



**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

KEALALOA COURT

Kealahou Avenue
Makawao, Maui, Hawaii

Registration No. 1973 (Conversion)

Issued: November 7, 1988
Expires: December 7, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 20, 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.

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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 unit and a 20% 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

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A	3	2/1	571	84
B	2	2/1	571	84
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 5

*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:

	Number of Stalls
Assigned Stalls (Individual Units)	5
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	5

7. Recreational amenities: *None*

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: John S. Tolmie, Jr., Linda Ann Tolmie
Gregory G. Gadd, Cheryl Ann Gadd Phone: (808) 935-6874
Name (Business)
P.O. Box 342
Business Address
Hilo, Hawaii 96721

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

Real Estate Sales Agent: Big Island Land Co., Ltd. Phone: (808) 935-6874
Name (Business)
P.O. Box 342
Business Address
Hilo, Hawaii 96721

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 879-1551
Name (Business)
P.O. Box A
Business Address
Kihei, Hawaii 96753

Managing Agent: None - Project is to be self-managed Phone: _____
Name initially. (Business)
Business Address

Attorney for Developer: Dinman, Nakamura, Elisha, Nakatani & Neeley
Bruce C. Dinman & Philip L. Lahne
Name
707 Richards Street, PH-1
Business Address
Honolulu, Hawaii 96813

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of 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 22139 Page 064
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

- 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. 1144
 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 22139 Page 080
 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>80%</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:

None

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: Kealaloe Avenue Tax Map Key: (2) 2-4-18:44
Makawao, Maui, Hawaii (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 33,897 [X] square feet [] acre(s) Zoning: Interim Residential

Fee Owner: John S. Tolmie, Jr., Linda Ann Tolmie
Gregory G. Gadd, Cheryl Ann Gadd

name
P.O. Box 342
address
Hilo, Hawaii 96721

Sublessor: _____
name

address

C. Buildings and Other Improvements:

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

2. Buildings: 5 Floors Per Building: 1

[] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[] Concrete [] Hollow Tile [X] Wood

[] Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[] Commercial	_____	[] Industrial	_____
[X] Residential	<u>5</u>	[] Agricultural	_____
[] Timeshare/Hotel	_____	[] Recreational	_____
[] 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:

Dogs, cats, and other household pets in reasonable number, at the sole

Pets: discretion of the Board of Directors

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 5

Elevators -

Stairways -

Trash Chutes -

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>A</u>	<u>3</u>	<u>2/1</u>	<u>571</u>	<u>84</u>
<u>B</u>	<u>2</u>	<u>2/1</u>	<u>571</u>	<u>84</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:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "B"

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

Per report of Aza Summers, A.I.A. dated May 25, 1988:

Structural: Fair
 Mechanical: Good
 Electrical: Good

No representation is made as to expected useful life.

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

See letter from Maui County dated September 16, 1988, a copy of which is available to buyer on request.

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 C 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 D

as follows:

NOTE: The land area beneath and adjacent to each unit is designated as a limited common element and does not represent a legally subdivided lot.

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: each Home shall have appurtenant thereto a twenty percent (20%) undivided interest in the common elements for all purposes including voting.

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 July 26, 1988. Except for the items on page 7 of this Public Report, the developer states that there have been no other encumbrances recorded.

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>
mortgage	Sale contract may be terminated but buyer's funds will be refunded.

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 project is to be self-managed initially.

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:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input checked="" 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:

None

2. Appliances:

None

J. Status of Construction and Estimated Completion Date:

Home Numbers 1, 2, and 3 were built in 1978 and Homes Numbers 4 and 5 built in 1979.

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 G contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 26, 1988

Exhibit H contains a summary of the pertinent 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 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.

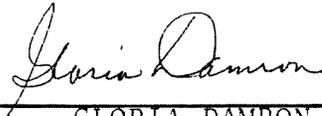
This Public Report is a part of Registration No. 1973 filed with the Real Estate Commission on September 2, 1988.

