



Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

1. The storage sheds for Apartments C, D, E, F and J have been built and completed as shown on the notice of completion published on November 24, 1993.
2. The storage shed for Apartment H has not been built since there is an existing concrete tile shed with an existing corrugated roof which is described as an apartment in the Declaration.
3. Apartments B, G and H remain the same with no changes.
4. The business operation on the premises of Apartment H which was previously noted as illegal secured a Conditional Use Permit Type 1 on March 31, 1987 permitting sales and service of machinery used in agricultural production.

SPECIAL ATTENTION

There are City and County of Honolulu restrictions on the number of residential dwellings which may be built in the project. Since there is an existing unit consisting of 13 dwellings (Apartment B), none of the other apartments are presently able to construct any dwellings. Nor is there any assurance that a purchaser will be able to convert an existing non-residential structure to a residential use. The Purchaser should consult with the appropriate City and County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

Kipapa Acres-Registration No. 1743  
Supplementary Public Report  
Special Attention (Concluded)

At such time that Unit B is divided into individual dwelling units, the owner(s) (Developer(s)) making such division shall immediately stop all offers of sale and sales and submit a Supplementary public report pursuant to section 514A-41, Hawaii Revised Statutes ("HRS") and comply with all other applicable requirements of Chapter 514A, HRS, including but not limited to, Part VI. Sales to Owner-Occupants.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

## TABLE OF CONTENTS

	page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer                      Attorney for Developer      General Contractor	
Real Estate Broker          Escrow Company              Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Common Elements	
EXHIBIT B: Encumbrances Against Title	
EXHIBIT C: Summary of Sales Contract	
EXHIBIT D: Summary of Escrow Agreement	
EXHIBIT E: Disclosure Statement	
EXHIBIT F:	
EXHIBIT G:	
EXHIBIT H:	
EXHIBIT I:	

### General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

### Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: DAIRY CO., INC. Phone: 8418945  
Name (Business)  
1636 Kam IV Road  
Business Address  
Honolulu, Hawaii 96817

Names of officers or general partners of developers who are corporations or partnerships:

Yuichi Ige President & Director  
James H. Kamo Vice President & Director  
Frank J. Hata Secretary, Treasurer & Director

Real Estate Broker: KUROMAN REALTY INC. Phone: 5376007  
Name (Business)  
1255 Nuuanu Avenue, Suite C 104  
Business Address  
Honolulu, Hawaii 96817

Escrow: Long & Melone Escrow, Ltd. Phone: 5313189  
Name (Business)  
810 Richards Street  
Business Address  
Honolulu, Hawaii 96813

General Contractor: N/A Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Condominium Managing Agent: Self managed by Association of Phone: \_\_\_\_\_  
Name (Business)  
Apartment Owners  
Business Address  
\_\_\_\_\_

Attorney for Developer: Hiroshi Sakai, Attorney at Law Phone: 5314171  
A Law Corporation (Business)  
Name  
201 Merchant Street, Suite 902  
Business Address  
Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 1342515

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

- First Amendment dated July 25, 1986, Document No. 1389083  
Second Amendment dated July 6, 1994, Document No. 2170733  
Third Amendment dated September 7, 1994, Document No. 2178746

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 569

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- Second Amendment dated July 6, 1994, Document No. 2170733

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 1342516

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

- First Amendment dated July 6, 1994, Document No. 2170734

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed                       Adopted             Developer does not plan to adopt House Rules

E. Changes to Condominium Documents Rules and Regulations and Cost Allocation for the Water System

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	Majority vote <u>of Board</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

Developer has reserved the right under Paragraph 15.0 of the Declaration to alter the units in the Project which it owns without the approval of the Association or the other apartment owner and to amend the Condominium Map to note changes resulting from the exercise of the Developer's reserved rights under Paragraph 15.0. Developer has also reserved the right under Paragraph 16.0 to record any "as built" statements as required by law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                   Canceled             Foreclosed

- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must 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 at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which 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, not the property itself.

The developer of this condominium 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 may have then 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 owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 94-500 Kamahameha Highway, Waipio, Ewa, Oahu, Hawaii Tax Map Key: (1) 9-4-5-52  
(TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_  
\_\_\_\_\_

Land Area: 50.152 [ ] square feet [x] acre(s) Zoning: Agriculture (AG-1)

~~lessor~~

(Fee Owner): DAIRY CO., INC.

