



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

PALANI ESTATES

Palani Road
Kealakehe Homestead
Kealakehe, North Kona, Hawaii
Registration No. 1950

Issued: September 15, 1988
Expires: October 15, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 14, 1988 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 the 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.
 - Supersedes all prior public reports
 - Must be read together with _____
 - SUPPLEMENTARY: (pink) Updates 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 _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required 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 report has been issued.

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*****  
*                               *  
*          SPECIAL ATTENTION          *  
*                               *  
* The Developer has disclosed that the land beneath *  
* and immediately adjacent to each unit is designated *  
* as a limited common element of the project and does *  
* not represent legally subdivided lots. The pro- *  
* spective purchaser is cautioned to carefully review *  
* the documents for further information with regards *  
* to the foregoing. *  
* *  
*****
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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 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 they 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 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.

Some condominium projects are leasehold. This means that the land or the land, 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 owner/tenant) 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.* The 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.

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 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.

SUMMARY OF THE CONDOMINIUM PROJECT

(cite to appropriate pages
in text of report)

Interest to be Conveyed to Buyer:

A fee simple interest in an individual apartment and
undivided interest in the common elements of the project.

Type of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Deck Area Lanai/Patio</u>
<u>5A-1</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5A-2</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5B-1</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5B-2</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5C-1</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5C-2</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>

Total Apartments: 6

*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.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: <u>each apartment has 2</u>	<u>12</u>
Total Parking Stalls	<u>12</u>

7. Recreational amenities: NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: PALANI ESTATES INC. Phone: 263-6000
Name (Business)
130 Kailua Road, #110A
Business Address
Kailua, Hawaii 96734

Names of officers or general partners of developers who are corporations or partnerships:
WILLIAM GERARD BOYLE, President and Treasurer
PATRICIA ANN BOYLE, Vice-President and Secretary

Real Estate Sales Agent: KAILUA REALTY LTD. Phone: 263-6000
Name (Business)
130 Kailua Road, #110A
Business Address
Kailua, Hawaii 96734

Escrow: FIRST AMERICAN TITLE CO. OF HI. INC. Phone: 524-4050
Name (Business)
220 South King Street, 7th Floor
Business Address
Honolulu, Hawaii 96813

Managing Agent: NONE: The project will be self-managed Phone: _____
Name (Business)
by the Board of Directors
Business Address

Attorney for Developer: GERARD A. JERVIS & RONALD ALBU
Name
970 North Kalaeo Avenue, #A-304
Business Address
Kailua, Hawaii 96734

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 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 project.

The Declaration for this condominium is:

Proposed
 Recorded — Bureau of Conveyances — Book 21843 Page 407
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

Amended August 1, 1988, recorded on August 3, 1988 at Book 22204, page 361.

- 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 Conveyance Condo Map No. 1122
 Filed — Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

- 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 way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded — Bureau of Conveyances — Book 21843 Page 427
 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. 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

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 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> </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:

Developer reserves right to amend the Declaration and Condominium Map for the purpose of adjusting the plan for description of any apartment which has not been conveyed.

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.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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.

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 -- 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; or (2) convey the building(s) and improvements to the lessor, often 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:

Address: Palani Road, Kealahou Homestead Tax Map Key: (3) 7-4-09-06
North Kona, Hawaii (TMK)
(Apt. addresses not yet determined)

Address TMK is expected to change because _____

Land Area: 33,312 square feet acre(s) Zoning: RS-10

Fee Owner: PALANI ESTATES INC.
name
130 Kailua Road, #110A
address
Kailua, Hawaii 96734

Sublessor: _____
name

address

C. Buildings and Other Improvements:

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

2. Buildings: 6 Floors Per Building: 1 (5A-1), 2 (remainder, which
 Exhibit _____ contains further explanations. have a carport
on ground level)

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>6</u>	<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 project include but are not limited to:

[] Pets: _____

[] Number of Occupants: _____

[] Other: _____

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 6

Elevators NONE Stairways NONE Trash Chutes NONE

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Deck Area</u>
<u>5A-1</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5A-2</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5B-1</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5B-2</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5C-1</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</u>
<u>5C-2</u>	<u>1</u>	<u>3/2</u>	<u>1104</u>	<u>293 sf</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:

Building comprising the apartment, including but not limited to: 1) all perimeter walls, floors, foundations and roofs of such buildings; 2) all pipes, wires, conduits or other utility and service lines in such building or outside such building if the same is not utilized for or serve more than one apartment.

Permitted Alterations to Apartments:

The unit owner may improve, renovate, remodel, make additions to, remove, replace or restore the improvements to or in the unit with the consent of holders of liens affecting the unit.

7. Parking Stalls:

Total Parking Stalls: 12

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>12</u>	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>12</u>	_____	_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least 2 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.

Each unit has a 2 car carport that is a part of the apartment.

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. 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

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 intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit A 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.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit _____

as follows:

*The site of each unit consisting of the land beneath and immediately adjacent thereto, as shown and delineated on the condominium map;

The walkways and driveways shall be limited common elements for the exclusive use of the apartment to which said walkways and driveways are appurtenant, as delineated on the condominium map.

*Note: These sites are not legally subdivided lots.

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 _____ describes the common interests for each apartment.

as follows:

<u>UNIT NO.</u>	<u>PERCENTAGE OF COMMON INTEREST</u>
5A-1	16.666%
5A-2	16.666%
5B-1	16.667%
5B-2	16.667%
5C-1	16.667%
5C-2	16.667%

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

Exhibit B describes the encumbrances against the title contained in the title report dated July 21, 1988.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It 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. 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>
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The mortgage(s) listed in Exhibit "B" will be paid at closing. The mortgage represents proceeds for construction of the units. If Developer defaults on the construction loan, Buyer's interest may be terminated in which event Buyer will receive refund of deposit.