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 Maui
Planning Department, County of Maui
Federal Housing Administration
Escrow Agent

EXHIBIT A

BOUNDARIES OF APARTMENTS: The Project is divided into the following separate freehold estates:

Homes. Five (5) separate and distinct freehold estates bounded by and including the decorated or finished surfaces of the exterior of the perimeter walls, by the exterior surfaces of the respective roofs thereof, and inclusive of the floor and ceiling of each of the dwellings in the project, which dwellings are designated on the Condominium File Plan as "Home Number One", "Home Number Two", "Home Number Three", "Home Number Four", and "Home Number Five".

Each Home contains two (2) bedrooms, one (1) bathroom, a kitchen/dining area, a storage area, a carport, and a porch, as shown on the Condominium File Plan, and has a net living area of approximately 571 square feet. The porch has an area of 84 square feet.

The Homes are made of single-wall wood frame construction. Each Home shall also include all pipes, wires, conduits, and other utility and service lines contained wholly within such Home and which are utilized exclusively by and serve only such Home.

EXHIBIT B

ALTERATION OF PROJECT. No work shall be done to the Homes, the limited common elements appurtenant thereto, or any other part of the Project, by any owner of a Home or any other person, which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project, or directly affect any nonconsenting owner in any unreasonably manner, without in every such case first obtaining the consent of the owners of all other Homes. Except as otherwise provided by law, all other additions to or alterations of any Home or its appurtenant limited common elements by the owner of such Home shall be permitted without restriction, provided that the owner or other person making such additions or alterations shall comply strictly with all applicable laws, ordinances, and regulations of any governmental entity, and shall also obtain all necessary permits, at such person's sole expense.

EXHIBIT C

COMMON ELEMENTS: The Common Elements shall consist of all portions of the Project except the Homes and shall also include, without limitation, all pipes, wires, conduits, and other utility and service lines which are utilized for or serve more than one Home.

EXHIBIT D

LIMITED COMMON ELEMENTS. Certain parts of the common elements are set aside and reserved for the exclusive use of each Home and constitute "limited common elements" appurtenant thereto. Each Home has an exclusive easement for the use of the limited common elements appurtenant thereto, except as otherwise provided in the Declaration. The cost of maintenance, repair, upkeep, and replacement of each limited common element shall be assessed to the owner of the Home to which such limited common element is appurtenant. Such costs shall be divided equally between the Homes to which a limited common element is appurtenant in the case of limited common elements appurtenant to more than one Home. The limited common elements are as follows:

(a) That certain 6,005 square feet, more or less, of the real property of the Project upon which Home Number One is situated, and which is designated on the Condominium Map as Lot 2C-1, shall constitute a limited common element appurtenant to and for the exclusive use of Home Number One.

(b) That certain 6,068 square feet, more or less, of the real property of the Project upon which Home Number Two is situated, and which is designated on the Condominium Map as Lot 2C-2, shall constitute a limited common element appurtenant to and for the exclusive use of Home Number Two.

(c) That certain 6,005 square feet, more or less, of the real property of the Project upon which Home Number Three is situated, and which is designated on the Condominium Map as Lot 2C-3, shall constitute a limited common element appurtenant to and for the exclusive use of Home Number Three.

(d) That certain 6,013 square feet, more or less, of the real property of the Project upon which Home Number Four is situated, and which is designated on the Condominium Map as Lot 2C-4, shall constitute a limited common element appurtenant to and for the exclusive use of Home Number Four.

(e) That certain 6,015 square feet, more or less, of the real property of the Project upon which Home Number Five is situated, and which is designated on the Condominium Map as Lot 2C-5, shall constitute a limited common element appurtenant to and for the exclusive use of Home Number Five.

(f) Each Home shall have appurtenant thereto one (1) covered parking space, as designated on the Condominium Map.

