTEN OR TYPED PROVISIONS IN THIS PURCHASE CONTRACT SHALL SUPERSEDE ANY PRINTED PROVISIONS IF THERE IS A CONFLICT. FILL IN ALL BLANKS. PARAGRAPHS PRECEDED BY CHECK-OFF BOXES ARE OPTIONAL AND MUST BE CHECKED TO BE MADE A PART OF THIS PURCHASE CONTRACT. WRITE "NA" IF NOT APPLICABLE.

SECTION A: AGENCY DISCLOSURE

- A-1 Agency. Buyer and/or Seller in a real estate transaction in Hawaii may retain a real estate Brokerage Firm as their agent. In such case, Buyer and/or Seller is represented by the Brokerage Firm and all of its licensees. Hawaii law requires real estate licensees to disclose orally or in writing to Seller and/or Buyer whom the licensee represents. The form of representation may be one of the following:
(a) Seller's Agent. Brokerage Firm represents Seller only unless a disclosed dual agency exists. Seller's Agent owes the highest duties to Seller, including confidentiality, loyalty, and due care and diligence.
(b) Buyer's Agent. Brokerage Firm represents Buyer only unless a disclosed dual agency exists. Buyer's Agent owes the highest duties to Buyer, including confidentiality, loyalty, and due care and diligence.
(c) Dual Agent. Brokerage Firm represents both Buyer and Seller. This commonly occurs when licensees in the Brokerage Firm representing Seller have Buyer clients looking for types of property similar to Seller's property. In such event, the Brokerage Firm and all of its licensees represent both Buyer and Seller and are dual agents. Dual agents must remain neutral in negotiations and must not advance the interest of one party over the other. A separate Dual Agency Consent Addendum is required under Hawaii law.
(d) No Agency Representation: Buyer or Seller is a Customer (see Paragraph A-2 (d) below)

- A-2 Disclosure.
[] (a) Seller Representation: Seller is represented by the Brokerage Firm and all its licensees. Brokerage Firm is [] is not [] a member of the National Association of REALTORS.
[] (b) Buyer Representation: Buyer is represented by the Brokerage Firm and all its licensees. Brokerage Firm is [] is not [] a member of the National Association of REALTORS.
[] (c) Dual Agency Representation: Seller and Buyer are represented by the Brokerage Firm and all its licensees. Brokerage Firm is [] is not [] a member of the National Association of REALTORS. A separate Dual Agency Consent Addendum is required.
[] (d) Customer: No Agency Representation
[] Seller is not represented by a Brokerage Firm (for example "For Sale By Owner").
[] Buyer is not represented by a Brokerage Firm.

Buyer and Seller acknowledge that oral or written disclosure relative to agency representation was provided to them before the signing of this Purchase Contract. It is recommended that Buyers and Sellers seek legal counsel prior to signing a Purchase Contract. Initials below are for Agency Disclosure acknowledgement and Page 1 review.

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE



SECTION B: OFFER TO BUY AND PURCHASE PRICE

B-1 **Offer to Buy.** Buyer offers to buy the Property described below on the terms and conditions contained in this Purchase Contract. **This Purchase Contract shall be binding if accepted by Seller on or before:**

Date _____ Time _____ AM [] PM [].

B-2 **Purchase Price.** The Purchase Price for the Property in U.S. dollars shall be paid as follows:

\$ _____ Initial earnest money deposit, paid into Escrow on or before _____

\$ _____ Additional deposit, if any, paid into Escrow on or before _____

\$ _____ Balance of down payment (or balance of purchase price if all cash) paid into Escrow before closing

\$ _____ TOTAL CASH FUNDS FROM BUYER (exclusive of closing costs)

\$ _____ By way of _____

\$ _____

\$ _____ **TOTAL PURCHASE PRICE**

Should Buyer fail to make the Initial Earnest Money Deposit or additional deposit, Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3. Failure by Buyer to make the balance of down payment as scheduled shall constitute a default, and Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-1.

SECTION C: ADDENDA

C-1 **Addenda.** The following addenda, if checked, are attached to and made a part of this Purchase Contract. Fill in all blanks. Write "NA" if not applicable. Each attached addendum must be properly signed and initialed (as applicable).

- | | |
|--|--|
| <input type="checkbox"/> 1031 Exchange | <input type="checkbox"/> Purchase Money Mortgage |
| <input type="checkbox"/> Agreement of Sale | <input type="checkbox"/> Rental Agreement (Seller rent-back) |
| <input type="checkbox"/> "As Is" Condition | <input type="checkbox"/> Residential Leasehold Property |
| <input type="checkbox"/> Distressed Property | <input type="checkbox"/> Short Sale |
| <input type="checkbox"/> Dual Agency Consent | <input type="checkbox"/> VA Financing |
| <input type="checkbox"/> Early Occupancy Agreement | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> FHA Financing/Real Estate Certification | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Lead Based Paint Disclosure | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Oceanfront Property | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Plain Language | <input type="checkbox"/> Other _____ |

SECTION D: Intentionally Left Blank

I-??? Wired Funds and Sensitive Personal Information Warning.

Criminals/hackers are targeting email accounts of various parties involved in a real estate transaction (for example, lawyers, escrow representatives, mortgage brokers, Brokerage Firms, real estate licensees) to divert funds to the criminal's/hacker's bank account. If you receive an email containing wiring instructions or a request for sensitive personal information from someone appearing to be involved in this transaction, you should call them at a telephone number that you obtain from a source other than from the email (for example, the Purchase Contract, their website, etc.) to be sure that you are contacting a legitimate party.

It is strongly recommended that all parties involved in this transaction refrain from placing any sensitive personal information or financial information in an email. When you need to provide Social Security numbers, financial account numbers, credit card numbers, wiring instructions or similar sensitive personal information, use a secure means of communication by providing the information in person, over the phone, or through secure mail or package services.

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

SECTION E: PROPERTY

E-1 Description.

Tax Map Key: Div. ____/Zone____/Sec.____/Plat____/Parcel____/CPR____ (if applicable).

All of that [] fee simple [] leasehold Property described as follows: _____

The full legal description will be provided in the title report.

[]E-2 Inclusions. Sale includes all built-in furniture, attached existing fixtures, built-in appliances, water heater, electrical and/or gas and plumbing fixtures, attached carpeting, and the following indicated items. Fill in all blanks. Write "NA" if not applicable:

- [] Air Conditioner - Central [] Disposal [] Photovoltaic System [] Security Alarm System
[] Air Conditioner - Split [] Dryer (owned system) [] Smoke Detectors
[] Air Conditioner - Window [] Existing Window [] Pool Equipment (All) [] Solar Water Heating System
[] Ceiling Fan [] Range Hood
[] Cooktop [] Microwave [] Range w/Oven [] TV Cable Outlet
[] Dishwasher [] Oven [] Refrigerator [] Washer
[] Other _____

[]E-3 Inclusions of Photovoltaic System and/or Security Alarm System Contracts or Leases.

Seller shall provide applicable documents as indicated below:

- [] Leased Photovoltaic System [] Energy Purchase Photovoltaic Agreement
[] Leased Alarm System
[] Other _____

Seller shall provide documents for the contracts or leases indicated above to Buyer no later than ____ () days after the Acceptance Date. Buyer shall have ____ () days from receipt of such documents to approve such documents and apply for the transfer agreement. If Buyer does not approve the documents, Buyer or Seller may elect to terminate the Purchase Contract pursuant to Paragraph O-3. Buyer's obligation to purchase the Property is contingent upon Buyer providing evidence to Seller that the transfer of the photovoltaic system was approved no later than ____ () days prior to Closing.

[]E-4 Inclusions of Furniture and Furnishings. Inventory of furniture and furnishings is:

[] attached [] to be provided to Buyer by (date) _____. If Seller does not provide the inventory list to Buyer within the specified time period, Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-3. If Buyer is not satisfied with the inventory list, Buyer may elect, within ____ () days of receipt of the inventory list, to terminate this Purchase Contract pursuant to Paragraph O-2.

[]E-5 Exclusions. The following items are specifically excluded: _____

SECTION F: CLOSING

F-1 Closing. For purposes of this Purchase Contract, "closing" shall be the date when all appropriate conveyance documents are recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau of Conveyances").

F-2 Scheduled Closing Date. The "Scheduled Closing Date" shall be _____

If the Scheduled Closing Date falls on a day the Bureau of Conveyances is closed, closing will be on the next day when conveyance documents can be recorded.

