



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

**CONDOMINIUM PUBLIC REPORT**  
 THE PINES AT KAILUA-KONA I  
 75-252 Nani Kailua Drive  
 Kailua-Kona, County of Hawaii  
 (For Sale of  
 COMMERCIAL APARTMENT  
 Only)

Registration No. 1964

Issued: November 19, 1992  
 Expires: December 19, 1993

**Report Purpose:**

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 5, 1992, 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:**      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.  
 (*yellow*)

       **FINAL:**              The developer has legally created a condominium and has filed complete information with the Commission.  
 (*white*)

No prior reports have been issued  
 Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_

  x   **SUPPLEMENTARY:**    Updates information contained in the  
 (*pink*)

Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated June 13, 1989  
 Supp. Public Report dated \_\_\_\_\_

And  Supersedes all prior public reports  
 Must be read together with Final Public Report dated June 13, 1989  
 This report reactivates the June 13, 1989 Final Public Report public report(s) which expired on July 13, 1990

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required       Not Required - disclosures covered in this report.  
 This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"), As to any information left blank on this Supplementary Public Report, please consult the Final Public 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 Commission.

Changes made are as follows:

Pines Plaza Associates, a Hawaii joint venture, whose general partners are Taiyo Hawaii Company, Ltd., a Japan corporation (the original developer of the Project) and Dan Cromwell, Inc., acquired the development rights under Article L of the Declaration of Condominium Property Regime to construct the Commercial Apartment located on the 40,002 square foot Commercial Apartment Lot of the Project. Pines Plaza Associates has completed the construction of the Commercial Apartment, as is more fully described in this Supplementary Public Report.

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

## TABLE OF CONTENTS

	page
Report Purpose .....	1
Type of Report .....	1
Summary of Changes from Earlier Public Reports .....	2
Table of Contents .....	3
General Information on Condominiums .....	4
Summary of the Condominium Project .....	5
I. PEOPLE CONNECTED WITH THE PROJECT .....	6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration .....	7
B. Condominium Map (File Plan) .....	7
C. Bylaws .....	7
D. House Rules .....	8
E. Changes to Condominium Documents .....	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer .....	9
B. Underlying Land .....	10
C. Buildings and Other Improvements .....	10
D. Common Elements, Limited Common Elements, Common Interest .....	14
E. Encumbrances Against Title .....	15
F. Management of the Common Elements .....	15
G. Maintenance Fees .....	16
H. Utility Charges .....	16
I. Construction Warranties .....	16
J. Status of Construction .....	17
K. Project Phases .....	17
L. Sales Documents Filed with the Real Estate Commission .....	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE .....	18
Buyer's Right to Cancel Sales Contract .....	19
Signature of Real Estate Commission Chairman .....	20
EXHIBIT A: Boundaries of the Commercial Apartment	
EXHIBIT B: Common Elements	
EXHIBIT C: Limited Common Elements	
EXHIBIT D: Common Interest for Each Apartment	
EXHIBIT E: Encumbrances on Title	
EXHIBIT F: Schedule of Maintenance Fees and Maintenance Fee Disbursements	
EXHIBIT G: Summary of Pertinent Provisions of the Sales Contract	
EXHIBIT H: Summary of Pertinent Provisions of the Escrow Agreement	
EXHIBIT I:	
EXHIBIT J:	

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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 "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 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.

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.

### 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

**Interest to be Conveyed to Buyer:**

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

**Types of Project:**

- 1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
- 2.  Residential  Commercial  Ohana  
 Mixed Residential and Commercial  Agricultural  
 Other \_\_\_\_\_
- 3.  High Rise (5 stories or more)  Low Rise
- 4.  Single or  Multiple Buildings

**5. Apartment Description**

Apt. Type	Quantity	BR/Bath	Leasable Area (sf)*	Lanai/Patio (sf)
Commercial Apartment	1		16,330	165
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 1

\*Note: Per declaration, however, based upon measurement criteria applicable to commercial leasing, the net leaseable area is 16,038 square feet; bathrooms, storage rooms and hallways are 633 square feet for a total of 16,671 square feet. *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:** The Commercial Apartment Lot is a limited common element of the Commercial Apartment; sixty-four parking stalls located on the \_\_\_\_\_ **Number of Stalls** Commercial Apartment Lot are available for use by occupants of the Commercial Apartment and their business guests.
- |                                     |           |  |
|-------------------------------------|-----------|--|
| Assigned Stalls (Individual Units)  | _____     |  |
| Guest Stalls                        | _____     |  |
| Unassigned Stalls                   | _____     |  |
| Extra Stalls Available for Purchase | _____     |  |
| Other: _____                        | 64        |  |
| <b>Total Parking Stalls</b>         | <u>64</u> |  |

**7. Recreational amenities:**

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Pines Plaza Associates  
Name  
75-5995 Kuakini Highway  
Suite 223  
Business Address  
Kailua-Kona, Hawaii 96740

Phone: (808) 329-4833  
(Business)

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

See part IV for list of names of officers of the corporate  
general partners of developer.

