



**REAL ESTATE COMMISSION  
STATE OF HAWAII**  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

**CONDOMINIUM PUBLIC REPORT**

on

KALA COTTAGE  
Opelo Road  
Kamuela, Hawaii

Registration No. 1750

Issued: September 10, 1986  
Expires: October 10, 1987

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission on September 3, 19 86 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

**PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.

**FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission. ~~This report must be read together with the~~ This report must be read together with the Disclosure Abstract.

**SUPPLEMENTARY:** (pink) Changes information contained in the  
 Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated \_\_\_\_\_  
 Supp. Public Report dated \_\_\_\_\_

And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_

**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.

1. Regarding Encumbrances Against Title, this information has changed since the issuance of the Preliminary Public Report, and the undated information is contained in Exhibit D of this report.

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Appendix I: People Connected with the Project

Attached only if there are additions or changes to information contained in the body of the report.

## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 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 condominiums, 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 or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. Study the 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

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. 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 control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.



PEOPLE CONNECTED WITH THE PROJECT

Developer: LESLIE AGORASTOS and MELVIN HEWETT Phone: 885-6266  
Name (Business)  
P.O. Box 337  
Business Address  
Kamuela, Hawaii 96743

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Sales Agent: LESLIE AGORASTOS and MELVIN HEWETT Phone: 885-6266  
Name (Business)  
P.O. Box 337  
Business Address  
Kamuela, Hawaii 96743

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: 329-6666 (Kona)  
Name (Business)  
235 Queen Street, 1st Floor  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: -- same as Developers -- Phone: same  
Name (Business)  
Business Address  
\_\_\_\_\_

Attorney for Developer: ROGER V. MEEKER  
Name  
250 South Hotel Street, Courtyard Suite  
Business Address  
Honolulu, Hawaii 96813

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

**CREATION OF THE CONDOMINIUM  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

Proposed  
 Recorded — Bureau of Conveyances — Book 19749 Page 457  
 Filed — Land Court — Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

Proposed  
 Recorded — Bureau of Conveyances — Map No. 1028  
 Filed — Land Court — File Plan No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium. 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 way in which meetings will be conducted, and other matters which affect how the condominium will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded — Bureau of Conveyances — Book 19749 Page 469  
 Filed — Land Court — Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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**

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

1. **Apartment Owners:** Minimum percentage of apartment owners who 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	—	<u>n/a</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

As long as the Developers own one or more of the apartments of the Project, said Developers shall be subject to the provisions of the Declaration and By-Laws; provided, however, that prior to the first meeting of the Association, which meeting shall be held not later than six (6) months after the first apartment sale has been consummated and the appropriate documents recorded at the Bureau of Conveyances, said Developers: (a) shall represent all of the owners of the apartments and all of the members of the Association; (b) shall appoint the officers and Directors of the Association; and (c) shall act on behalf of the Association and all future apartment owners of the Project.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the underlying land will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

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.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners) either (1) remove or dispose of the building and other improvements; or (2) convey the building and improvements to the lessor at a specified price.

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

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:

For Subleaseholds:

Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is  
 Cancelled  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 cancelled or foreclosed.

**B. Underlying Land:**

Land Area: 8,830 square feet

Zoning: CV 7.5 (Commercial-Village)

Tax Map Key: 3rd Division: 6-5-2-180

Fee Owner: LESLIE AGORASTOS and MELVIN HEWETT  
name  
P.O. Box 337  
address  
Kamuela, Hawaii 96743

Sublessor: n/a  
name  
address

**Buildings and Other Improvements:**

1.  New Construction                       Conversion of Existing Building  
 Both New Construction and Conversion

2. Buildings: one (1)                      Floors Per Building: two (2)

3. Principal Construction Material:

- Concrete                       Hollow Tile                       Wood  
 Other \_\_\_\_\_

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input checked="" type="checkbox"/> Commercial	<u>10</u>	<input type="checkbox"/> Industrial	_____
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other:	_____		_____

5. Special Use Restrictions:

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

Pets: \_\_\_\_\_

Number of Occupants: \_\_\_\_\_

Other: Use restricted to private commercial offices by the respective owners thereof, their clients, personal guests and tenants.

