

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: KULIA SIMPSON DILLAVOU, Successor Trustee; WILLIAM A. KIBBY, Trustee and KATHARINE M. KIBBY, Trustee
Address: [Redacted]

Project Name(*): 2726 MANOA ROAD
Address: 2726 AND 2726 A Manoa Road, Honolulu, Hawaii 96822

Registration No. 2093 Effective date: March 13, 2006
Expiration date: April 13, 2007

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
[x] Final Public Report dated: December 12, 1989

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104
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Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report
as Exhibit "G"

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. The Apartment Units are being offered for sale.
2. Updated schedule of maintenance fees, including reserves, is included (see Exhibit 1)
3. A revised form of sales agreement is included (see Exhibit E)
4. Title information has been obtained from Hawaii Escrow and Title, which is also serving as the designated escrow agent. (See Exhibit D)
5. Purchaser should be aware that the Final Public Report expired on January 12, 1991. Since 1991 the form of the Final Public Reports have gone through several changes.

SPECIAL ATTENTION

The Developer has disclosed the following:

- (A) Unit 2726 A is an "ohana" dwelling Unit. Additional information regarding ohana dwelling units is provided on page 20 of this report.
- (B) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (see page 15 and page 20).

TABLE OF CONTENTS

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

General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: KULIA SIMPSON DILLAVOU, Successor Trustee;
WILLIAM A. KIBBY, Trustee and KATHARINE M. KIBBY, Trustee Phone: [REDACTED]
Name* (Business)
[REDACTED]
Business Address

Names of officers and directors of developers who are corporations; general partners of a partnership;
partners of a Limited Liability Partnership(LLP); or manager and members of a Limited Liability
Company(LLC)(attach separate sheet if necessary):
N/A

Real Estate Broker*: Coldwell Banker Pacific Properties Phone: (808) 395-5033
Name (Business)
4211 Waiialae Avenue, Ste UW 1
Business Address
Honolulu, Hawaii 96816

Escrow: Hawaii Escrow & Title, Inc. Phone: (808) 532-2977
Name (Business)
700 Bishop Street
Business Address
Honolulu, HI 96813

General Contractor*: None Phone: _____
Name (Business)
Business Address

Condominium Managing Agent*: Self-Managed by the Association Phone: _____
Name of Apartment Owners (Business)
Business Address

Attorney for Developer: Jeffrey S. Grad, Esq. Phone: (808) 521-4757
Name (Business)
841 Bishop St., Ste. 1800
Business Address
Honolulu, HI 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/> Proposed			
<input type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No.	_____
		Book _____	Page _____
<input checked="" type="checkbox"/> Filed -	Land Court:	Document No.	<u>1649451</u>

Amendment to Declaration dated **September 20, 1989**, filed as Document No. **1682373**.

- 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:

<input type="checkbox"/> Proposed			
<input type="checkbox"/> Recorded -	Bureau of Conveyances	Condo Map No.	_____
<input checked="" type="checkbox"/> Filed -	Land Court	Condo Map No.	<u>726</u>

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

The Bylaws for this condominium are:

<input type="checkbox"/> Proposed			
<input type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No.	_____
		Book _____	Page _____
<input checked="" type="checkbox"/> Filed -	Land Court:	Document No.	<u>9649452</u>

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	---	<u>n/a</u>

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

2. **Developer:**

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

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

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 2726 Manoa Road
Honolulu, Hawaii, 96822

Tax Map Key (TMK): (1) 2-9-16-007 CPRs 001 and 002

Address TMK is expected to change because _____

Land Area: 6,634 square feet acre(s) Zoning: R-5

5. Special Use Restrictions:

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

Pets: No livestock or poultry, may keep animals customarily kept as pet. See House Rules, also.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit 2726</u>	<u>1</u>	<u>2/2</u>	<u>1,259</u>	<u>217.55</u>	<u>Lanai</u>
<u>Unit 2726- A</u>	<u>1</u>	<u>3/2 1/2</u>	<u>1,355.16</u>	<u>212.55</u>	<u>Lanai</u>

Total Number of Apartments: 2

(Unit 2726 is the lower or bottom unit and 2726 A is the upper unit in the residential building and portion of garage structure)

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

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

Boundaries of Each Apartment:

1. Adjacent lanais;
2. All walls and partitions which are not load bearing within the perimeter walls;
3. Inner decorated or finished surfaces of all walls, floors and ceilings;
4. Any doors, vestibules, windows or panels along perimeters;
5. All original fixtures

Permitted Alterations to Apartments:

See attached Exhibit "B"

N/A

7. Parking Stalls:

Total Parking Stalls: -4-

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned	<u>2</u>	<u> </u>	<u> </u>	<u>2**</u>	<u> </u>	<u> </u>	<u>4</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>-2-</u>	<u> </u>	<u>-2-</u>	<u> </u>	<u>-0-</u>	<u> </u>	<u>-4-</u>

** Open stalls are presently covered with landscaping, but such landscaping may be removed at option of apartment owner.
 Each apartment will have the exclusive use of at least -2- parking stall(s).
 Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: Garage

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by (Date).