(g) One mailbox shall be appurtenant to and for the exclusive use of each Home, as shall be designated on the Condominium Map.

(h) All pipes, wires, conduits, and other utility and service lines not contained within a Home but used by and servicing more than one but less than all of the Homes, shall be appurtenant to and for the exclusive use of the Homes using and serviced by such pipes, wires, conduits, and other utility and service lines.

EXHIBIT E

ENCUMBRANCES AGAINST TITLE:

The Preliminary Title Report issued by Title Guaranty of Hawaii, Inc. dated July 26, 1988 reflects the following encumbrances:

1. Real Property Taxes for the Fiscal Year July 1, 1988 - June 30, 1989, reference is made to the County of Maui Property Tax Assessor's Office.
Tax Key: 2-4-018-044 (2) Area Assessed: 33,896 sq. ft.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. "The following described perpetual non-exclusive right and easement for roadway purposes for the benefit of the parcels of land adjacent thereto:

Beginning at a 1/2" pipe on the southerly corner of this parcel of land, on the northeasterly side of Kealaloa Avenue the coordinate of the point of beginning, referred to Triangulation Station "PIIHOLO" being 2,188.12 feet south and 8,183.26 feet west and running by azimuths and distances measured clockwise from true South:

- | | | | | |
|----|----------|-----|--------|--|
| 1. | 146° 56' | | 12.01 | feet along Kealaloa Avenue to a 1/2" pipe; |
| 2. | 239° 27' | 10" | 132.89 | feet to a 1/2" pipe; |
| 3. | 329° 27' | 10" | 12.00 | feet to a 1/2" pipe; |
| 4. | 59° 27' | 10" | 132.36 | feet to the point of beginning."; |

as set forth in Deed dated August 10, 1977, recorded in Liber 12457 at Page 249.

4. GRANT

TO : MAUI ELECTRIC COMPANY, LIMITED and GTE
HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : April 8, 1976

RECORDED : Liber 11483 Page 189

GRANTING : a perpetual right and easement to build,
construct, reconstruct, rebuild, repair,
maintain and operate pole and wire lines and
underground lines for the transmission and
distribution of electricity, over, under,
upon, across and through the premises
described in Schedule C

5. GRANT

TO : MAUI ELECTRIC COMPANY, LIMITED and GTE
HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : May 5, 1978

RECORDED : Liber 12962 Page 274

GRANTING : a perpetual right and easement to build,
construct, reconstruct, rebuild, repair,
maintain and operate pole and wire lines and
underground power lines for the transmission
of electricity over, across, through and under
the premises described in Schedule C

6. MORTGAGE

MORTGAGOR : BIG ISLAND LAND CO., LTD., a Hawaii
corporation, JOHN S. TOLMIE, JR. and LINDA ANN
TOLMIE, husband and wife, and GREGORY G. GADD
and CHERYL ANN GADD, husband and wife

MORTGAGEE : WALTER E. PLOCKELMAN and HAZEL V. PLOCKELMAN,
husband and wife, as Tenants in Common

DATED : June 1, 1987

RECORDED : Liber 20750 Page 240

AMOUNT : \$252,000.00

7. 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 Horizontal Property Regime dated July 5, 1988, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22139 at Page 64, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1144.)

8. By-Laws of the Association of Apartment Owners of the Condominium Project known as "KEALALOA COURT" dated July 5, 1988, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22139 at Page 80, as the same may hereafter be amended.

EXHIBIT F

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>
All	\$185.00 \$2,220.00

*The Project is self-managed and all common elements of the Project except the driveway are limited common elements appurtenant to and for the exclusive use of the respective Homes. The owner of each Home is solely responsible for the maintenance and repair of such Home and the limited common elements appurtenant thereto. Each owner of a Home is also empowered to procure fire, comprehensive liability, and such other appropriate insurance upon his or her Home and the limited common elements appurtenant thereto as may be required by law and the Declaration of Horizontal Property Regime and By-Laws of Kealahou Court.