6. Interior (fill in appropriate numbers): SEE EXHIBIT "A" attached hereto

Total Apartments ten (10)

Elevators none

Stairways one (1)

Trash Chutes NONE

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</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 floor area may have been used.

Boundaries of Each Apartment: interior perimeters of each individual apartment.

Permitted Alterations to Apartments: NONE unless done pursuant to an Amendment of the Declaration of Horizontal Property Regime.

7. Parking Stalls:

	<u>Number of Stalls</u>
Assigned Stalls (For Individual Units)	<u>10</u>
Guest Stalls	<u>2</u>
Unassigned Stalls	<u>          </u>
Other: _____	<u>          </u>
Total Parking Stalls	<u>12</u>

Each apartment will have the exclusive use of at least one (1) parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	<u>          </u>	<u>          </u>	<u>          </u>
Number of open stalls	<u>12</u>	<u>          </u>	<u>          </u>

Commercial parking garage permitted on condominium.

Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities:

- |  |   |
|--|---|
| <p><input type="checkbox"/> Swimming pool</p> <p><input type="checkbox"/> Recreation Area</p> <p><input type="checkbox"/> Tennis Court</p> <p><input type="checkbox"/> Other: _____</p> <p>_____</p> | <p><input type="checkbox"/> Storage Area</p> <p><input type="checkbox"/> Laundry Area</p> <p><input type="checkbox"/> Trash Chute</p> |
|--|---|

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

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

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

b. Conforming/Non-Conforming Uses, Structures, Lot (for conversions only)

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

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

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

1. Common Elements: Common Elements are those parts of the condominium intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit  B  describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments. The limited common elements and the apartment which may use them are:

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

as follows:

The designated parking stalls located in the parking areas on the front and side of the building. Each respective parking stall, as shown and designated on the Condominium Map, shall be deemed a limited common element appurtenant to and for the exclusive use of the respective apartment of corresponding number designation (e.g. Parking Stall 1 is appurtenant to Apartment 1, etc.). As noted in the Declaration, Parking Stalls 11 and 12 are designated as guest parking stalls, and as such, are deemed common elements rather than limited common elements.

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 often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit  C  describes the common interests for each apartment.

E. Encumbrances Against Title. An encumbrance is a claim against or a liability on the property.

Exhibit D describes the encumbrances against the title contained in the title report dated August 18, 1986.

Blanket Liens:

- There are no blanket liens affecting title to the individual apartments.  
 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. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Blanket Mortgage	Buyer's interest unaffected. Title to the individual apartments will be free and clear at the time of conveyance.

F. 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. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium.

Initial Managing Agent: When the developer or the developer's affiliate is the initial 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 managing agent for this condominium is:

- not affiliated with the Developer.  
 the Developer or the Developer's affiliate.  
 other \_\_\_\_\_

**G. Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium. If you are late 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 to each apartment.

Exhibit \_\_\_\_\_ contains a schedule of maintenance fees and maintenance fee disbursements.

-- SEE DISCLOSURE ABSTRACT for schedule of estimated maintenance fees

**H. Separate Utility Charges for Apartments:**

Except for the utilities indicated below, each apartment will be billed separately for utilities:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas         | <input type="checkbox"/> Water & Sewer    |
| <input type="checkbox"/> Other _____ |   |

**I. Construction Warranties**

1. Building and Other Improvements: STANDARD ONE-YEAR BUILDING WARRANTY

2. Appliances: NONE included in sale

**J. Status of Construction and Estimated Completion Date**

Construction of the Project is scheduled to have been completed by August 31, 1986.

**K. Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

NONE anticipated

**L. Sales Documents Filed with the Real Estate Commission:**

Notice to Owner Occupants

Specimen Sales Contract -- standard DROA contract is being used

Exhibit  E  contains a summary of the provisions of the sales contract.

Escrow Agreement dated  March 1, 1986

Exhibit  E  contains a summary of the provisions of the escrow agreement.

Other \_\_\_\_\_

**IV. . . . . ADDITIONAL INFORMATION NOT COVERED ABOVE**

**Buyer's Right to Cancel Sales Contract:**

**A. Rights Under the Condominium Statute:**

**Preliminary Report:** Sales made by the Developer 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, Supplementary Report to a Final Report:** Sales made by the Developer are binding if:

1. The Developer delivers a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
  - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
  - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
  - c. The apartment is conveyed to the buyer within 30 days from the date the reports were delivered to the buyer.