F-3 Change to the Scheduled Closing Date.

(Choose Paragraph F-3(a) OR F-3(b))

[] (a) One-Time Unilateral Right to Extend. Either party may extend the Scheduled Closing Date up to ____ () days by delivery of written notice to the other party prior to the Scheduled Closing Date. Once either party has exercised this unilateral right to extend, for all or any part of the extension period set forth above, time shall be of the essence, and there shall be no further unilateral right to extend by either party. The Scheduled Closing Date may not be further extended unless Buyer and Seller agree in writing. This provision relates to the extension of the Scheduled Closing Date, and time frames measured from the Scheduled Closing Date shall be measured from the extended Scheduled Closing Date.

[] (b) Time is of the Essence. Time is of the essence and the Scheduled Closing Date may not be extended unless Buyer and Seller agree in writing.

F-4 Escrow. This transaction shall be escrowed by: _____ ("Escrow").

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

The parties shall provide to Escrow in a timely manner fully executed copies of this Purchase Contract and any addenda, amendments, and documents which are required by Escrow. The parties further agree to promptly execute appropriate or customary documents when requested by Escrow.

- F-5 **Prorations and Closing Adjustments.** Based on a thirty (30) day proration, Escrow shall prorate the following, if applicable, as of the date of closing: real property tax, lease rents, interest on assumed obligations, mortgage and other insurance premiums, tenant rents, maintenance, private sewer, marina, and/or association fees, and _____ . When applicable, Escrow shall charge to Seller and credit to Buyer the amount of any tenant's security deposit.
- F-6 **Closing Costs.** The following is a list of customary closing costs (including Hawaii General Excise Tax where applicable), and **is not intended to be all-inclusive**. If Closing Disclosure requirements apply, Buyer and Seller are aware that customary closing costs may be reflected differently on the Closing Disclosure statement, but the net result will be the same. Escrow may charge the appropriate party other closing costs as directed by the parties.
- | | |
|--|---|
| <u>Charge to Buyer, if applicable:</u> | <u>Charge to Seller, if applicable:</u> |
| 40% of the premium for standard coverage title insurance and any additional costs relating to the issuance of extended coverage policy (including a lender's policy) | 60% of the premium for standard coverage title insurance |
| Cost of drafting mortgage and note or agreement of sale | Cost of drafting of conveyance documents and bills of sale |
| Cost of obtaining Buyer's consents | Cost of obtaining Seller's consents |
| Buyer's notary fees | 50% of Escrow fee |
| All recording fees except documents to clear Seller's title | Seller's notary fees |
| 50% of Escrow fee | Cost of required staking or survey |
| Condominium and Association ownership transfer fees | Recording fees to clear Seller's title |
| FHA or VA discount points and any mortgage fees | FHA or VA mandatory closing fees |
| | Conveyance tax (subject to Paragraph F-7) |
| | FIRPTA (Federal withholding tax)/HARPTA (State withholding tax) |
- F-7 **Notice on Conveyance Tax.** Pursuant to Conveyance Tax Law, Chapter 247, Hawaii Revised Statutes, a higher conveyance tax must be paid if Buyer is ineligible to file a county real property tax homeowner's exemption on the Property. [CHECK ONE] Buyer declares that Buyer is purchasing the Property [] as Buyer's principal residence [] as other than Buyer's principal residence. If the selection changes from Buyer's "principal residence" to "other than Buyer's principal residence", Buyer shall provide written notification to Seller and Escrow no later than fifteen (15) days prior to the Scheduled Closing Date. Should Buyer make such change, Buyer shall be charged at closing an amount equal to the difference in the conveyance tax.
- F-8 **Assessments.** An assessment is defined as any obligation (not including prorations and closing adjustments in Paragraph F-5) levied against the Property by a homeowner's association, governmental body, or any other entity with a legal right to assess. Assessments, if any, shall be charged as follows:
- (a) Any lump sum assessments levied against the Property prior to the Acceptance Date shall be paid by [] Seller or assumed by [] Buyer. Exceptions, if any: _____
- (b) Any assessments levied against the Property prior to the Acceptance Date which are being paid in installments shall be paid in full by [] Seller or [] pro-rated by Escrow as of the date of closing. Exceptions, if any: _____
- (c) If a new assessment is authorized against the Property between the Acceptance Date and the Scheduled Closing Date, Seller shall make appropriate disclosure under Paragraph I-2 and such assessment shall be paid as Buyer and Seller shall agree. If Buyer and Seller cannot reach an agreement within five (5) days of both parties being aware of the new assessment (unless Buyer has agreed to pay or assume the assessment), either party may elect to terminate this Purchase Contract pursuant to Paragraph O-3.
- F-9 **Consents.** Buyer and Seller may be required to obtain consents of lessors, homeowner or condominium associations, co-op boards, existing lenders, vendors, or other entities. Buyer or Seller shall cooperate and take all reasonable action to obtain such consents.
- F-10 **Risk of Loss.** Risk of loss passes to Buyer upon closing unless otherwise agreed to between the parties.
- F-11 **Possession.** Seller shall give Buyer possession of the Property at closing.
- F-12 **Keys to the Property.** Seller, at Seller's sole cost and expense, shall provide Buyer at closing with all existing, but at least one (1) set of, functioning keys/controls (entry, interior, mail box, pool, security, parking area, and all garage door openers). **Buyer shall pay all deposits which may be required for any of these items.** Unless Buyer and Seller agree otherwise, all keys/controls and garage door openers shall be released to Buyer only after Escrow has verbally notified the parties and/or their Brokerage Firms that closing has occurred. It is strongly recommended that Buyer re-key entry door lock(s) and re-program garage door openers upon change of ownership.

SECTION G: TITLE

- G-1 **Preliminary Title Report.** Escrow is instructed to promptly order a Preliminary Title Report on the Property for delivery to Seller, Buyer, and their respective Brokerage Firms. The Preliminary Title Report will provide a legal description of the Property and a listing of the encumbrances on the Property that will remain after closing.
- G-2 **(a) Title.** Seller warrants that Seller is the owner of the Property. Seller agrees to convey the Property at closing with general warranties vesting marketable title in Buyer.
- (i) Except as set forth in paragraph (ii) below, title to the Property shall be subject to *all* the encumbrances set forth in the

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

Preliminary Title Report, which include, but are not limited to: any restrictions and conditions on use (as described in Section I-4); any documents relating to a condominium, cooperative, PUD, subdivision, homeowner's/community association, or cluster development (as described in Section I-4); and the following:

(ii) Unless otherwise agreed by the parties in this Purchase Contract, any liens, mortgages, agreements of sale, financing statements, judgments, notices of pendency of action (lis pendens), subsidy agreements, equity sharing agreements, buy-back provisions, repurchase rights, and/or options to purchase shall be cleared (paid off and either released or arranged for release by escrow) by Seller at closing.

(b) Buyer's Approval of Preliminary Title Report. The obligation of Buyer to purchase the Property is contingent upon Buyer's approval of the Preliminary Title Report within _____ () days of Buyer's receipt of the Preliminary Title Report. If Buyer disapproves of the Preliminary Title Report within the specified time period, Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2. If Buyer does not elect to terminate this Purchase Contract pursuant to this paragraph within the specified time period, then Buyer: will have waived this contingency; and agrees to accept title to the Property subject to the encumbrances set forth in Paragraph G-2(a)(i).

(c) Updates to the Preliminary Title Report. If the Preliminary Title Report is updated during the escrow period, and any new or changed information directly, substantially and adversely affects the value of the Property, then Seller shall make appropriate disclosures under Paragraph I-2, provided that this shall not apply to an update for any "de minimis" structure position discrepancies.

[] **(d) Title Defect(s).** If Buyer elects not to terminate under Paragraph G-2 (b) and if the Preliminary Title Report or any other report or any updates to such reports reveal that title cannot be delivered by Seller in accordance with Paragraph G-2(a), then Seller shall make appropriate disclosures under Paragraph I-2, and Seller shall use reasonable efforts to cure any title defect(s). If, within _____ () days following receipt of any reported title defect(s) Seller is unable to cure such title defect(s), Buyer may elect to purchase the Property with such title defect(s) and Seller shall not be liable for such title defect(s). If Buyer elects not to accept the Property with such title defect(s), either Buyer or Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3.