Name

1636 Kam IV Road

Address

Honolulu, Hawaii 96819

Sublessor: \_\_\_\_\_

Name

Address

C. Buildings and Other Improvements:

1.  New Building(s)  Conversion of Existing Building(s)  Both New Building(s) and Conversion

7 sheds

2. Number of Buildings: 13 dwellings Floors Per Building 1

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Metal

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No * <input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Agricultural	<u>7</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

\* Non conforming uses

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: \_\_\_\_\_
- Number of Occupants: \_\_\_\_\_
- Other: Rules and Regulations and Cost Allocation for the Water System
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0      Stairways: 0      Trash Chutes: 0

Unit No.	Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
B	2 BR	8	2/1	553 s.f.	N/A
	3 BR	5	3/1	591 s.f.	N/A
C, D, E					
F, J	Sheds	5	N/A	90 s.f.	N/A
G	Shed	1	N/A	8,160 s.f.	N/A
H	Shed	1	N/A	4,229 s.f.	N/A
Total Apartments: <u>8 (B is one unit)</u>					

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

The exterior surfaces of the structures and the description of the limited common elements for each of the apartments are as set forth in the Condominium Map.

Permitted Alterations to Apartments:

An apartment owner can increase the total square footage of his structure, add additional structures, alter the location of his structure and/or subdivide in accordance with the building code, zoning and subdivision ordinances.

7. Parking Stalls:

Total Parking Stalls: 13 (Each dwelling has a carport); Others not designated open parking

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	<u>13</u>	—	—	—	—	—	<u>13</u>
Guest	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—
Extra for Purchase	—	—	—	—	—	—	—
Other:	—	—	—	—	—	—	—
Total Covered & Open	<u>13</u>	—	—	—	—	—	—

Each apartment will have the exclusive use of at least 0 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis Court                       Trash Chute
- Other: \_\_\_\_\_

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

- There are no violations.                       Violations will not be cured.
- Violations and cost to cure are listed below.     Violations will be cured by \_\_\_\_\_

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):  
With respect to Unit B (housing units) upon the sale of the individual traditional residential units, the Developer or Owner of Unit B shall comply with the conversion and other requirements as set forth in the condominium statute, including the filing of an amended supplementary public report.

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

Conditional Use Permit Type 1 on March 31, 1987

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	_____	_____X_____	_____
Structures	_____	_____X_____	_____
Lot	_____X_____	_____	_____

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit   A  .

as follows:

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows: The land area of each apartment as shown on the Condominium Map.

Apartment B		10.568	acres
"	C	5.322	"
"	D	5.857	"
"	E	5.039	"
"	F	5.280	"
"	G	6.497	"
"	H	5.312	"
"	J	6.277	"

3. **Common Interest:** Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

Apartment B		21.1%
"	C	10.6%
"	D	11.7%
"	E	10.0%
"	F	10.5%
"	G	13.0%
"	H	10.6%
"	J	12.5%

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit B describes the encumbrances against the title contained in the title report dated Aug. 2, 1994 and issued by Long & Melone, Ltd.

**Blanket Liens:**

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

- [ ] There are no blanket liens affecting title to the individual apartments.
- [ x] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage Federal Land Bank of Berkeley	Buyer's interest may be terminated in which event Buyer will be entitled to a refund of deposit, less any escrow cancellation fee.
Mortgage First Hawaiian Creditcorp, INC.	Buyer's interest may be terminated in which event Buyer will be entitled to a refund of deposit, less any escrow cancellation fee.

**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

**1. Building and Other Improvements:**

None

**2. Appliances:**

None

G. Status of Construction and Estimated Completion Date:

The 13 dwelling units comprising Unit B, the warehouse comprising Unit G and the tile shed comprising Unit H were constructed in 1963. Units C, D, E, F and J were constructed in 1993.

H. Project Phases:

The developer [ ] has [ X ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

- A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer                       the Developer or the Developer's affiliate.  
 self-managed by the Association of Apartment Owners     other \_\_\_\_\_

- B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit \_\_\_\_ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

Exhibit E - No maintenance fees at this time.

- C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None                       Electricity                       Gas                       Water  
 Sewer                       Television Cable                       Other \_\_\_\_\_

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- [ ] Notice to Owner Occupants N/A See p. 2 of Disclosure Statement
- [ X ] Specimen Sales Contract  
Exhibit  C  contains a summary of the pertinent provisions of the sales contract.
- [ X ] Escrow Agreement dated  July 6, 1994   
Exhibit  D  contains a summary of the pertinent provisions of the escrow agreement.
- [ ] Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
- 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;  
AND
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Rules and Regulations and Cost Allocation for the Water System

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 1743 filed with the Real Estate Commission on Mar. 6, 1986

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C. Additional Information Not Covered Above

1. Apartment B is a non-conforming commercial apartment unit.
2. The remaining apartments are for agricultural uses as permitted under the zoning ordinance of the City and County of Honolulu.