Real Estate Broker: Re-Max Properties  
Name  
75-6082 Alii Drive, #6  
Business Address  
Kailua-Kona, Hawaii 96740

Phone: (809) 329-4833  
(Business)

Escrow: Island Title Corporation  
Name  
1132 Bishop Street  
Business Address  
Honolulu, HI 96813

Phone: 526-9171  
(Business)

General Contractor: Latitude Twenty Construction  
Name Corporation  
P.O. Box 2279  
Business Address  
Kailua-Kona, Hawaii 96745

Phone: 329-9634  
(Business)

Condominium Managing Agent: Property Management Hawaii, Inc.  
Name  
77-6435 Kuakini Highway  
Business Address  
Kailua-Kona, HI 96740

Phone: 329-6488  
(Business)

Attorney for Developer: John P. Gillmor, Esq.  
Name Carlsmith Ball Wichman Murray  
Case Mukai & Ichiki  
Business Address Suite 2200, Pacific Tower  
1001 Bishop Street  
Honolulu, Hawaii 96813

Phone: (808) 523-2500  
(Business)

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final



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.

- 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 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	---	<u>                    </u>

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

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
- (a) Developer has completed the Commercial Apartment and retains rights to alter, modify, demolish and rebuild from time to time.

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.



For Sublessholds:

- 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: 75-252 Nani Kailua Drive, Kailua-Kona Tax Map Key: (3)7-5-10:57 (por)  
Island, County and State of Hawaii (TMK)

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

Land Area: 1.604       square feet       acre(s)      Zoning: RM-4

Fee Owner: Pines Plaza Associates (Owner of Commercial Apartment)

Name  
75-5995 Kuakini Highway  
Suite 223

Address  
Kailua-Kona, Hawaii 96740

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: 1      Floors Per Building 2

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

3. Principal Construction Material:

Concrete       Hollow Tile       Wood

Other Glass

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4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Commercial	<u>1</u>	<u>Yes</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: _____				_____	_____

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

Yes                       No

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: no restriction in commercial apartment

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

Other: commercial use only

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0                      Stairways 2 (exterior)                      Trash Chutes \_\_\_\_\_

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Leasable Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>5</u>	<u>1</u>	_____	<u>16,330</u>	<u>165</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 1 apartment covered by this report.

\* See note on page 5

*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.*

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

**Boundaries of Each Apartment:**

See Exhibit "A" with respect to the Commercial Apartment.

**Permitted Alterations to Apartments:**

The Declaration does not restrict the alteration of the Commercial Apartment.

7. Parking Stalls: The Commercial Apartment Lot is a limited common element appurtenant to the Commercial Apartment; parking stalls located on the Commercial Apartment Lot are available for occupants of the Commercial Apartment and their business guests. Total Parking Stalls: 64

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)							
Guest Unassigned							
Extra Available for Purchase							
Other:		64					
Total Covered & Open		64					

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
- Recreation Area
- Tennis Court
- Other: \_\_\_\_\_
- Storage Area
- Laundry Area
- Trash Enclosure

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least 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	<u>X</u>		
Structures	<u>X</u>	<u>X (see below)</u>	
Lot	<u>X</u>		

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.

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

\*NOTE: There may be a non-conformity with respect to cesspools only.

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 "B" describes the common elements.

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 may use them are:

described in Exhibit "C"

as follows:

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 "D" describes the common interests for each apartment.

As follows:

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

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

Exhibit  E  describes the encumbrances against the title contained in the title report dated  September 30, 1992  and issued by  Island Title Corporation .

**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.

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.

Type of Lien  
None

Effect on Buyer's Interest  
If Developer Defaults  
Not Applicable

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.

self-managed by the Association of Apartment Owners.

other \_\_\_\_\_

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

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 "F" 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:

Not applicable

Electricity (common elements only)       Television Cable

Gas       Water & Sewer

Other Refuse collecting utilities for the residential  
apartments are individually metered and separate from the  
commercial apartments.