G-3 **Vesting and Tenancy.** The Buyer is the person(s) or entity(ies) which have signed this Purchase Contract on Page 15. Buyer shall provide Escrow in writing with Buyer's full legal names and marital status for individuals, trust information, name and type of business entity, etc., and the tenancy by which Buyer shall take title within _____ days [fifteen (15) days if left blank] after the Acceptance Date.

SECTION H: CASH FUNDS AND FINANCING CONTINGENCY

(Choose Paragraph H-1 OR Paragraph H-2)

[] H-1 **No Contingency on Obtaining Cash Funds.** Buyer represents that there are no contingencies on Buyer's obtaining the necessary cash, including all deposits, down payment, and closing (including loan) costs to buy the Property (total "Cash Funds").

[] (a) **Verification of Cash Funds.** Buyer shall provide the items indicated below as evidence that Buyer has the total Cash Funds within _____ () days after the Acceptance Date. If Buyer fails to provide such evidence within the specified time period, Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3. If Seller is not satisfied with such evidence of cash funds Seller may elect, within _____ () days of receipt of such evidence, to terminate this Purchase Contract pursuant to Paragraph O-2.

[] Bank Statement [] Verification From Depository Financial Institution [] Other _____

[] H-2 **Contingency on Obtaining Cash Funds.** In reference to the balance of down payment or balance of purchase price, if all cash, Buyer's obligation to purchase the Property is contingent upon the following: [] Sale of Buyer's Property [] Gift Funds [] Withdrawal From Investment [] Other _____

(a) Buyer shall provide evidence to Seller of Buyer's ability to obtain total "Cash Funds" within _____ () days after the Acceptance Date. If Seller is not satisfied with such evidence of cash funds Seller may elect, within _____ () days of receipt of such evidence, to terminate this Purchase Contract pursuant to Paragraph O-2.

(b) Buyer shall transfer such "Cash Funds" no later than _____ () prior to the Scheduled Closing Date. If Buyer fails to transfer such "Cash Funds" within the timeframe, Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3.

[] H-3 **Financing Contingency.** Buyer's obligation to purchase the Property is contingent upon Buyer obtaining the loan described in Paragraph D-2 ("Mortgage Loan").

(a) If Buyer does not obtain a conditional loan commitment letter, or is unable to satisfy all conditions of the loan commitment letter, within the time periods specified in Paragraph H-4, then Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2.

(b) If Buyer has met all conditions of the loan commitment letter but lender fails to fund prior to closing, then Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-3.

(c) Buyer may:

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

- (i) waive this Financing Contingency and purchase the Property on an all cash basis, or
- (ii) increase the amount of CASH FUNDS in order to satisfy all of Lender's requirements for funding the loan.

If Buyer elects either of these two options, Buyer shall promptly provide written notice of such election to Seller, together with evidence of Buyer's ability to perform PRIOR to expiration of the time periods stated in Paragraph H-4.

[]H-4

Buyer's Obligations. Buyer shall act in good faith to obtain the Mortgage Loan as described in Paragraph D-2. Buyer is obligated to deliver to Seller a Pre-Qualification Letter [] with or [] without lender document review by (a) _____ . The Pre-Qualification Letter shall state that Buyer is creditworthy and qualified for the Mortgage Loan subject to Lender's requirements. Buyer is obligated to deliver to Seller by

(b) _____, a Conditional Loan Commitment Letter based upon underwriter approval and review of property appraisal which shall state that the loan has been approved and Lender will make the loan under specified conditions. Buyer shall deliver to Seller written evidence that Buyer has satisfied all conditions specified by Lender except conditions which cannot be satisfied by Buyer until closing, no later than (c) _____ () days prior to closing Buyer authorizes Seller and Seller's Brokerage Firm to contact Buyer's Lender regarding the status of Buyer's Mortgage Loan.

H-5

Seller's Right to Cancel. Should Buyer fail to satisfy any obligation under Paragraphs H-2, H-3, and/or H-4 within the time periods specified, Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3.

SECTION I: MANDATORY SELLER DISCLOSURES IN REAL ESTATE TRANSACTIONS

I-1

Seller's Obligation to Disclose.

(a) **Disclosure of Material Facts.** Pursuant to Hawaii Revised Statutes Chapter 508D, as amended, for the sale of residential real property (which means fee simple or leasehold real property on which currently is situated: (1) from one to four dwelling units, or (2) a residential condominium or cooperative apartment, the primary use of which is occupancy as a residence), and under common law, Seller is obligated to fully and accurately disclose in writing to Buyer any fact, defect, or condition, past or present, that would be expected to measurably affect the value of the Property to a reasonable person (a "material fact"). Seller acknowledges and agrees that the disclosure requirements under Chapter 508D are in addition to all other disclosure obligations of Seller required by law relating to the sale of residential real property.

(b) **Mandatory Provision of Disclosure Statement.** No later than _____ () days [ten (10) days if left blank] from the Acceptance Date, Seller shall provide Buyer with a Disclosure Statement (a written statement prepared by Seller or at Seller's direction) signed and dated by Seller within six (6) months before or ten (10) days after the Acceptance Date. Such Disclosure Statement shall be prepared in good faith and with due care and shall disclose all material facts relating to the Property that: (i) are within the knowledge or control of Seller; (ii) can be observed from visible, accessible areas; or, (iii) are required to be disclosed under Section 508D-4.5 and Section 508D-15 of the Hawaii Revised Statutes. "In good faith and with due care" includes honesty in fact in the investigation, research, and preparation of the Disclosure Statement and may include information on the following:

- (1) Facts based on only Seller's personal knowledge;
- (2) Facts provided to Seller by governmental agencies and departments;
- (3) Existing reports prepared for Seller by third-party consultants, including without limitation a: (i) licensed engineer; (ii) land surveyor; (iii) geologist; (iv) wood-destroying insect control expert; or (v) contractor, or other home inspection expert; dealing with matters within the scope of the professional's license or expertise for the purpose of the Disclosure Statement; and
- (4) Facts provided to Seller by a managing agent of a homeowner's association, including without limitation, a condominium, cooperative, or community association.

Buyer acknowledges that the Disclosure Statement is NOT a warranty of any kind. Pursuant to Chapter 508D, the Disclosure Statement shall not be construed as a substitute for any expert inspection, professional advice, or warranty that Buyer may wish to obtain.

I-2

Amended Disclosure Statement.

(a) **Seller's Obligation To Provide An Amended Disclosure Statement Upon Later Discovered Information.** Pursuant to Chapter 508D, if after Seller delivers a Disclosure Statement to Buyer and prior to closing, Seller becomes aware of information that was not previously disclosed or that makes any statement in the Disclosure Statement inaccurate, and said information directly, substantially, and adversely affects the value of the Property, then Seller shall provide an Amended Disclosure Statement to Buyer within _____ () days [or ten (10) days if left blank] after the Seller's discovery of the non-disclosure or inaccuracy, and in any event, by no later than twelve noon of the last business day prior to the recorded sale of the Property.

(b) **Automatic Amendment of Disclosure Statement.**

(1) **Governmental Agencies and Departments, Seller's Third-Party Experts, and Managing Agents.** Pursuant to Chapter 508D, the delivery to Buyer of reports or facts within the scope of Paragraph I-1 (b) (2), (3), or (4) after the date of the initial Disclosure Statement shall be considered an Amended Disclosure Statement. Buyer shall comply with the receipt requirement of Paragraph I-4(a).

[] (2) **Buyer's Third-Party Experts.** The parties agree that the delivery to Buyer of reports or facts prepared for Buyer by third-party experts (such as a home inspection expert retained by Buyer), shall be considered an Amended Disclosure Statement. Buyer shall comply with the receipt requirement of Paragraph I-4(a). Buyer shall

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

provide a copy of any such report or facts to Seller within _____ () days of Buyer's receipt, in any of the formats described in Paragraph I-3(d).