Maintenance Fees:

All costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owners.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Developer estimates such annual premium expense for Unit B to be \$2,990 per annum. The premium expenses for Units C, D, E, F and J to be nominal since there is a storage shed for each of those units. The premium expenses for Unit G which is a warehouse and Unit H which is a tile shed depends on the coverage that the individual apartment owner decides since those units were built in 1963. This estimate was prepared through past insurance costs and through inquiry from an insurance agent.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

DAIRY CO., INC.

Name of Developer

By: *Yuichi Ige*  
Duly Authorized Signatory

9/7/94

Date

YUICHI IGE, President

print name & title of person signing above

Distribution:

Department of Finance, City & County of Honolulu  
Planning Department, City & County of Honolulu  
Federal Housing Administration

**EXHIBIT "A"**

**COMMON ELEMENTS.** The common elements which the apartments have immediate access to include the following:

- a. The land in fee simple.
- b. Any installation for services such as power, light, gas, sewer lines, telephone, radio and television signal distribution and like utilities.
- c. The Water System, the Rules and Regulations governing it and the Cost Allocation as set forth in Exhibit "B" attached to the Declaration and incorporated herein by reference.
- d. The Waterline Easement 2 and Water Tank and Waterline Easement 3 affecting Unit A and in favor of units B through H inclusive and J and adjoining Lot 942-A.
- e. Any parts of Project consisting for the common use and are necessary for the maintenance and safety of the Project.

EXHIBIT "B"  
ENCUMBRANCES AGAINST TITLE

The title to the land is subject to the following encumbrances.

1. Taxes for the year 1994-1995. For confirmation with respect to taxes contact the Director of Finance, City and County of Honolulu.

2. Grant to Waiahole water company, Limited, as set forth in that certain indenture dated May 21, 1913, recorded in the Bureau of Conveyances, State of Hawaii in book 392, page 376.

3. Easement "N" as shown on Maps 37 and 79, filed with said Application No. 1000.

4. Restrictive covenants as contained in Deed dated August 26, 1953, filed as Land Court Document No. 152038, as amended by instrument dated January 25, 1974, filed as Land Court Document No. 157084.

5. Grant in favor of Oahu Sugar Company, Limited, Waiahole Water Company, Limited, Hawaiian Pineapple Company, Limited, and United States of America dated August 26, 1952, filed as Land Court document No. 152039; granting a perpetual easement for an irrigation ditch known as "Kipapa Ditch", etc., to said Oahu Sugar Company, Limited, all right in and to free water in Kipapa Gulch, etc., to said Waiahole Water Company, Limited, and the perpetual right to certain free flowing water in Kipapa Gulch to said Hawaiian Pineapple Company, Limited, and United States of America.

6. Grant in favor of Hawaiian Electric Company, Inc., and GTE Hawaiian Telephone Company Incorporated dated November 8, 1957, filed as Land Court Document No.208558; granting an easement for utility purposes.

7. Easement "163" as shown on Map 97, as set forth by Land Court Order No. 16484, filed August 20, 1958.

8. Grant in favor of the United States of America dated September 26, 1958, filed as Land Court Document No. 223406; granting easements to install, etc. fuel pipeline, etc., over and across said Easements "56" and "163".

9. Grant in favor of Hawaiian Electric Company, Inc., dated April 9, 1962, filed as Land Court Document No. 289053; granting an easement to construct, etc., pole and wire lines, etc.

10. Easement "341" (10 feet wide) as shown on Map 201, as set forth by Land Court Order No. 23479, filed November 20, 1964.

11. Grant in favor of the United States of America dated November 16, 1946, filed as Land Court Document No. 347714; granting an easement for installing, etc., communications, etc., over said Easement "341".

12. Easement "1" (16 feet wide) as shown on the Condominium Map for roadway and utility purposes.

13. Easement "2" (10 feet wide) as shown on the Condominium Map for waterline purposes.

14. Easement "3" as shown on the Condominium Map for water tank and waterline purposes.

15. Easement "4" (10 feet wide) as shown on the Condominium Map for waterline purposes.

16. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitation on title, and all other provisions contained in or incorporated by reference in the Declaration of Horizontal Property Regime dated April 17, 1985, filed as Land Court Document No. 1342515 (By Laws thereto dated April 17, 1985, filed as Land Court Document No. 1342516) as amended, Condominium Map No. 569; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid. (Said Declaration was amended by instruments dated July 25, 1986, filed as Land Court Document No. 1389083, and dated July 6, 1994, recorded as Land Court Document No. 2170733, and By Laws was amended by instrument dated July 6, 1994, recorded as Land court document No. 2170734.) Said Project is known as Kipapa Acres.