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:

The Sales Contract provides that all information and materials concerning the Commercial Apartment (other than cash flow and income projections, which are deemed to constitute Seller's opinions) shall be considered to be warranties and representations concerning the Commercial Apartment which shall be true to the best of Seller's knowledge, information and belief. Except as provided above, the sale of the Commercial Apartment is "as is" and "where is" without any express or implied warranty as to materials and workmanship, fitness, habitability, condition, use, gross area, usable area, soils, zoning, environmental and toxic substance laws or regulations, OSHA, asbestos, or any other law, rule or regulation of any local, state or federal government.

2. Appliances:

Same as above.

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.



#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Corporate general partners of the developer, Pines Plaza Associates:

Taiyo Hawaii Company, Ltd.

Kenichi Ochiyata - President  
Michio Ito - Vice President  
Patrick T. Kubota - Treasurer  
Hiroshi Kato - Secretary

Dan Cromwell, Inc.

Dan Cromwell - President, Vice President,  
Secretary, Treasurer  
Kathryn Cromwell - Assistant Secretary

II.A. (Cont'd.)

Third Amendment (Commercial Apartment Lot) to Declaration of Condominium Property Regime of The Pines at Kailua-Kona I, dated January 6, 1992, filed in said Office as Document No. 1939294 and recorded in said Bureau as Document No. 92-127051.

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

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

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

**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, 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 Condominium 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 Declaration of Restrictive Covenants (Private Park)

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

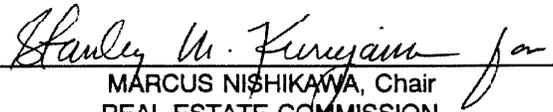
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is part of Registration No. 1964 filed with the Real Estate Commission on August 8, 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.

  
MARCUS NISHIKAWA, Chair  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

Department of Finance, County of Hawaii  
Planning Department, County of Hawaii  
Federal Housing Administration

This Supplementary Public Report is to be read with the Final Public Report issued on June 13, 1989 ("Final Public Report"). As to any information left blank on this Supplementary Public Report, please consult the Final Public Report.

EXHIBIT "A"  
TO SUPPLEMENTARY PUBLIC REPORT  
THE PINES AT KAILUA-KONA I  
(COMMERCIAL APARTMENT)

BOUNDARIES OF THE COMMERCIAL APARTMENT

The Commercial Apartment is deemed to include all structures and improvements, inclusive of all roofs, perimeter and interior walls, whether load-bearing or not, all floors, floor slabs and ceilings, all windows, doors and stairways and all pipes, shafts, wires and other conduits and any other parts of such structure.

EXHIBIT "B"  
TO SUPPLEMENTARY PUBLIC REPORT  
THE PINES AT KAILUA-KONA I  
(COMMERCIAL APARTMENT)

COMMON ELEMENTS

The Declaration states:

"One freehold estate is hereby designated in all remaining portions of the Project, herein called the "common elements", including specifically but not limited to:

- a. The Land in fee simple.
- b. The Park as shown on the Condominium Map.
- c. All courtyards, grounds and landscaping and all refuse facilities, if any, whether within or appurtenant to the Project.
- d. All roads, parking areas, driveways and walkways which are rationally of common use by owners of more than one apartment.
- e. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- f. All driveways serving a single apartment.
- g. Unimproved areas, maintenance and storage areas, mailbox areas and other similar areas which are not part of an apartment.
- h. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use."

EXHIBIT "C"  
TO SUPPLEMENTARY PUBLIC REPORT  
THE PINES AT KAILUA-KONA I  
(COMMERCIAL APARTMENT)

LIMITED COMMON ELEMENTS

The Declaration states:

"Certain parts of the common elements, herein called the "limited common elements", are hereby designated, set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as set forth herein. The costs and expenses of every description pertaining to the limited common elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the limited common elements shall be charged to the apartment owner of the apartment to which such limited common elements are appurtenant.

a. The Commercial Apartment Lot shall have appurtenant to it as a limited common element the Commercial Apartment Lot as shown on the Condominium Map.

b. All costs and expenses of maintaining the driveways, courtyards, the Commercial Apartment Lot or other limited common elements shall be charged to the owner of the apartment to which such driveway, courtyard, Commercial Apartment Lot or other limited common element shall be appurtenant. The owner of an appurtenant driveway, courtyard, Commercial Apartment Lot or other limited common element shall have the right and the obligation in the first instance to maintain and repair the driveway, courtyard, Commercial Apartment Lot or other limited common element appurtenant to his apartment. The Association, upon giving notice to the apartment owner, may repair or maintain the driveway, courtyard, Commercial Apartment Lot or other limited common element and charge the expense thereof to such owner.