I-3 **Mandatory Provision of Documents.**

(a) **Properties Subject to a Recorded "Declaration".** If the Property is subject to a recorded "Declaration" (as defined in Section 508D-1), no later than _____ () days [ten (10) days if left blank] from the Acceptance Date, Seller shall provide Buyer copies of the following documents and any amendments or supplements thereto:

- (1) Articles of incorporation or other document, if any, creating the corporation or association whereby the corporation or association has the power to enforce the Declaration;
- (2) Declaration or similar organizational documents, and any exhibits thereto;
- (3) Bylaws of the corporation or association;
- (4) Any rules relating to the use of common areas, architectural control, maintenance of units, or payment of money as a regular assessment or otherwise in connection with the provisions, maintenance, or service for the benefit of the Property or other real property or common areas;

(b) **Properties Subject to Restrictions or Conditions on Use.** For all residential real property, if the Property is otherwise subject to restrictions or conditions on use, either because of covenants contained in the deed (or other form of conveyance document) for the Property or because of another recorded document, no later than _____ () days [ten (10) days if left blank] from the Acceptance Date, Seller shall also provide Buyer all documentation relating to any restrictions or conditions, including but not limited to any unrecorded rules or guidelines that may have been issued by any entity responsible for enforcing those restrictions, conditions, or guidelines. Some examples of "restrictions or conditions on use" include: Easements; Encroachment Agreements; Covenants, Conditions and Restrictions (CC&Rs); and any other encumbrances that will remain on title after closing as described in Paragraph G-2.

(c) **Documents Issued During the Escrow Period.** Seller shall provide Buyer any additions, supplements, modifications, and amendments to the documents described in subparagraphs (a) and (b) above and those checked in Paragraph M-1 (if any), which are issued during the escrow period (collectively called the "Amended Documents"). If there is any information in the Amended Documents that directly, substantially and adversely affects the value of the Property, then Seller shall provide an Amended Disclosure Statement pursuant to Paragraph I-2.

(d) **Format and Provision of Documents.** Buyer consents to the provision of documents described in subparagraphs (a), (b) and (c) above, and those checked in Paragraph M-1 (if any), in any of the following formats as determined by Seller: Hard copies (printed and delivered); Electronically formatted documents on a CD or DVD delivered; Electronically formatted documents via email.

[] (e) **Electronic Delivery of Documents.** If any of the above documents described in subparagraphs (a), (b) and (c) above or checked in Paragraph M-1, are available electronically on the Internet, then in lieu of providing documents in the formats permitted by subparagraph (d), Buyer hereby consents that Seller may provide a written statement to Buyer that directs Buyer to the internet address or addresses where the documents are located.

(f) **Return of Documents and Reimbursement.** In the event that this Purchase Contract is rescinded or terminated, Buyer agrees to promptly return all documents provided pursuant to Paragraph I-3 and M-1 to Seller or Seller's agent, including any other documents provided to Buyer during the escrow period. Seller not being in default, Buyer shall reimburse Seller for the cost of such documentation if the documents are not returned within _____ () days of electing rescission or termination of this Purchase Contract.

(g) **Review of Documents.** Buyer is advised that Brokerage Firm(s)' scope of service does not include the interpretation of documents referred to in Paragraphs I-3 or M-1. Brokerage Firm(s) recommends that Buyer consult with a licensed attorney and/or CPA with expertise in real estate, condominium, cooperative, subdivision, PUD, and or homeowner's/planned community documents to review and explain such documents to Buyer. Buyer acknowledges that the maintenance fee, homeowner's or community association fees, or any other fees or charges reflected in the documents provided to Buyer for review and approval may be increased in the future.

I-4 **Buyer's Rights and Obligations Upon Receipt of Disclosure Statement, Amended Disclosure Statement, or Documents.**

(a) Upon receipt of the Disclosure Statement, Amended Disclosure Statement, or Documents provided pursuant to Paragraphs I-3 or M-1, Buyer shall provide Seller with a written acknowledgment for each within _____ () days of receipt.

(b) Upon receipt of the Disclosure Statement or Documents provided pursuant to Paragraphs I-3 or M-1, Buyer shall have _____ () days [or fifteen (15) days if left blank] to examine the Disclosure Statement or Documents and to rescind this Purchase Contract.

(c) Upon receipt of an Amended Disclosure Statement, Buyer shall have _____ () days [or fifteen (15) days if left blank] to examine the Amended Disclosure Statement and to rescind this Purchase Contract.

(d) Should Buyer elect to rescind this Purchase Contract pursuant to subparagraphs (b) or (c), Buyer must give Seller or Seller's Agent written notice of such rescission within the specified time period and the termination provisions of Paragraph O-2 shall apply.

I-5 **Buyer's Rights and Obligations Upon Later Discovered Inaccurate Information.** Upon discovery by Buyer that the Disclosure Statement or Amended Disclosure Statement fails to disclose a material fact or contains an inaccurate assertion that directly, substantially, and adversely affects the value of the Property, and if Buyer was not aware of the foregoing failure or inaccuracy, Buyer may elect to rescind this Purchase Contract within the earlier to occur of fifteen (15) days of the discovery by Buyer of the failure or inaccuracy, or _____ () days [or fifteen (15) days if left blank] of the receipt of an Amended Disclosure Statement correcting the failure or inaccuracy. If Buyer elects to rescind

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

this Purchase Contract, Buyer must give Seller or Seller's Agent written notice of such rescission within the specified time period and the termination provisions of Paragraph O-2 shall apply. This Paragraph does not change Seller's obligations under Paragraph I-2.

- I-6 **Buyer's Remedies Regarding Mandatory Seller's Disclosure Statement.** If Seller fails to comply with Paragraphs I-1, I-2, or I-3, Buyer may elect to complete the purchase of the Property. When Buyer is provided a Disclosure Statement, Documents, or Amended Disclosure Statement and Buyer decides to rescind this Purchase Contract, Buyer shall not be entitled to any damages but shall be entitled to the return of all deposits, and in such case, Buyer's deposits shall be immediately returned. If Seller negligently fails to provide the required Disclosure Statement, Documents, or Amended Disclosure Statement, Seller shall be liable to Buyer for the amount of actual damages suffered as a result of Seller's negligence. A court may also award the prevailing party attorneys' fees, court costs, and administrative fees. Buyer's right to rescind this Purchase Contract under Paragraphs I-4 and I-5 shall not apply after the Scheduled Closing Date. Any action to rescind this Purchase Contract under Paragraphs I-4 and I-5 shall commence prior to the Scheduled Closing Date.
- I-8 **General Disclosures.** Paragraphs I-8(a) through I-8(i) describe general issues which could affect the Property. Buyer should make appropriate inquiry regarding these issues as part of Buyer's inspection right under Paragraph J-1.
- (a) **Governmental and Private Restrictions Disclosure.** The Property is subject to all applicable federal, state and county laws, statutes, regulations, codes, ordinances, rules, procedures, restrictions, and requirements, including, but not limited to, those concerning land use, zoning, building permits and requirements, rebuilding requirements, setbacks, height limitations, lot coverage restrictions, and allowable uses. The Property may also be subject to private restrictions, which include the encumbrances described in Paragraph G-2(a)(i), the documents described in Paragraph I-3(a), and the restrictions or conditions on use described in Paragraph I-3(b). Private restrictions can cover a wide range of issues, including, but not limited to: design standards and requirements for permits/approvals; setbacks, height limitations, lot coverage restrictions, and allowable uses; licenses and easements; encroachment, common wall, private road, common driveway, and similar agreements; and condominium, cooperative, PUD, subdivision, homeowner's/community association, or cluster development related matters, including maintenance fees, assessments, and other charges.
- (b) **Building Permits Disclosure.** Buyer is aware that many residential properties do not have all building permits as required by county ordinances and/or may not have been built according to the plans or building permits issued. Buyer understands there are potential risks in purchasing any property on which unpermitted or non-complying work has been done. The risks may include, but are not limited to: (i) fines, (ii) discontinued use of the property, (iii) inability to rebuild, and (iv) requirement to remove or rebuild the affected area. All of the above could affect the appraised value and insurability of the property.
- (c) **Asbestos Disclosure.** Asbestos materials are hazardous to one's health, particularly if asbestos fibers are released into the air and inhaled. In the past (before 1979, but possibly since) asbestos was a commonly used insulation material in heating facilities and in certain types of floor and ceiling materials, shingles, plaster products, cement and other building materials. Buyer is aware that Buyer should make appropriate inquiry into the possible existence of asbestos in, on, or at the Property. Structures having "popcorn" or "cottage cheese" type ceilings may contain asbestos fibers or asbestos-containing material. Such ceilings should not be disturbed since it could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors.
- (d) **Hazardous Waste and Toxic Substances Disclosure.** Federal and state laws place strict liability on property owners for dangers caused by hazardous waste management and may require that such owners pay for the cost of the cleanup of hazardous substances and other toxic substances. Buyer is aware that Buyer should make appropriate inquiries into the current and past use of the Property and should seek an environmental assessment to ascertain the possible existence of such hazardous substances or materials on or under the Property. Buyer is aware Buyer may have liability for hazardous substances located on or under the Property even if Buyer did not cause such substances to be on or under the Property.
- (e) **Wastewater Disposal Disclosure.** The State of Hawaii Department of Health and the individual counties may require upgrades from cesspools to septic tanks or connection of new systems in certain situations. Additionally, the Federal Environmental Protection Agency ("EPA") has issued regulations requiring that all "large capacity cesspools" be closed and converted to EPA approved systems by April 5, 2005 or face substantial penalties. Buyer should contact the State of Hawaii Department of Health, the EPA, and the individual counties for additional information.
- (f) **Mold Disclosure.** Mold and/or other microscopic organisms may exist in, on, or at the Property. Molds are simple, microscopic organisms, present everywhere. Mold spores may cause health problems. Mold will grow and multiply whenever sufficient moisture, temperature and organic material are present. Brokerage Firms, brokers, and agents are not qualified to inspect the Property for mold or to make recommendations or determinations concerning possible health or safety issues. More information is available at the EPA's website.
- (g) **Sex Offender Registration ("Megan's Law").** Hawaii law requires sex offenders to register with the State Attorney General's office. Buyer may contact the Department of the Attorney General or visit its website for information regarding sex offenders who have registered with the State of Hawaii.
- (h) **Flood Zone.** The Property may be located in an area which is a Flood Hazard Zone. Lenders may require Buyer to purchase flood insurance in order to obtain any loan secured by the Property. Buyer is advised that flood insurance premiums may increase significantly based upon FEMA flood zone designations, changes to flood zone maps, or FEMA requirements. Buyer is further advised to consult with Buyer's insurance agent and contact the National Flood Insurance Office for more information. In addition, various governmental agencies have special requirements for obtaining building permits for properties located in Flood Hazard Districts.
- (i) **Lead-Based Paint.** Federal Law requires that the seller of any interest in residential real property must provide the buyer with any information on lead-based paint hazards including the EPA/HUD pamphlet "Protect Your Family From Lead In Your Home") from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