17. Mortgage dated March 10, 1972 from Dairy-Co., Inc. a Hawaii corporation to The Federal Land Bank of Berkeley, filed as Land Court Document No. 590902 to secure the sum of \$300,000.00.

18. Mortgage dated August 13, 1985 from Dairy-Co., Inc. a Hawaii corporation to Hawaii Thrift & Loan, Inc., a Hawaii corporation (now First Hawaiian Creditcorp, Inc.), filed as Land Court Document No. 1316310 to secure the sum of \$230,000.00, as amended by instrument dated November 25, 1987, filed as Land Court Document No. 1514237.

19. The effect, if any, of deed dated June 1, 1976, filed as Land Court document No. 2133830, by and between Dairy-Co., Inc., a Hawaii corporation and Roy Walter Joaquin, husband of Marjorie Joan Joaquin, conveying Lot 942-B-2, area 4.500 acres. (Transfer Certificate of title No. 435,133)

NOTE: There is no Land Court Order setting forth the

subdivision of Lot 942-B into Lots 942-B-1 and 942-B-2.

Roy Walter Joaquin, husband of Marjorie Joan Joaquin, was not made a part of said Declaration.

The Office of the Assistant Registrar of the Land Court of the State of Hawaii has canceled Transfer Certificate of Title No. 435,133 and will not issue a Transfer Certificate of Title on the foregoing deed.

B:PR.exB

## EXHIBIT "C"

### Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

- (a) A buyer must obtain his own financing.
- (b) The purchaser's money will be held in escrow under the terms of the Escrow Agreement.
- (c) The interest on deposit shall belong to the buyer provided it opens up an interest bearing account with the Escrow. Otherwise, the interest shall belong to the Seller.
- (d) The unit will be subject to various other legal documents which the buyer certifies that he has examined.
- (e) The purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (f) If Buyer defaults, Seller shall give written notice to Buyer by certified mail and if such default is not cured within 10 days after receipt of notice, Seller may terminate the Sales Contract and retain the Buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy including specific performance and all costs by reason of such default shall be borne by Buyer.
- (g) If Buyer has paid all payments required under the Sales Contract, Buyer shall be entitled to specific performance.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

**EXHIBIT "D"**

**SUMMARY OF ESCROW AGREEMENT**

The Escrow Agreement sets up an arrangement under which the deposit which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

(a) Escrow will let purchaser know when payments are due.

(b) Escrow will arrange for purchaser to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(d) The Escrow Agreement says what will happen to a purchaser's fund upon a default under the Sales Contract.

(e) No disbursement of purchaser's funds shall be made from the escrow fund until the following requirements are met:

(1) A Final Public Report has been issued by the Real Estate Commission and the purchaser has received for the same or thirty (30) days to receipt acknowledgment have expired.

(2) Issuance of a Condominium Conveyance of the purchaser's apartment free and clear of any blanket financial encumbrances.

EXHIBIT "E"

KIPAPA ACRES

REGISTRATION NO. 1743

DISCLOSURE STATEMENT AS OF July 7, 1994

1. Name of Project: KIPAPA ACRES
2. Address: 94-500 Kamehameha Highway, Waipio, Oahu, City and County of Honolulu, Hawaii
3. Name of Developer: DAIRY CO., INC.
4. Address of Developer: 1636 Kam IV Road, Honolulu, Hawaii 96819
5. Telephone Number: (808) 8418945
6. Project Manager or Agent: Yuichi Ige
7. Address: 1636 Kam IV Road, Honolulu, Hawaii 96819
8. Maintenance Fees: All costs of every kind pertaining to each apartment, including hazard insurance shall be borne by the respective apartment owners.
9. Commencement of Maintenance Fees: At the time of the closing of units in the Project.
10. Warranties: The Project is a fee simple condominium project. There are no warrantys as to the buildings or improvements in the Project.
11. Project: The Project consists of 8 condominium apartments to be utilized for agricultural and other uses permitted under the zoning ordinances for the City and County of Honolulu.

At such time that Unit B is divided into individual dwelling units, the owner(s) (Developer(s)) making such division shall immediately stop all offers of sales and submit a supplementary public report pursuant to section 514A, Hawaii Revised Statutes ("HRS") and comply with all other applicable requirements of Chapter 514A, HRS, including but not limited to Part VI. Sales to Owner-Occupants.

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable county codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

DATED: Honolulu, Hawaii, July 7, 1994.

DAIRY CO., INC.

By Yuichi Ige  
Yuichi Ige  
Its President

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