EXHIBIT "D"  
 TO SUPPLEMENTARY PUBLIC REPORT  
 THE PINES AT KAILUA-KONA I  
 (COMMERCIAL APARTMENT)

COMMON INTEREST FOR EACH APARTMENT

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Percentage Common Int.</u>
1	2	.97510
2	3	1.05157
3	4	1.16932
4	3	1.05157
5	4	1.16932
6	2	.97510
7	3	1.05157
8	2	.97510
9	3	1.05157
10	4	1.16932
11	2	.97510
12	1	.92982
13	3	1.05157
14	4	1.16932
15	3	1.05157
16	2	.97510
17	3	1.05157
18	4	1.16932
19	2	.97510
20	4	1.16932
21	3	1.05157
22	2	.97510
23	4	1.16932
24	2	.97510
25	3	1.05157
26	1	.92982
27	2	.97510
28	1	.92982
29	3	1.05157
30	1	.92982
31	3	1.05157
32	4	1.16932
33	2	.97510
34	3	1.05157
35	4	1.16932
36	4	1.16932
37	3	1.05157
38	4	1.16932

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Percentage Common Int.</u>
39	2	.97510
40	3	1.05157
41	4	1.16932
42	1	.92982
43	2	.97510
44	4	1.16932
45	3	1.05157
46	4	1.16932
47	1	.92982
48	3	1.05157
49	4	1.16932
50	2	.97510
51	3	1.05157
52	4	1.16932
53	3	1.05157
54	4	1.16932
55	3	1.05157
56	4	1.16932
57	2	.97510
58	3	1.05157
59	2	.97510
60	4	1.16932
61	2	.97510
62	3	1.05157
63	4	1.16932
64	2	.97510
65	3	1.05157
66	4	1.16932
67	2	.97510
68	3	1.05157
69	1	.92982
70	1	.92982
71	1	.92982
72	1	.92982
73	3	1.05157
74	2	.97510
75	4	1.16932
76	3	1.05157
77	2	.97510
78	4	1.16932
79	3	1.05157
80	4	1.16932
81	1	.92982
82	3	1.05157
83	4	1.16932
84	3	1.05157

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Percentage Common Int.</u>
85	1	.92982
86	4	1.16932
87	3	1.05157
88	4	1.16932
89	3	1.05157
90	4	1.16932
91	3	1.05210
<u>92</u>	5 (Commercial Apartment)	<u>4.00000</u>
Totals 92		100.00000

EXHIBIT "E"  
TO SUPPLEMENTARY PUBLIC REPORT  
THE PINES AT KAILUA-KONA I  
(COMMERCIAL APARTMENT)

ENCUMBRANCES ON TITLE

1. Real Property Taxes[- Information pending.] as may be due and owing. Refer to the Director of Finance, County of Hawaii, for further information. Tax Key: 7-5-010-057 (3) Apt. No. 92
  
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
  
3. -AS TO PARCEL SECOND (LOT D):- Grant in favor of Hawaii Electric Light Company, Inc. and GTE Hawaiian Telephone Company Incorporated, dated October 30, 1979, filed as Land Court Document No. 979285, recorded in Liber 14187 at Page 1; granting an easement to construct, reconstruct, repair, maintain and operate pole and wire lines and/or underground lines over, under, upon, across and through Easement "D", said easement being more particularly described therein.
  
4. -AS TO PARCEL FIRST:- Grant in favor of GTE Hawaiian Telephone Company Incorporated and Hawaii Electric Light Company, Inc., dated June 16, 1969, filed as Land Court Document No. 979285, recorded in Liber 6605 at Page 166; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity over, under, upon, across and through Parcel First.
  
5. Declaration of Restrictive Covenants (Private Park) dated April 12, 1989, filed as Land Court Document No. 1630414, recorded in Liber 23122 at Page 328. Said Declaration was amended by instrument dated May 31, 1989, filed as Land Court Document No. 1641566, recorded in Liber 23283 at Page 555.