based paint hazards. Residential dwellings built prior to 1978 may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning also poses a particular risk to pregnant women. More information is available at the EPA website.

(j) **Lead-Based Paint Renovation, Repair, and Painting.** In residential real property, the EPA under the Toxic Substance Control Act issued a rule to address lead-based paint hazards created by renovation, repair, and painting activities that disturb lead based paint. These rules establish requirements for training renovators, other renovation workers, dust sampling technicians, and renovation firms; for accrediting providers of renovation and dust sampling technician training to meet the new Federal requirements effective as of April 22, 2010, or substantial penalties may apply. The rule applies to paid contractors working in pre-1978 housing (residential, public or commercial buildings and all rental housing), child care facilities and schools with lead-based paint. Contractors include home improvement contractors, maintenance workers in multi-family housing, painters, and other specialty trades. More information is available at the EPA website.

k) **Climate Changes and Natural Hazards.** Climate changes (including sea level rise) could affect properties in Hawaii, particularly those at the shoreline and in coastal areas. All properties in Hawaii are also subject to natural hazards such as: hurricanes, storms, earthquakes, tsunamis, floods, etc. Buyer is advised to consult experts of Buyer's choice regarding any questions Buyer may have concerning the effects of climate changes (including sea level rise) and natural hazards on the Property. For more information, visit the Hawaii Climate Adaptation Portal (climateadaptation.hawaii.gov).

SECTION J: INSPECTION, MAINTENANCE AND WARRANTIES

J-1 **General Inspection of Property Contingency.** At Buyer's sole cost and expense Buyer shall have the right to (personally or by any expert, professional, or other representatives of Buyer's choice): (a) inspect the Property or any portion thereof; (b) inspect all major appliances and fixtures (plumbing, electric, and gas) included in the sale; (c) inspect all public records relating to the Property and its use; and (d) review all matters concerning the Property including those described in Paragraph I-8. Seller shall provide Buyer and Buyer's representative(s) access to the Property for inspection(s), during reasonable hours with reasonable prior notice to Seller. The obligation of Buyer to purchase the Property is contingent upon Buyer's approval of inspections and review of all matters described in Paragraph I-8 within _____ () days after the Acceptance Date. All inspections and reviews must be completed within this time period. Seller agrees that the property inspection requires that the utilities be turned on, including propane, if applicable, at Seller's expense. If Buyer disapproves of the inspection or review results within the specified time period, Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2. The Buyer's rights under this Paragraph J-1 do not affect Buyer's rights and timelines under Section I.

If Buyer fails to make an election in writing to terminate this Purchase Contract within the specified time period, then Buyer will have waived this contingency.

[J-2 **Additional Inspections.** Seller, at Seller's expense, shall provide the inspection reports checked below to Buyer no later than _____ () days from the Acceptance Date. If within the review period of _____ () calendar days of Buyer's receipt of the inspection reports Buyer does not accept the Property based on information contained in the reports, Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2.

[] Professional Permit Package [] Mold & Mildew [] Asbestos [] Lead-Based Paint

J-3 **Recommendation Regarding Home Inspection.** It is strongly recommended that Buyer obtain a home inspection as well as inspections in specialized areas beyond the scope of the standard home inspection service.

[J-4 **Property Condition Maintenance and Final Walk Through.** Seller shall maintain the interior and exterior of the Property in the same condition and repair as when Buyer inspected the Property pursuant to Paragraph J-1, or as otherwise repaired and/or corrected as agreed to in writing between Buyer and Seller. Buyer and/or Buyer's representative shall have the right to conduct a Final Walk Through of the Property no later than _____ () days prior to closing: (a) to confirm that the Property is in the same condition and repair that it was on the date that Buyer inspected the Property pursuant to Paragraph J-1, and/or (b) to inspect any repairs and/or corrections made by Seller, as agreed to in writing between Buyer and Seller. Seller understands that the Final Walk Through requires that the utilities be on, including propane, if applicable, at Seller's expense. If the Property has not been maintained, or repaired and/or corrected as agreed to in writing between Buyer and Seller, then the provisions of Paragraph J-5 shall apply, and Buyer shall have the right to repeat the final walk through of the Property prior to closing. If Buyer and/or Buyer's representative fails to conduct the Final Walk Through within the specified time period, Buyer will have waived this right.

J-5 **Withheld/Collected Funds for Repairs/Maintenance.** If Seller has failed to maintain the Property pursuant to Paragraph J-3, or has not completed any agreed upon repairs and/or corrections no later than the time period specified in Paragraph J-4, the parties agree that 150% of the estimated cost shall be withheld/collected prior to closing from Seller no later than three (3) business days prior to closing and retained in Escrow until completion. The parties shall immediately sign Escrow's formal withholding and disbursement instructions/agreement confirming the withholding set forth in this paragraph. All bills for maintenance and repairs/corrections will be paid through Escrow. Any balance remaining after completion of all maintenance and repairs/corrections shall be returned to Seller; provided, however, that if maintenance and repairs/corrections are not completed within _____ () days after closing, said funds will be disbursed to Buyer.

J-6 **No Continuing Warranty.** Buyer understands that there is no continuing warranty, expressed or implied, after closing regarding the interior or exterior of the Property.

J-7 **Home Warranty Programs.** Buyer understands that Buyer may obtain from a third party for a fee, home warranties covering appliances, electrical and/or gas and plumbing fixtures and equipment and other items included with the

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

Property.

- [] J-8 **Existing Warranties, Plans, etc.** Seller shall provide to Buyer at closing, if such items are in Seller's possession: (a) any warranty documents covering the improvements and all other property being sold; (b) instruction booklets covering the appliances being sold; and (c) blueprints, specifications, architectural and engineering drawings relating to the Property. Buyer understands that: (a) any warranties delivered by Seller to Buyer represent obligations of other persons or entities, not Seller; (b) the warranties and other documents are provided for informational purposes only; (c) such items may not reflect improvements as built; (d) Seller does not promise that any such warranties are transferable to Buyer; and (e) Buyer must contact the providers of such warranties to determine whether the warranties are transferable to Buyer.
- [] J-9 **Removal of Items from Property.** No later than _____ () days prior to closing, Seller at Seller's expense, shall remove all trash and junk both inside and outside any improvements. No items may be left for Bulky Item Pickup after closing. By closing Seller shall remove all remaining personal belongings from the Property. Should Seller not comply within the stated timeframe, the provisions of Paragraph J-5 shall apply.
- [] J-10 **Cleaning.** No later than _____ () days prior to closing, Seller shall, at Seller's expense, have the interior of the improvements on the Property cleaned. Cleaning shall include all appliances, cupboards, drawers, floors, jalousies, screens and windows. Seller shall also have the interior carpets professionally shampooed. Should Seller not comply within the stated timeframe, the provisions of Paragraph J-5 shall apply.
- [] J-11 **Pet Related Treatment.** Seller shall, at Seller's expense, remove any pets from the Property, and after carpets have been professionally shampooed pursuant to Paragraph J-9, have the interior of the Property treated for fleas/ticks by a licensed pest control operator. If Seller does not have the Property treated for fleas/ticks by a licensed pest control operator as required, then Seller agrees that an amount equal to 150% of the estimated cost of treating the Property for fleas/ticks by a licensed pest control operator shall be held in Escrow until completed; provided however, that any remaining funds held shall be automatically disbursed to Buyer by Escrow if the Property is not treated for fleas/ticks by a licensed pest control operator within _____ () days after closing. All licensed pest control operator treatment shall be paid through Escrow and any balance remaining after completion of professional treatment shall be returned to Seller.

