



PLAIN LANGUAGE ADDENDUM
Hawaii Association of REALTORS® Standard Form
Revised 9/08 (NC) For Release 5/12



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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 Chapter 487A. You are advised to see your own attorney.

1. **ACCEPTANCE:** An act to show that Seller and Buyer are bound by the terms when Seller and Buyer agree in writing.
2. **ACKNOWLEDGMENT:** An act signifying that signing is a voluntary act and genuine signature of specific person.
3. **ADDENDUM/ADDENDA** (singular/plural): Additional material attached to and made part of the transaction.
4. **AGENCY:** The relationship created establishing a fiduciary or statutory relationship and imposes certain duties, obligations and high standards of good faith and loyalty.
5. **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 renders a decision in favor of one party and against the other.
6. **ASSESSMENTS:** An official valuation of real property for tax purposes based on appraisals by local government.
7. **ASSUMED OBLIGATIONS:** Debts which Buyer takes over from another party and for which Buyer is responsible to repay.
8. **ASSUMPTION OF MORTGAGE:** Agreeing to be liable for terms and conditions of existing mortgage.
9. **BREACH OF CONTRACT:** When one breaks an agreement or refuses to do what was promised.
10. **BUILT-IN FURNITURE:** Fixtures such as bookcases, shelving, cabinets, or furniture permanently affixed to real property.
11. **BY-LAWS:** Document that establishes the rules for the operation of a common interest community.
12. **CC & R's:** Document outlining the conditions covenants and restrictions of Property.
13. **CODE OF ETHICS:** Written standard of ethical conduct. Members of the National Association of REALTORS® subscribe to a Code of Ethics.
14. **COMMON ELEMENT:** Property that is necessary or convenient for existence, maintenance or safety of a planned development.
15. **COMMON INTEREST COMMUNITY:** Refers to condominium, cooperative and planned unit development projects.
16. **CONVEY:** To sell or transfer ownership of Property to another party.
17. **CONVEYANCE DOCUMENTS:** Documents that transfer title or interest in real property.
18. **COVENANTS:** An agreement with another party promising to do or not to do something.
19. **DECLARATION:** Controlling document which creates and defines a condominium project or planned unit development.
20. **DEFAULT:** Nonperformance of a duty or obligation that is part of a contract.
21. **DISCLOSURE STATEMENT:** An information report on Property.
22. **EASEMENT:** A limited right one has in lands owned by someone else or rights owned by someone else on one's land. For example, a right for you to cross over someone else's land to get to your own Property.
23. **ENCROACHMENT:** An intrusion of an improvement on another's real property.
24. **ESCROW:** An objective third person who holds money and/or documents until satisfaction of the terms of the contract are completed.
25. **EXTENSION:** An agreement to continue the performance period beyond a specific period.
26. **FEE SIMPLE:** An interest in land which gives you full right of ownership and which does not end by the passage of time. You can freely transfer this right or leave Property to be inherited.
27. **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.
28. **FIXTURE:** An article that was once personal property that has been affixed to real estate.
29. **IMPROVEMENTS:** Additions of value made to Property.
30. **LAND COURT (Torrans System):** A system of recordation of documents affecting land.
31. **LEASEHOLD:** An interest in land which is less than fee simple and which allows one defined use for a stated period of time.
32. **LESSEE:** A tenant under a lease.
33. **LESSOR:** The landlord under a lease.
34. **LIENS AND ENCUMBRANCES:** Claims against the title or right of ownership to one's Property held by another party.
35. **LIMITED COMMON ELEMENT:** A common element which use is restricted to a specific owner or owners.
36. **LIQUIDATED DAMAGES:** An agreed upon reasonable amount of money which is paid to the party injured by the other party.
37. **LITIGATION:** The formal court process started by filing a lawsuit.
38. **MARKETABLE TITLE:** Title or right of ownership to Property which is free of any claims or reasonable doubts which would affect one's ability to sell Property.

 BUYER'S INITIALS & DATE

 SELLER'S INITIALS & DATE



- 39. **MEDIATION:** A non-adversarial process where Seller and Buyer select a third party to act as a facilitator. The third party, called a mediator, assists the parties in finding a creative solution to their dispute.
- 40. **NULL & VOID:** Having no legal force or effect, of no worth.
- 41. **OFFER:** A promise Buyer makes to buy Property under the terms set forth in the Purchase Contract if Seller accepts those terms.
- 42. **POSSESSION:** To control or occupy Property.
- 43. **PRELIMINARY TITLE REPORT:** A report that is made before a title insurance policy is issued.
- 44. **PREVAILING PARTY:** The party determined to be in the right in a disagreement.
- 45. **PRORATE:** To divide or distribute as agreed.
- 46. **PURCHASE CONTRACT:** Purchase Contract form used to purchase real property.
- 47. **REAL PROPERTY:** The land, the air above and the ground below, as well as any improvements on the land. It includes the interests, benefits and rights inherent in the ownership of real estate.
- 48. **RECORDING:** The act of entering the documents affecting title to real property into the book of public records.
- 49. **REGULAR SYSTEM:** A system of recordation of documents affecting land in the State of Hawaii.
- 50. **RESERVATIONS:** Rights which one will keep in the land when selling to another party.
- 51. **RESERVE STUDY:** An analysis done by or on behalf of a common interest community that examines and estimates the future costs of major repairs and maintenance that the community will encounter, and determines how much money will need to be collected each year to pay for the repairs and maintenance.
- 52. **RISK OF LOSS:** A responsibility for damages caused to Property.
- 53. **SPECIFIC PERFORMANCE:** When the party is required to do what was promised.
- 54. **SUBDIVISION:** Land that is divided into two or more parcels.
- 55. **SUPERSEDE:** To take the place of or replace.
- 56. **TENANCY:** How title of real property is held.
- 57. **TERMINATION:** End or cancel.
- 58. **TITLE:** Right of ownership to Property.
- 59. **TRANSFER OF TITLE:** The act of changing the legal right of ownership.
- 60. **WARRANTIES VESTING MARKETABLE TITLE:** Seller guarantees to Buyer that the title or right of ownership to Seller's Property is free of any claims or reasonable doubts which would affect the ability to sell Property.
- 61. **WARRANTY:** To guarantee.

We have received a copy of this PLAIN LANGUAGE ADDENDUM:

_____ BUYER _____ DATE _____ SELLER _____ DATE

_____ BUYER _____ DATE _____ SELLER _____ DATE

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).