NOTICE: REDLINED CHANGES SHOW CHANGES IN TITLE GUARANTY OF HAWAII INC.'S PRELIMINARY REPORT WHICH HAVE BEEN SUPPLIED BY THE DEVELOPER TO (A) CORRECT THE RECORD AND (B) SHOW DOCUMENTS RECORDED AFTER MAY 3, 1992.

6. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated April 14, 1989, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1630415, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23122 at Page 338, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Maps Nos. 710 filed in said Office of the Assistant Registrar, and 1204 recorded in said Bureau of Conveyances.) Said Declaration was amended by instruments dated May 17, 1989, filed as Land Court Document No. 1641188, recorded in Liber 23277 at Page 598, and dated October 14, 1991, filed as Land Court Document No. 1357977, recorded as Document No. 91-140615. See further amendment noted in item 11 below.

Assignment of Rights Under the Pines at Kailua-Kona I Declaration of Condominium Property Regime dated March 7, 1990, recorded as Document No. 90-039774, in favor of PCC Venture, a Hawaii general partnership. (Not noted on Transfer Certificate(s) of Title referred to herein)

Assignment of Rights Under the Pines at Kailua-Kona I Declaration of Condominium Property Regime (Restated) dated June 27, 1990, filed as Land Court Document No. 1742203, recorded as Document No. 90-097877. (Not noted on Transfer Certificate(s) of Title referred to herein)

Assignment of Rights Under the Pines at Kailua-Kona I Declaration of Condominium Property Regime dated September 13, 1990, recorded as Document No. 90-144819. (Not noted on Transfer Certificate(s) of Title referred to herein)

7. By-Laws of the Association of Apartment Owners of the Condominium Project known as "THE PINES AT KAILUA-KONA I" dated April 14, 1989, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1630416, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23122 at Page 390. Said By-Laws were amended by instrument dated July 29, 1991, filed as Land Court Document No. 1841385, recorded as Document No. 91-105310.

8. Grant in favor of Hawaii Electric Light Company, Inc., dated May 1, 1989, filed as Land Court Document No. 1633560, recorded in Liber 23167 at Page 280; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines and transformer vaults, etc., for the transmission and distribution of electricity.

9. Grant in favor of Hawaii Electric Light Company, Inc., dated June 14, 1989, filed as Land Court Document No. 1645865, recorded in Liber 23345 at Page 96; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines and transformer vaults, etc., for the transmission and distribution of electricity.

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10. Abutter's rights of vehicle access in favor of the State of Hawaii, over and across Boundaries 22 and 23, as shown on the Right-of-Way Map of the Hawaii Belt Road, FAP Route 11, Project No. 11A-03-69, Palani Road to Kilonana Subdivision, as set forth in Quitclaim Deed dated June 25, 1990, filed as Land Court Document No. 1743167, recorded as Document No. 90-100035.

11. Third Amendment (Commercial Apartment Lot) to Declaration of Condominium Property Regime of The Pines at Kailua-Kona I, dated January 6, 1992, filed in said Land Court as Document No. 1939294 and recorded in said Bureau as Document No. 92-127051.

EXHIBIT "E"

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>
Apartment 92 (Type 5) Commercial Apartment	\$ 542.00	\$ 6,504.00
Apartments 1 through 91	\$13,000.00	\$156,000.00
Late Fees	\$ 50.00	\$ 600.00
Interest Income	<u>\$ 60.00</u>	<u>\$ 720.00</u>
	\$13,652.00	\$163,824.00

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

Month    12 months = Yearly Total

**Utilities and Services**

Air Conditioning

Electricity

common elements only  
 common elements  
and apartments

230.00

2,760.00

Gas

Refuse Collection

Telephone

Water and Sewer

530.00

6,360.00

2,000.00

24,000.00

**Maintenance, Repairs and Supplies**

Building

Grounds

75.00

900.00

7,853.00

94,236.00

**Management**

Management Fee

Payroll and Payroll Taxes

Office Expenses

1,458.00

17,496.00

168.00

2,016.00

675.00

8,100.00

Insurance

431.00

5,172.00

Reserves

12.00

144.00

Taxes and Government Assessments

95.00

1,140.00

Audit Fees

125.00

1,500.00

Other

13,652.00

163,824.00

**TOTAL**

We, Property Management Hawaii, Inc., 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: 3-24-92

TOTAL P.2

EXHIBIT "C"

CONDOMINIUM PUBLIC REPORT  
THE PINES AT KAILUA-KONA I  
SUMMARY OF SALES CONTRACT  
(COMMERCIAL APARTMENT)

The unexecuted Sales Contract, filed with the Commission, provides for, among other things, a description of the apartment to be sold, the purchase price, the time, manner and place of payment, closing costs, prorations, the Purchaser's obligations regarding mortgage financing, Developer's warranties and disclaimers regarding the construction, fixtures and appliances, and the remedies of Developer and of Purchaser in the event of a default under the Contract.