SECTION K: STAKING AND SURVEY

(This may/may not apply to condominiums or cooperatives.)

(Choose Paragraph K-1 OR Paragraph K-2)

- [] K-1 **Staking (Boundary Points).** Within _____ () days of the Acceptance Date, Seller shall, at Seller's sole cost and expense, have a land surveyor licensed in the State of Hawaii stake the Property and ensure that all boundary points are visible. Buyer may have a land surveyor licensed in the State of Hawaii verify the accuracy of the location of the boundary points prior to closing. Seller shall reimburse Buyer for the cost of this verification at closing ONLY if the location of the original stakes proves to be inaccurate. Buyer understands that staking is not the same type of survey as described in Paragraph K-2, and does not confirm the accuracy of the description or the land area of the Property, or the existence or absence of encroachments onto the Property or onto a neighboring property. A survey map and report will not be provided.
- [] K-2 **Survey.** Within _____ () days of the Acceptance Date, Seller shall, at Seller's sole cost and expense, have a land surveyor licensed in the State of Hawaii: (a) survey the Property even if the boundary points are visible and; (b) if improvements exist along the Property line, provide Buyer with a map (with surveyor's stamp) and accompanying report to show the perimeters of the Property and the location of any improvements in the vicinity of the perimeter Property lines. The survey and map may not address whether: improvements on the Property are in compliance with State and/or County requirements; subdivision covenants, conditions, and restrictions; and/or condominium property regime requirements.
- K-3 **Buyer's Approval of Staking or Survey.** Subject to the provisions of Paragraph K-4, the obligation of Buyer to purchase the Property is contingent upon Buyer's approval of the Staking or Survey described in Paragraphs K-1 or K-2, within _____ () days of Buyer's receipt of the Staking or Survey. If Buyer disapproves of the Staking or Survey within the specified time period, Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2 Buyer. If Buyer does not elect to terminate this Purchase Contract pursuant to this paragraph within the specified time period, then Buyer: will have waived this contingency; and agrees to accept the Property as staked or surveyed.
- K-4 **Boundary Encroachment.** If encroachment(s) onto an adjoining property or onto the Property by an adjoining property is revealed or discovered, Buyer may elect to accept (in writing) such existing encroachment(s) at its current location, within _____ () days of discovery, or Buyer shall instruct Seller to, and Seller shall use Seller's reasonable efforts to: (a) remove such encroachment(s) if acceptable to Buyer at Seller's and/or the adjoining owner(s)' sole cost and expense; or (b) obtain encroachment agreement(s) at Seller's and/or the adjoining owner(s)' sole cost and expense, with the affected adjoining owner(s) which is acceptable to Buyer, and if neither (a) nor (b) occurs within _____ () days prior to closing, Buyer may accept the encroachment(s) or elect to terminate this Purchase Contract pursuant to Paragraph O-3. If in remedying the revealed encroachment, the encroachment is partially or totally removed, then Seller shall be responsible for the correction of the survey (if Paragraph K-2 was checked) to reflect any changes in the revealed encroachment no later than _____ () days prior to closing. Under Chapter 669 Hawaii Revised Statutes (de minimis), certain tolerances for discrepancies involving improvements built along the boundary line of the Property for specific zonings are established, and such improvements shall not be considered encroachments.
- K-5 **Staking/Survey Discrepancies.** In the event the staking or survey report indicates there are visible discrepancies concerning the boundary points and/or improvements along the Property line that directly, substantially and adversely affect the value of the Property, then Seller shall make appropriate disclosures under Paragraph I-2.

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

SECTION L: TERMITE PROVISIONS

L-1 **Termite Inspection.** Buyer is aware that termite infestation may affect the condition and value of real property in Hawaii. It is highly recommended that Buyer obtain a termite inspection and receive a report to identify the extent of infestation and/or damage to the Property, if any. The report may only address visible evidence of termite infestation and/or damage in accessible areas. The report may not address whether the evidence indicates active ("live") termite infestation. Seller agrees to disclose in writing in the Seller's Real Property Disclosure Statement, any prior and/or current termite infestation and/or damage of which Seller is aware.

[] L-2 **Termite Inspection Contingency.** Within _____ () days of the Acceptance Date, [] Buyer [] Seller shall select a licensed pest control operator (Operator) to conduct an inspection and issue a termite inspection report on Form PC-9 (Termite Inspection Report). Should the party who has to choose the Operator fails to inform the other party with the name of the selected Operator within the specified time, then the other party shall select an Operator within five (5) days thereafter. In either scenario, Seller shall order the inspection and Termite Inspection Report from the selected Operator. The Termite Inspection Report shall be delivered to Buyer no later than _____ (Time/Date).

[] Buyer [] Seller shall pay for the inspection and the issuance of the Termite Inspection Report at a cost not to exceed \$ _____, and the other party shall pay the difference. If Buyer's lender requires an updated Termite Inspection Report prior to funding Buyer's loan, then Buyer shall pay for the cost of the updated Termite Inspection Report.

If the Termite Inspection Report indicates visible evidence of termite infestation, Seller shall order and pay for the recommended treatment which shall not include preventive maintenance, at a cost not to exceed \$ _____, and the other party shall pay the difference. Buyer and Seller understand that such treatment may cause damage to plants and/or improvements. Seller shall deliver to Buyer a Certificate of Treatment no later than five (5) days prior to the Scheduled Closing Date, or at any date mutually agreed to in writing between Buyer and Seller.

L-3 **Termite Damage.** In the event the inspection report indicates there is visible damage to the improvements caused by termite infestation, and said damage directly, substantially and adversely affects the value of the Property, then Seller shall make appropriate disclosures under Paragraph I-2.

L-4 **Latent or Hidden Termite Infestation and/or Damage.** Buyer acknowledges that there may be latent or hidden termite infestation and/or damage of which Seller and Seller's Brokerage Firm are not aware and for which Seller and Seller's Brokerage Firm will not be held liable. Seller, Seller's Brokerage Firm, Buyer's Brokerage Firm, and their respective licensees make no representations or warranties that the Property is free from latent or hidden termite infestation and/or damage. Buyer and Seller release Brokerage Firms and their respective licensees from any and all liability with regard to any latent or hidden termite infestation and/or damage.

**SECTION M: CONDOMINIUM/COOPERATIVE/SUBDIVISION/PUD/
HOMEOWNER/COMMUNITY ASSOCIATION**

[] M-1 **Contingency on Documentation Approval.** Unless already provided under Paragraph I-3 (a) or (b) above, Seller shall provide documentation to Buyer as set forth below. (Check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Approved Minutes of the last three (3) Board of Directors Meeting | <input type="checkbox"/> Current and/or Proposed Budget |
| <input type="checkbox"/> Copy of any and all pending litigation complaints filed by or against the Owner's Association and/or its directors that are currently unresolved | <input type="checkbox"/> Current House Rules |
| <input type="checkbox"/> Current Financial Statement | <input type="checkbox"/> Design Standards and/or Guidelines |
| <input type="checkbox"/> Other, be specific _____ | <input type="checkbox"/> Insurance Summary |
| | <input type="checkbox"/> Lender's Disclosures |
| | <input type="checkbox"/> Minutes of the last Annual Meeting |
| | <input type="checkbox"/> Project Information Form RR105c |
| | <input type="checkbox"/> Reserve Study or Summary |
| | <input type="checkbox"/> Other, be specific _____ |

Seller, at Seller's expense, shall provide the documents that were checked above to Buyer no later than _____ () days from the Acceptance Date. Buyer's rights and obligations upon receipt of the documents that were checked above are covered by Paragraph I-4. Paragraph I-3 (c), (d), (e) (if checked), (f), and (g) shall also apply to the documents that were checked above.