[] 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: N/A

Monthly Fee 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

\$ 65.00

\$ 780.00

Maintenance, Repairs and
Supplies

Building

Grounds

\$ 10.00

\$ 120.00

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

\$ 78.00

\$ 936.00

Reserves

\$ 32.00

\$ 384.00

Taxes and Government
Assessments

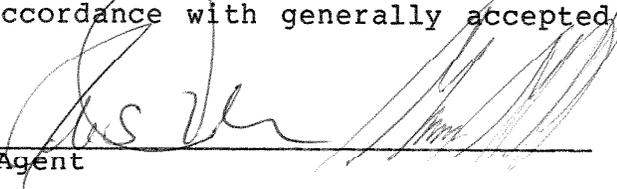
Other

TOTAL

\$185.00

\$2,220.00

JOHN S. TOLMIE, JR., LINDA ANN TOLMIE, GREGORY G. GADD, and CHERYL AN GADD, as developers of the condominium, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

By 
Agent

Date: 1 JULY 88

EXHIBIT G

SUMMARY OF SALES CONTRACT: The long form specimen Sales Contract contains, among other things, the following provisions:

1. NO INTEREST ON DEPOSITS. Any and all interest received by the Developer and/or the Escrow Agent on the purchaser's payments shall become the sole property of the Developer, pursuant to the provisions of Sections 402-8 and 449-16.5 of the Hawaii Revised Statutes.

2. WARRANTIES. DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE HOMES, COMMON ELEMENTS, APPLIANCES, FURNISHINGS, OR ANYTHING INSTALLED IN OR UPON THE HOMES OR THE PROJECT OR USED IN CONNECTION WITH THE HOMES OR THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION, OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

3. TIME IS OF THE ESSENCE. Time is of the essence with regard to each of the terms of the Sales Contract, and if Buyer shall default in any payment when due, or fail to perform any other obligation required of the Buyer thereunder, Seller may notify Buyer in writing of such default and if such default shall not be cured within five (5) days after receipt of such notice, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In such event, all sums paid by Buyer thereunder shall belong absolutely to Seller as liquidated damages, or at Seller's option, Seller may pursue any other remedies in law or in equity for specific performance, damages, or otherwise, and all costs, including reasonable attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

4. MODIFICATION OF DOCUMENTS. Seller reserves the right to modify the Declaration, the By-Laws, and the Deed as may be required by law, by any title insurance company, or by any institutional mortgagee, provided that no such modification shall, without the Buyer's written consent:

- (a) increase Buyer's share of Common Expenses;
- (b) increase the cost of the Home;
- (c) require substantial physical change of the Home;
- (d) reduce the obligation of Seller for Common Expenses on the other home; or
- (e) substantially impair or modify any of Seller's obligations to Buyer.

Seller further reserves the right to make minor changes to the Home or to any of the other homes and to the Common Elements. However, except as provided in the Declaration, no changes shall be made which affect the physical location or design of the Home, change the number of homes in the Project, or substantially change its exterior appearance, without the Buyer's written consent.

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT: An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is Title Guaranty of Hawaii, Inc., a Hawaii corporation. The escrow agreement, among other things, contains the following provisions:

Sales Contracts. Seller will have each purchaser sign a Reservation Agreement, Deposit Receipt, and Sales Contract (the "Sales Contract").

All Deposits Will be Paid to Escrow.

a. Payments. Seller will turn over the purchasers' initial deposits to Escrow. All other payments to be made by the purchasers are required to be paid to Escrow. This includes any loan payments from purchasers' lenders.

b. Collection Notices. Seller will notify Escrow when a payment is due under the Sales Contracts. Escrow shall then give written notice to the purchasers and call for such payments to be made to Escrow.

