Instructions
&
Forms

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CER Real Estate Services

LEASEHOLD DISCLOSURE DOCUMENTS

√ **Summary** A summary of the major provisions of one of the following types of leases.

- Apartment Lease
- Condominium Conveyance Document
- Apartment Deed and Ground Lease
- Ground Lease
- Proprietary Lease
- Other Residential Lease

√ **Lease** Copy of the lease for the subject property.

√ **Booklet** *A Guide to Hawaii's Residential Leasehold*

√ **Form** *Buyer's Acceptance or Rejection of the Purchase Contract*

√ **Form** *Agreement to Modify the Time Period for Delivery or Review of the Leasehold Disclosure Documents*

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BUYER'S ACCEPTANCE / REJECTION OF THE PURCHASE CONTRACT

I HAVE RECEIVED THE FOLLOWING LEASEHOLD DISCLOSURE DOCUMENTS (initial to confirm):

(1) Summary of the Lease _____ _____ (initial)

(2) Copy of the Lease _____ _____ (initial)

(3) *A Guide to Hawaii's Residential Leasehold* (contains glossary) _____ _____ (initial)

Date Documents Received: _____

I understand that the lease summary for the subject property contains only a summary of certain terms of the lease and that for complete and detailed information I must read the original lease.

I understand that the subject property is leasehold property and I will acquire the right to occupy and use the leased real property for the time stated in the lease agreement. I will not acquire outright or absolute ownership of the land or fee simple ownership. The land is owned by the lessor or the lease fee owner, to whom I, the lessee, will agree to make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed for specific amounts at fixed periods of time, then subject to renegotiation. Renegotiation may be based on a formula or arbitration set in the lease agreement or by law or by agreement between the lessor and lessee.

I UNDERSTAND THAT THE RENEGOTIATED LEASE RENTS MAY INCREASE SIGNIFICANTLY. AT THE END OF THE LEASE, I MAY HAVE TO SURRENDER THE PROPERTY (SURRENDER CLAUSE) AND THE LAND TO THE LESSOR WITHOUT ANY COMPENSATION.

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

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

I understand that there are currently no statutory provisions for the mandatory conversion of leasehold condominiums and cooperatives, and that there are not assurances that such measures will be enacted in the future.

I UNDERSTAND THAT IF I HAVE ANY LEGAL QUESTIONS ABOUT THE LEASEHOLD PROPERTY, ABOUT THE LEASE DOCUMENTS, ABOUT THE TERMS OF THE LEASE, AND ITS CONSEQUENCES, I SHOULD SEEK THE ADVICE OF AN ATTORNEY.

CHOOSE ONLY <u>ONE</u> OF THE FOLLOWING BY INITIALING THE APPROPRIATE CHOICE AND DRAWING A DIAGONAL LINE THROUGH THE OTHER :

_____ _____1) I have read and understand the provisions of the lease documents received, ACCEPT the terms of the lease, and ACCEPT the PURCHASE CONTRACT.

_____ _____2) I DO NOT ACCEPT the terms of the lease and CANCEL the PURCHASE CONTRACT.

Buyer _____ Buyer _____
print name print name

_____ _____
Buyer's Signature Date Buyer's Signature Date

LEASEHOLD PROPERTY

TMK _____ Project _____ Unit _____

Address _____
street city state zip

CER Real Estate Services
P. O. Box 1119 Honolulu, HI 96807 ph 523-1587 fax 523-1589

Order No.: _____

AGREEMENT TO MODIFY THE TIME PERIOD FOR DELIVERY OR REVIEW OF THE LEASEHOLD DISCLOSURE DOCUMENTS

(Optional Form--see instructions)

Buyer and Seller desire to modify the time period for the delivery by Seller or review by Buyer of the Leasehold Disclosure Documents and agree as follows:

1. Seller will deliver the Leasehold Disclosure Documents to Buyer on or before the following date: _____.

2. Buyer will review the Leasehold Disclosure Documents and deliver written notice of Buyer's acceptance or rejection of the terms of the lease and the Purchase Contract to Seller on or before the following date: _____.

Buyer's Signature	Date	Buyer's Signature	Date
Sellers's Signature	Date	Seller's Signature	Date

LEASEHOLD PROPERTY

TMK _____ PROJECT _____ UNIT _____

ADDRESS _____
street city state zip

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Hawaii statutory law governing the sale of leasehold property provides in HRS § 516D-11 and HRS § 516-71 that the Seller of residential leasehold property must provide the Buyer with the required leasehold disclosure documents within ten (10) days from the date of the acceptance of the DROA (Purchase Contract); and the Buyer will have ten (10) days from the date of receipt of the leasehold disclosure documents from the Seller to review the disclosure documents and accept or reject the terms of the lease and the DROA (Purchase Contract). The statutory law further provides that the Seller and the Buyer, on a standardized form, may agree to reduce or extend the time period for delivery or review of the applicable leasehold disclosure documents.

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