M-2 **Common Element Discrepancies.** Seller is not responsible for repair of condominium common and limited common elements or cooperative common areas. Seller is only responsible for reporting such defects or damage to the Association of Apartment Owners or other governing body only to the extent that Seller's unit is affected.

SECTION N: RENTAL PROPERTY MATTERS

(Choose Paragraph N-1 OR Paragraph N-2)

[] N-1 **Delivery of Possession of the Property Free of Tenants.** Seller shall deliver possession of the Property at closing vacant and free of tenants, tenants' possessions, leases, property management contracts, short term rental reservations, or any other rental or service commitments.

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

- []N-2 **Rental Documents.** Seller shall deliver all Rental Documents executed and/or binding between Seller and Tenant. Seller shall also deliver any executed Property Management Contract. Rental Documents may include the following:
- | | |
|---|---|
| Rental Agreement | Pet Addendum |
| Security Deposit Statement | Vacating Instructions |
| Property Condition Form | Renewal Energy Act Addendum |
| Lead-Based Paint Disclosure – Lessor/Lessee | Short Term Vacation Rental Reservation(s) |

Seller shall provide copies of such documents, and any amendments or addenda, to Buyer within _____ () days after the Acceptance Date. If within _____ () days of receipt of such documents, Buyer does not accept the Property based upon information contained in the selected documents, Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2. Any security deposits or vacation rental deposits will be transferred to Buyer at closing. **Seller and all Brokerage Firms highly recommend that Buyer retain the services of a Licensed Property Management Company and may want to retain them prior to closing.**

- N-3 **Rental Agreement Changes During the Escrow Period.** During the escrow period, Seller shall not, without the prior written consent of Buyer, make any changes to the documents described in Paragraph N-2, or enter into any new Rental Agreement(s) or Vacation Rental Reservation(s), which extend beyond the Scheduled Closing Date.

SECTION O: TERMINATION, MEDIATION, ARBITRATION, AND OTHER MATTERS

- O-1 **Termination Due to Default.** This paragraph shall not apply if Paragraphs O-2 or O-3 have been specifically designated as a termination provision for a particular obligation or contingency.

In the event that Buyer is in default for failure to perform Buyer's obligations under this Purchase Contract (Seller not being in default), Seller may terminate this Purchase Contract, and (a) bring an action for damages for breach of contract, or (b) retain the initial earnest money deposit and all additional deposits provided for in this Purchase Contract. However, if the Buyer has performed the obligation prior to Seller terminating this Purchase Contract, then this termination provision shall not apply to such obligation.

In the event Seller is in default for failure to perform Seller's obligations under this Purchase Contract (Buyer not being in default), Buyer may (a) terminate this Purchase Contract and bring an action for damages for breach of contract, or (b) seek specific performance of this Purchase Contract. However, if the Seller has performed the obligation prior to Buyer terminating this Purchase Contract, then this termination provision shall not apply to such obligation.

The foregoing shall not exclude any other remedies available under the law to either Seller or Buyer due to the other party's default.

- O-2 **Termination *Within Contingency Time Period.*** Should this Purchase Contract specifically designate this paragraph to govern the termination process for any term of this Purchase Contract, any party given the right to terminate this Purchase Contract pursuant to such term, and who elects to do so, must deliver to the other party a written notice of termination prior to the expiration of the time period or the date specified in such term. If the party given the right to terminate fails to deliver the written notice to the other party within such time period or by such date, the termination right shall be deemed to be waived (as to that party) and can no longer be used by that party as a reason to terminate this Purchase Contract. If the terminating party so terminates this Purchase Contract, Buyer and Seller shall promptly execute all cancellation documents requested by Escrow, and Escrow shall, unless otherwise agreed to in this Purchase Contract, return to Buyer all deposits previously made, less the amount of any escrow expenses or fees chargeable to Buyer. Thereafter, neither Buyer nor Seller shall have any further rights or obligations under this Purchase Contract.

- O-3 **Termination *After a Specified Contingency/Condition Time Period.*** Should this Purchase Contract specifically designate this paragraph to govern the termination process for any term of this Purchase Contract, any party given the right to terminate this Purchase Contract pursuant to such term, and who elects to do so, must deliver to the other party a written notice of termination within _____ () days [seven (7) days if left blank] of the expiration of the time period or the date specified in such term. If the party given the right to terminate fails to deliver the written notice to the other party within the time period specified in this paragraph, the termination right shall be deemed to be waived (as to that party) and can no longer be used by that party as a reason to terminate this Purchase Contract. If the terminating party so terminates this Purchase Contract, Buyer and Seller shall promptly execute all cancellation documents requested by Escrow, and Escrow shall, unless otherwise agreed to in this Purchase Contract, return to Buyer all deposits previously made, less the amount of any escrow expenses or fees chargeable to Buyer. Thereafter, neither Buyer nor Seller shall have any further rights or obligations under this Purchase Contract.

- O-4 **Mediation.** If any dispute or claim arises out of this Purchase Contract prior to or after closing between Buyer and Seller, or between Buyer and/or Seller and a Brokerage Firm and all its licensees assisting in this transaction, and the parties to such dispute or claim are unable to resolve the dispute, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by non-binding mediation. This paragraph shall not apply to any complaint of unethical conduct against a Brokerage Firm and all its licensees who are obligated to comply with the Code of Ethics of the National Association of REALTORS®. Such complaints against a Brokerage Firm(s) or its licensees assisting in this transaction must be brought before the Local Board of REALTORS® of which the Brokerage Firm and all its licensees are members.

- O-5 **Arbitration.** If any dispute or claim arises out of this Purchase Contract during this transaction or at any time after closing, between Buyer and Seller, or between Buyer and/or Seller and a Brokerage Firm and all its licensees assisting in this transaction, and if such dispute cannot be resolved through mediation, then the parties are encouraged to consider arbitration as an alternative to litigation. It is recommended that the parties seek legal counsel to make this determination.

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

- O-6 **Third Party Claims.** It is understood that if a dispute or claim is made by or against a third party who is not obligated or willing to mediate or arbitrate such dispute or claim, then Buyer and Seller shall not be required to mediate or arbitrate such dispute or claim.
- O-7 **Choice of Law and Forum.** The Property is located in the State of Hawaii. This Purchase Contract shall be governed by and construed according to the laws of the State of Hawaii. All legal actions or proceedings concerning this Purchase Contract and/or the Property shall be filed and conducted in the appropriate state or federal court located in the State of Hawaii. Any mediation, arbitration, and/or litigation in the state court, shall be filed and conducted in the county where the Property is located.
- O-8 **Attorney's Fees.** In the event of default by a party and/or a legal action or arbitration (including a claim by a Brokerage Firm for commission), the prevailing party shall be entitled to recover all costs incurred including reasonable attorneys' fees.

SECTION P: FOREIGN OR NON-RESIDENT BUYER AND/OR SELLER

- P-1 **Hawaii Real Property Tax Act ("HARPTA") Withholding Required if Seller is a Non-Resident of the State of Hawaii.** Pursuant to Hawaii Revised Statutes Section 235-68, if Seller is a non-resident person or entity (corporation, partnership, LLC, trust, or estate) of the State of Hawaii, Buyer must withhold a specified percentage of the "amount realized" by Seller on the sale of the Property and forward the amount with the appropriate form to the State Department of Taxation. Such withholding may not be required if Seller obtains and provides Buyer with an authorized exemption or waiver from withholding. If Seller does not provide Buyer with a certificate of exemption or waiver from HARPTA within fourteen (14) days after the Acceptance Date, Escrow is hereby authorized and instructed to withhold/collect from Seller the required amount at closing and forward it to the State Department of Taxation.
- P-2 **Foreign Investment in Real Property Tax Act ("FIRPTA") Withholding Required if Seller is a Foreign Person.** Pursuant to 26 U.S. Code Section 1445, if Seller is a foreign person or entity (non-resident alien, corporation, partnership, LLC, trust, or estate), Buyer must generally withhold a specified percentage of the "amount realized" by Seller on the sale of the Property and forward the amount with the appropriate form to the Internal Revenue Service ("IRS"). Such withholding may not be required if Seller obtains and provides Buyer with an authorized exemption or waiver from withholding. If Seller does not provide Buyer with a certificate of exemption or waiver from FIRPTA within fourteen (14) days after the Acceptance Date, Escrow is hereby authorized and instructed to withhold/collect from Seller the required amount at closing and forward it to the IRS.
- P-3 **Additional Disclosures Required by Foreign Buyers and Sellers.** Buyer and Seller understand that under statutes and ordinances such as the Agricultural Foreign Investment Disclosure Act of 1978 (7 CFR Part 781), the International Investment and Trade in Services Survey Act (22 U.S. Code Section 3101), and the Ordinances of the various Counties of the State of Hawaii, among others, disclosures are required by foreign Buyers and/or Sellers under certain conditions.