What Will Happen to Purchasers' Deposits. Escrow will accept purchasers' deposits and payments and will hold them or pay them out according to this Escrow Agreement.

a. Deposit in a Trust Fund. Escrow will deposit all of the money from the purchasers in a special savings account (the "Trust Fund") with a federally insured Hawaii bank (the "Bank"). The Trust Fund will pay interest at the passbook rate. As stated in the Sales Contracts the Seller will get all of the interest paid on the Trust Fund. Escrow will make the deposits into the Trust Fund at least once each week. If Seller tells Escrow to make a deposit more than once in a calendar week, Seller will pay Escrow a reasonable service charge of Twenty-Five Dollars (\$25.00) for each additional deposit made during that week. Seller shall have the right to find out the status of the Trust Fund directly from the Bank. Escrow will not be responsible and will not have any liability for any loss of funds not caused by Escrow during the time such funds are deposited in the Bank.

b. When a Purchaser's Funds May be Removed from the Trust Fund. A purchaser's funds may be taken out of the Trust Fund but only after the following have happened:

i. the Real Estate Commission has issued a final public report (the "Final Report") on the Project, and

ii. the purchaser has received a copy of the Final Report and given the Seller a receipt for it, and

iii. two full working days have gone by since Seller notifies Escrow that he has received the receipt, and

iv. Seller notifies Escrow in writing that all of the requirements of Sections 514A-39, 514A-63, and 514A-65, Hawaii Revised Statutes then applicable to the Project have been satisfied, and

v. Seller notifies Escrow in writing that the Sales Contract has become a binding sales contract and that the Purchaser's rights of cancellation have lapsed or have become void.

c. If Seller Wants to Use Purchaser's Funds to Pay for Construction Costs. If the purchaser's funds may be taken out of the Trust Fund because Paragraph 5.b. above has been satisfied, then Seller may use the funds to pay for construction costs but only if the following are also satisfied:

i. there are sufficient funds in the Trust Fund to make the payment,

ii. bills are submitted with the request for such disbursements which have been approved or certified for payment by Seller's construction lender, in writing,

iii. Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute, and

iv. the payment amount and the cost being paid does not violate Sections 514A-40 and 514A-67, Hawaii Revised Statutes.

d. Payment of Purchaser's Funds to Seller. Purchaser's funds in the Trust Fund, as well as any payments made at closing as described in the Sales Contract, shall be paid to Seller when purchaser's Deed has been recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau of Conveyances").

d. Seller's Funds. Seller's funds may be released from escrow and disbursed without any of the above limitations.

Refunds to Purchasers.

a. When Refunds Will be Made. The Sales Contract explains when purchasers may obtain refunds. Escrow agrees to make the refunds promptly if Seller tells Escrow in writing that

a refund should be made according to the Sales Contract. No refund is to be made at a purchaser's request unless Escrow receives written approval from the Seller.

b. Interest. Refunds to purchasers will be made without any interest.

c. Deduction of Cancellation Fees. Under the Sales Contracts there are times when Escrow is to deduct cancellation fees from the refund amount. Escrow will deduct the cancellation fees from the refund unless Seller instructs Escrow not to do so. The words "cancellation fees" mean Escrow's cancellation fees which are defined in Paragraph 11.b of the Escrow Agreement and any cancellation fees of the lender from whom the purchaser has arranged a loan to buy the condominium unit.

d. Notice of Refunds. Escrow shall give each purchaser entitled to a refund notice of the refund by registered mail. It will be addressed to such purchaser at the address shown on his or her Sales Contract. If a purchaser gives Escrow another address, then Escrow will send the notice to that address.

Purchaser's Default. Seller will notify Escrow in writing that a purchaser has defaulted and that Seller has cancelled that purchaser's Sales Contract. Escrow will then notify that purchaser by registered mail that the Seller has cancelled the Sales Contract because of the default. After ten (10) days following the Purchaser's receipt of such notice, Escrow will then treat the purchaser's funds, less Escrow's cancellation fees, as belonging to the Seller.