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

1. There is a material change in the condominium 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
2. 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.

**B. Rights Under the Sales Contract:**

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
6. Other \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

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 Law are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

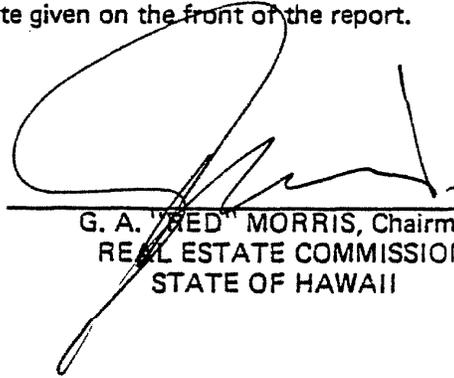
This Public Report is a part of Registration No. 1750 filed with the Real Estate Commission on August 11, 1986.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock                       white paper stock                       pink paper stock

Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.



G. A. "RED" MORRIS, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Separate Disclosure Abstract on this condominium:

Required                       Not Required — disclosures covered in this report

Distribution:

Department of Finance, County of Hawaii  
Bureau of Conveyances  
Planning Department, County of Hawaii  
Federal Housing Administration  
Escrow Agent

## APARTMENT DESCRIPTIONS

The Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple project consisting of a two-story building, constructed principally of reinforced concrete slab and wood-frame construction, without basement, containing a total of ten (10) apartments. The apartments are described as follows:

- (a) Apartment 1 is located on the ground floor of the building, and is designated on the Condominium Map as "Office 1". It consists of a single-room office of approximately 288 square feet of interior area.
- (b) Apartment 2 is located on the ground floor of the building, and is designated on the Condominium Map as "Office 2". It consists of a single-room office of approximately 288 square feet of interior area.
- (c) Apartment 3 is located on the ground floor of the building, and is designated on the Condominium Map as "Office 3". It consists of a single-room office of approximately 372 square feet of interior area.
- (d) Apartment 4 is located on the ground floor of the building, and is designated on the Condominium Map as "Office 4". It consists of a single-room office of approximately 308 square feet of interior area.
- (e) Apartment 5 is located on the ground floor of the building, and is designated on the Condominium Map as "Office 5". It consists of a single-room office of approximately 146 square feet of interior area.
- (f) Apartment 6 is located on the ground floor of the building, and is designated on the Condominium Map as "Office 6". It consists of a single-room office of approximately 168 square feet of interior area.
- (g) Apartment 7 is located on the second floor of the building, and is designated on the Condominium Map as "Office 7". It consists of a single-room office of approximately 300 square feet of interior area.
- (h) Apartment 8 is located on the second floor of the building, and is designated on the Condominium Map as "Office 8". It consists of a single-room office of approximately 332 square feet of interior area.
- (i) Apartment 9 is located on the second floor of the building, and is designated on the Condominium Map as "Office 9". It consists of a single-room office of approximately 268 square feet of interior area.
- (j) Apartment 10 is located on the second floor of the building, and is designated on the Condominium Map as "Office 10". It consists of a single-room office of approximately 188 square feet of interior area.

## COMMON ELEMENTS

Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners. The common elements of this project are described as follows:

- (a) The land in fee simple;
- (b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, hallways, stairways, walkways, entrances and exits of said building;
- (c) The men's and women's bathrooms on the lower level, and the small storage room also located on the lower level;
- (d) All yards, grounds and landscaping;
- (e) All walkways, parking areas and driveways not designated as part of the respective apartments, including the guest parking stalls shown and designated on the Condominium Map as Parking Stalls 11 and 12;
- (f) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, sewage, irrigation and telephone;
- (g) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

**COMMON INTEREST**

Each apartment will have an undivided percentage or fractional interest in all of the common elements. This interest is called the "common interest". It is often 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 matter requiring action by the apartment owners. Each apartment's common interest is as follow: Each apartment and its owner(s) shall have appurtenant thereto the following percentage interest in the common elements of the Project, for all purposes including voting, said interest being referred to as the "common interest":