SECTION Q: SPECIAL TERMS

[] **SPECIAL TERMS** (Please number Q-1, Q-2, Q-3, and so forth)

SECTION R: BROKERAGE FIRMS SERVICES AND DISCLAIMERS

- R-1 **Scope of Services and Disclaimer by Brokerage Firms.** Brokerage Firms assisting in this transaction, including their owners, licensees, salespersons, agents, and employees, strongly recommend that Buyer and Seller each consult their own attorney, estate planner, accountant, appraiser, architect, pest control expert, home inspector, insurance advisor, contractor, land surveyor, electrical engineer, civil engineer, structural engineer, soils engineer, land use professional,

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

zoning expert, environmental expert, designer, title insurer, other professionals, and/or subject matter experts should they have any questions within those fields about this transaction.

Buyer and Seller understand that Brokerage Firms have not made any representations or warranties, and have not rendered any opinions about: (a) the legal or tax consequences of this transaction; (b) the legality, validity, correctness, status, existence, or lack of any building permits which may have been required for the Property; (c) the land area of the Property, the location of the boundaries, or the size of any improvements on the Property; or (d) any of the matters set forth in Paragraph I-8, General Disclosures.

Buyer and Seller understand and acknowledge the parties are not relying upon Brokerage Firms for any of the foregoing services or advice.

- R-2 **Rental Property.** Buyer understands that Seller and Brokerage Firms are not offering to sell or selling the Property together with any existing or future rental pool or other rental arrangement. Seller and the Brokerage Firms make no representations or guarantees about future rents. Buyer understands that should Buyer rent the Property after closing, Buyer is assuming all risks relative to all of the foregoing. This sale includes real property only, and the intent is not to convey a security or investment security as defined by the U.S. Securities and Exchange Commission or other governmental agency.
- R-3 **Future Resale Value.** Seller and Brokerage Firms make no representations or guarantees about future resale values.
- R-4 **Obligations.** Brokerage Firms shall not be held liable to either Buyer or Seller for the failure of either Buyer or Seller to perform their obligations under this Purchase Contract.
- R-5 **Permission.** The parties grant Brokerage Firms permission to supply data to the Multiple Listing Service regarding the sales price, terms, and listing status of this transaction for use by other brokers and real estate professionals in making market studies, providing service to the public, and advising their clients.
- R-6 **Disclosure of Real Estate Licensing Status.** Hawaii law provides that the licensee shall not acquire, rent, lease, sell, or exchange an interest in or buy, rent, lease, sell, or exchange for one's self, any member of the licensee's immediate family or Brokerage Firm, or any entity in which the licensee has any ownership interest, property listed with the licensee, licensee's Brokerage Firm, or listed with any other Brokerage Firm or licensee without making the true position known in writing.
[] (a) **Disclosure.** The licensee(s) in this transaction disclose the following: _____

SECTION S: GENERAL PROVISIONS

- S-1 **Acceptance Date.** As used in this Purchase Contract, the term "Acceptance Date" means the date on which this Purchase Contract becomes binding upon the parties.
- S-2 **Dates and Times.** As used in this Purchase Contract, the term "day" means a calendar day, and all dates and times are based on Hawaii Standard Time (UTC-10). Unless otherwise specified in writing in this Purchase Contract, contingencies and all other dates in this Purchase Contract shall expire at 11:59 PM HST on the day stated.
Note: Hawaii does not observe Daylight Savings Time.
- S-3 **Time is of the Essence.** Except as otherwise provided in this Purchase Contract, time is of the essence in the performance by all parties of their respective obligations under this Purchase Contract. This includes compliance with all contingency and other time periods stated in this Purchase Contract.
- S-4 **Electronic (Digital or Fax) Signatures.** Electronically executed copies of this Purchase Contract and any related documents shall be fully binding and effective for all purposes, whether or not originally executed documents are transmitted to Escrow. Electronic signatures on documents will be treated the same as original signatures; however, each party agrees to promptly forward original executed documents to Escrow if requested. The parties understand that conveyance, mortgage and other recordable documents must be executed, acknowledged, and delivered in original form and will not be acceptable if signed only electronically.
- S-5 **Counterparts.** This Purchase Contract and any addenda, amendments, and related documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so signed shall be deemed to be an original, and all of which taken together shall constitute one and the same document, which shall be binding upon all of the parties, notwithstanding that all of the parties do not sign the original or the same counterpart.
- S-6 **Complete Agreement.** This Purchase Contract constitutes the entire agreement between Buyer and Seller and supersedes and cancels any and all prior negotiations, representations, warranties, understandings, or agreements (both written and oral) of Buyer and Seller. No variation or amendment of this Purchase Contract shall be valid or enforceable unless it is in writing signed by both Buyer and Seller. All agreements and representations about the Property must be set forth in writing, and the parties agree that to be effective, any representation or warranty made by a Brokerage Firm or any party to this Purchase Contract must be set forth in writing in this Purchase Contract, or an amendment to this Purchase Contract, or in any required Disclosure Statement. Buyer and Seller shall each hold harmless and release the Brokerage Firms from any claims based upon any alleged representation which is not set forth in writing as stated in this paragraph.
- S-7 **Time of Delivery/Receipt.** Buyer and Seller agree that the time of the delivery/receipt of documents (including addenda, amendments, and notices), and all other written matters in any format under this Purchase Contract shall be the earlier of the time of delivery/receipt by: (a) Buyer or the Brokerage Firm (and all its licensees) representing Buyer as set forth in Paragraph A-2; and (b) Seller or the Brokerage Firm (and all its licensees) representing Seller as set forth in Paragraph A-2. This Paragraph shall not apply to Buyer or Seller, as applicable, if such party is a Customer and there is no agency relationship with a Brokerage Firm as forth in Paragraph A-2(d).

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE

Buyer agrees to buy the Property at the price and terms offered in this Purchase Contract and acknowledges receipt of a copy of this Purchase Contract.

Date _____, _____ AM [] PM []
Buyer's Name _____ Buyer's Name _____
Signature _____ Signature _____
Title _____ Title _____

Agent's Name _____ State License No. _____
Brokerage Firm _____ State License No. _____
Brokerage Firm Address _____
Bus _____ Fax _____ Cell _____ E-mail _____

Reviewed by: _____
Name of [] Principal Broker/ [] Broker-in-Charge Signature Brokerage Firm

SECTION T: ACCEPTANCE, COUNTER OFFER, OR NOTIFICATION OF REJECTION

(Choose Paragraph T-1, Paragraph T-2, OR Paragraph T-4)

- [] T-1 **Acceptance of Purchase Contract.** Seller accepts this Purchase Contract, agrees to sell the Property at the price and terms offered in this Purchase Contract, and acknowledges receipt of a copy of this Purchase Contract.
- [] T-2 **Counter Offer.** Seller agrees to sell the Property at the price and terms offered in this Purchase Contract, as amended by the attached Counter Offer, and acknowledges receipt of a copy of this Purchase Contract and the Counter Offer.
- [] T-3 **Notification of Rejection.** By checking this box and signing below Seller rejects this Purchase Contract and acknowledges receipt of a copy of this Purchase Contract.

Date _____, _____ AM [] PM []
Seller's Name _____ Seller's Name _____
Signature _____ Signature _____
Title _____ Title _____

Real Estate Licensee's Name _____ State License No. _____
Brokerage Firm _____ State License No. _____
Brokerage Firm Address _____
Bus _____ Fax _____ Cell _____ E-mail _____

Seller is a Foreign Person [] Non-Hawaii Resident [] Owner/Occupant [] Other [] _____

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, 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 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).

BUYER'S INITIALS & DATE

SELLER'S INITIALS & DATE