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 project. 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 project.

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.

[X] other The Board of Directors which will self-manage the six-unit project.

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 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 to each apartment.

Exhibit C contains a schedule of maintenance fees and maintenance fee disbursements.

H. 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:

- | | |
|--------------------------------------|---|
| <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:

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:

Ten (10) year H.O.W. (Home Owners Warranty) program.

2. Appliances:

Warranty as provided by the manufacturer of the appliances.

J. Status of Construction and Estimated Completion Date:

Construction of project started June, 1988. Estimated time of completion is December, 1988.

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:

L. 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

Specimen Sales Contract

Exhibit D contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated May 10, 1988 with First American Title.

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The Developer is using a material house bond instead of a surety bond. The Developer, Lender and Escrow Agent have all agreed that none of Buyer's funds may be released from escrow until the 45 day period following the Notice of Completion has expired.

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

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) 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. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. 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 (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1950 filed with the Real Estate Commission on August 12, 1988.

Reproduction of Report. When reproduced, this report must be on:

yellow paper stock white paper stock pink paper stock

Expiration Date of Reports. 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.



GLORIA DAMRON, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

EXHIBIT "A"

DESCRIPTION OF COMMON ELEMENTS

- (a) Said land in fee simple
- (b) All yards, grounds, planters, planting areas and landscaping which are limited common elements to the assigned apartments;
- (c) The driveway and access areas which are limited common elements to the assigned apartments;
- (d) All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.
- (e) All tanks, pumps, motors, fans compressors, ducts, and, in general, all apparatus and installations existing for common use;
- (f) Any and all other apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. AGREEMENT FOR ASSIGNMENT OF DEVELOPERS RIGHTS- KONA SOURCE AGREEMENT II.

Assignor(s) : Edmund Thomas Mitchell, aka Edmund T. Mitchell and Sarah Y. Mitchell, husband and wife.
Assignee(s) : William Gerard Boyle, husband of Patricia N. Boyle
Dated : July 6, 1987

Recorded in the Bureau of Conveyances in Book 20993, Page 375.

2. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT.

Mortgagor(s) : Willaim Gerard Boyle, husband of Patricia N. Boyle
Mortgagee(s) : First Interstate Bank of Hawaii, a Hawaii corporation
Dated : February 29, 1988

Recorded in the Bureau of Conveyances in Book 21682, Page 73.

To secure : \$117,000.00

3. UNITED STATES DISTRICT COURT JUDGMENT.

Plaintiff(s) : William G. Boyle
Defendant(s) : Lavonne Harrison
Dated : July 29, 1987

Filed in the United States District Court for the District of Hawaii, U. S.

Civil No. 85-1011.

Recorded March 11, 1988 in the Bureau of Conveyances in Book 21717, Page 252, Judgment entered in favor of Defendant for reasonable attorney's fees to the extent incurred, but not for her own pro re actions.

4. Declaration, By-laws and Condominium Map and their amendments as noted on page 7 of this Public Report.

EXHIBIT "C"

DISCLOSURE ABSTRACT

PALANI ESTATES
PURSUANT TO H.R.S. § 514A-61

(1) A. NAME AND ADDRESS OF PROJECT:

PALANI ESTATES
Palani Road
Kona, Hawaii

B. NAME AND ADDRESS OF DEVELOPER:

PALANI ESTATES INC.
130 Kailua Road, Suite 110A
Kailua, Hawaii 96734

C. NAME AND ADDRESS OF MANAGING AGENT:

WILLIAM G. BOYLE
130 Kailua Road, Suite 110A
Kailua, Hawaii 96734

(2) MAINTENANCE FEES:

Maintenance fees collected are to be held in a sinking fund for future road and maintenance and insurance as needed.

(3) WARRANTIES:

Ten (10) year H.O.W. (Home Owners Warranty) program.
Standard Owner ALTA Policy and Standard ALTA Loan
Policy.

(4) All six (6) units to be used for residential.

(5) No commercial and/or non-residential units in project.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u>	x	12 months	=	<u>Yearly Total</u>
5A-1	50.00	x	12 mos		600.00
5A-2	50.00	x	12 mos		600.00
5B-1	50.00	x	12 mos		600.00
5B-2	50.00	x	12 mos		600.00
5C-1	50.00	x	12 mos		600.00
5C-2	50.00	x	12 mos		600.00

These funds are to be held in a sinking fund for future road and maintenance and insurance as needed.

[] Revised on _____

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

100 x 12 mos = 1200.00

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

200 x 12 mos = 2400.00

Reserves

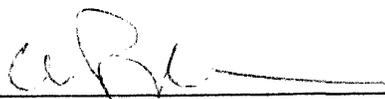
Taxes and Government Assessments

Audit Fees

Other

TOTAL

I/We, PALANI ESTATES INC., ^{Developer}~~as managing agents~~ for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Date: 11/14/88

EXHIBIT "D"

SUMMARY OF SALES CONTRACT

The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract says:

(a) What a buyer must do to qualify for a loan if the buyer wants a mortgage loan to cover part of the purchase price.

(b) That a buyer's money will be held in escrow, under the terms of the escrow agreement.

(c) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(d) What will happen if there is a default under the sales contract.

The sales contract contains various other provisions which the buyer should become acquainted with.

EXHIBIT "E"

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a buyer 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 collect payments due pursuant to the sales contract.

(b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.

(c) Escrow will let buyers know when payments are due.

(d) Escrow will arrange for and supervise the signing of all necessary documents.

(e) The escrow agreement says under what conditions refund will be made to a buyer.

(f) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.

The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.