Apartment 1	—————	10.8 percent
Apartment 2	—————	10.8 percent
Apartment 3	—————	14.0 percent
Apartment 4	—————	11.6 percent
Apartment 5	—————	5.5 percent
Apartment 6	—————	6.3 percent
Apartment 7	—————	11.3 percent
Apartment 8	—————	12.5 percent
Apartment 9	—————	10.1 percent
Apartment 10	—————	7.1 percent

## ENCUMBRANCES AGAINST TITLE

An encumbrance is a claim against or a liability on the property. The following list describes the encumbrances against the title contained in the Status Title Report dated January 24, 1986, issued by Title Guaranty of Hawaii, Inc.:

- (a) For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, Third Division, State of Hawaii.
- (b) Restrictive Covenants as set forth in Deed dated May 30, 1985, recorded in said Bureau in Liber 18689 at Page 692.
- (c) A 10-foot wide setback for future widening of Opelo Road.
- (d) Mortgage in favor of Realty Finance, Inc., a Hawaii corporation, dated June 6, 1986, recorded in said Bureau in Liber 19598 at Page 418.
- (e) Declaration of Horizontal Property Regime dated February 20, 1986, recorded in said Bureau in Liber 19749 at Page 457 (Project covered by Condominium Map No. 1028 recorded in said Bureau).
- (f) By-Laws of the Association of Apartment Owners of Kala Cottage dated February 20, 1986, recorded in said Bureau in Liber 19749 at Page 469.

## SUMMARY OF SALES DOCUMENTS

**SALES CONTRACT:** Developers are using the standard Hawaii Board of Realtors' Deposit Receipt, Offer and Acceptance (DROA) form as the intended sales contract for the project. Reference is hereby made thereto.

**ESCROW AGREEMENT:** The Escrow Agreement, dated March 1, 1986, identifies Title Guaranty Escrow Services, Inc. as Escrow for the Project. The Escrow Agreement establishes how proceeds from the sale of apartments and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds. The Escrow Agreement provides that a Purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said Purchaser, without interest and less cancellation fee and costs, if Purchaser shall in writing request refund of his funds and Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser. Said cancellation fee shall be in the minimum amount of \$25.00, but in no event shall exceed \$125.00, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

Upon examination, both the DROA and Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is incumbent upon the purchaser and prospective purchaser that he reads with care the DROA and Escrow Agreement.

**DISCLOSURE ABSTRACT**

**KALA COTTAGE  
Condominium Project**

Pursuant to Section 514A-61, Hawaii Revised Statutes  
Horizontal Property Act

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**Co-Developers and Project Managers**

LESLIE M. AGORASTOS  
MELVIN B. HEWETT  
P. O. Box 337  
Kamuela, Hawaii 96743  
Telephone: 885-6266

**Estimated Maintenance Fees/Costs per Apartment**

The developers anticipate that the required maintenance fees for each apartment to cover monthly utility expenses, repairs and maintenance will be as follows:

	<u>Annual</u>	<u>Monthly</u>
Apartment 1	388.80	32.40
Apartment 2	388.80	32.40
Apartment 3	504.00	42.00
Apartment 4	417.60	34.80
Apartment 5	198.00	16.50
Apartment 6	226.80	18.90
Apartment 7	406.80	33.90
Apartment 8	450.00	37.50
Apartment 9	363.60	30.30
Apartment 10	255.60	21.30

Whenever the Association determines that major driveway maintenance (or any other expense common to the entire Project) is necessary, and authorizes expenditures for said maintenance, each apartment owner shall be assessed an amount equal to his respective common interest share of said common expense.

**Warranties**

Construction of the two-story building containing the ten apartments of the Project will be completed in 1986. Developers warrant against any structural and appliance defects for a period of one year from and after the date of issuance of the Real Estate Commissions's Final Public Report.

**Use of Apartments**

All ten apartments comprising the Project are intended for commercial/business/office purposes only. There is no residential development in the Project.

  
\_\_\_\_\_  
LESLIE M. AGORASTOS

  
\_\_\_\_\_  
MELVIN B. HEWETT

Co-Developers