Among other provisions, the specimen Sales Contract and Deposit provides:

1. That said Sales Contract is only a reservation agreement until (i) a true copy of the Final Public Report and Supplementary Public Report (with all then issued Additional Supplementary Public Reports, if any) are delivered to the Purchaser, the Purchaser has an opportunity to read the report(s) and executes and gives the Developer a receipt/notice for the report(s) waiving Purchaser's right to cancel, provided that if Purchaser does not execute and return the receipt/notice within thirty (30) days from the date of delivery of the report(s) and receipt/notice, or if Purchaser's Apartment is conveyed to Purchaser prior to the expiration of said thirty (30) day period, then Purchaser shall be deemed to have receipted for the report(s) and waived his right to cancel. If (and only if) there is a material change affecting (i) Purchaser's apartment or appurtenant limited common elements, or (ii) amenities of the Project available for Purchaser's use, and Purchaser executes and returns to Developer the written approval or acceptance of material change, or Purchaser does not execute and return such written approval or acceptance of material change within thirty (30) days of delivery of such written approval or acceptance, or if Purchaser's apartment is conveyed to Purchaser prior to the expiration of said thirty (30) day period, then Purchaser shall be deemed to have accepted and approved such material change. Until the Sales Contract becomes binding and effective as described above, and in accordance with Chapter 514-A, Hawaii Revised Statutes, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the Purchaser. Upon such cancellation by Developer, Developer shall direct

Escrow Agent to refund to Purchaser, together with interest earned, all deposits paid by Purchaser; upon cancellation by Purchaser, Developer shall direct Escrow Agent to refund to Purchaser, without interest earned, a full refund of all deposits paid, less any escrow cancellation fee and other costs associated with the purchase of Purchaser's Apartment, up to a maximum of \$250.00.

2. The Sales Contract contains restrictions on selling or assigning the Sales Contract.

3. Developer has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's Apartment.

4. The Sales Contract is subject to the provisions of the Declaration of Condominium Property Regime, By-laws, and other condominium documents, including without limitation, provisions for the right of Taiyo Hawaii Company, Ltd., the original developer, to merge the Project with a project with 98 residential units on an adjacent 15.019 acre parcel of land. The right to merge is subject to a number of conditions and the right will expire, in any event on July 1, 1994.

5. The apartment is sold "As is" and "Where is" without any warranties by Seller. The Purchaser shall have a "Due Diligence" right to inspect the Apartment and certain documents pertaining to the Apartment. The Seller warrants only that any materials and information provided by Seller (except for cash flow and income projections which will be deemed Seller's opinions) shall constitute warranties and representations by Seller that the same are true to the best of Seller's knowledge, information and belief. The Due Diligence period is set to coincide with the thirty (30) day right to rescission period under Hawaii Revised Statutes Chapter 514A. The Due Diligence period may be extended by a delay in furnishing due diligence materials to Purchaser, in which case the Sales Contract will be contingent upon the completion of the Due Diligence period.

6. If there is any material discrepancy between the title report for the Apartment and the encumbrances disclosed in the Final Public Report and Supplementary Public Report, Purchaser may rescind the Sales Contract.

7. Any dispute under the Sales Contract is subject to Arbitration.

It is incumbent on the Purchaser that he read the full text of the Sales Contract.

EXHIBIT "H"  
CONDOMINIUM PUBLIC REPORT  
THE PINES AT KAILUA-KONA I  
SUMMARY OF EXECUTED ESCROW AGREEMENT  
(COMMERCIAL APARTMENT)

A copy of the executed Escrow Agreement dated September 30, 1992 between Island Title Corporation, as Escrow Agent, and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of Purchaser's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides in part that any interest earned on money on deposit belongs (per the terms of the Sales Contract) to the Purchaser. In the event that the Sales Contract and HRS Chapter 514A entitle a Purchaser to a refund of Purchaser's deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund Purchaser's deposits, with interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

By law the total amount of such escrow cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.