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
 (For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> </u>	<u> X </u>	<u> </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.

*** Note that having two dwelling units on the Lot would be non conforming, except that an "ohana" permit was obtained to make such conforming (See Page 20).**

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

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

described in Exhibit C .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows: Paragraph 6 of the Declaration states:

Limited Common Elements. Certain parts of the common elements called "Limited Common Elements", are hereby designated and set aside for the exclusive use of each unit, and each unit shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otherwise specified, all costs, of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement, and improvement, shall be borne entirely by the unit to which it is appurtenant except that their replacement or improvement shall be an expense of the Association. The limited common elements so set aside and reserved to each unit are the parking stalls, including the parking stalls in the carport, as shown and delineated on said Condominium Map.

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

described in Exhibit _____.

as follows:

Unit 2726	-	50 %
Unit 2726-A	-	50 %

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

Exhibit E describes the encumbrances against the title contained in the title report dated February 2, 2006 and issued by Hawaii Escrow and Title, Inc.

Blanket Liens:

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

[] There are no blanket liens affecting title to the individual apartments.

[x] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of his deposit, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:

Developer is giving no warranties to Purchaser on the materials and workmanship of the Units.

2. Appliances:

Developer is giving no warranties to Purchaser on the appliances in the Units.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Unit 2726 was built in 1989
Unit 2726 A was built in 1989

H. **Project Phases:**

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated February 21, 2006 with Hawaii Escrow and Title, Inc.

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

Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime Law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107), are available on line. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 2093 filed with the Real Estate Commission on August 10, 1989.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

OHANA DWELLING

Having two dwelling units on the Land area would be considered to be nonconforming, except that Unit 2726 A was built under an "Ohana" permit allowing such second dwelling unit. Unit 2726A is the designated ohana dwelling unit. Under the provisions of Section 2.140-1(i) of the Land Use Ordinance, such Unit may not be expanded, but it may be rebuilt to its present size if it is damaged or destroyed upon a showing that the dwelling was legally constructed on permits issued before September 10, 1992 and otherwise meet other standards set forth therein. Prospective Purchasers should request documentation necessary to prove that Unit 2726A was legally constructed on permits issued before September 10, 1992.

For a better understanding of the "ohana" provisions, a prospective buyer is urged to review Section 2.140-1(i) of the Land Use Ordinance.

DISCLAIMER OF BUILDING WARRANTIES

Because of the age of each of the Units, the Developer will disclaim all building warranties. Each Unit (including the common elements) will be conveyed in "as is" condition. This means that: (i) a buyer will be assuming all risks as to the condition of the unit and Project, including the land; (ii) Developer will not be obligated to correct any defects in the Unit or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and (iii) a buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered. Accordingly, a prospective buyer is urged to inspect the property being bought and the Project.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SHL 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

KULIA SIMPSON DILLAVOU, Successor Trustee; WILLIAM A. KIBBY, Trustee and KATHARINE M. KIBBY, Trustee
 Printed Name of Developer

By: <u>Kulia Simpson Dillavou</u>	<u>2/6/06</u>
Duly Authorized Signatory*	Date
By: <u>William A. Kibby</u>	<u>2/15/06</u>
Duly Authorized Signatory	Date
By: <u>Katharine M. Kibby</u>	<u>2/15/06</u>
Duly Authorized Signatory*	Date

KULIA SIMPSON DILLAVOU, Successor Trustee; WILLIAM A. KIBBY, Trustee; KATHARINE M. KIBBY, Trustee
 Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.**

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

Paragraph 8 (d) of the Declaration states:

"The Declarant reserves the right to grant to any public or governmental authority rights of ways and other easements, which are for the sole benefit of the Project, or which do not materially interfere with the use nor materially impair the value of any unit over, across, under and through the common elements and limited common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering, and removing such lines and facilities and of trimming any trees in the way thereof; PROVIDED, that the Association, through the Board of Directors, with the consent or agreement of any holder of any then existing easements affected thereby, is authorized to grant, convey, transfer, cancel, relocate, or deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project."

And Paragraph 23 of the Declaration states:

"Reserved Rights of Declarant. In addition to any rights reserved herein, the Declarant reserves the right for itself, its successors and assigns to do the following:

- a. To maintain development facilities and conduct sales of units until unit deeds are issued to apartment purchasers with respect to all units in the Project. These rights shall include, but not be limited to, maintaining model units, operating a sales and construction office, conducting advertising, placing signs, using parking spaces, and erecting lighting in connection with such sales; PROVIDED, however, that the Declarant shall not use any unit with respect to which a deed has been issued (other than to the developer); and PROVIDED FURTHER, that in exercising such right, the Declarant shall not interfere with the rights of any unit owner to the use of, or access to his apartment or any of the common elements appurtenant thereto.
- b. To enter upon the land and the Project and carry on such construction and demolition activities as may be necessary in connection with such alterations, modifications, and restoration, including, but not limited to, parking and storage of construction equipment and materials, provided that the Declarant shall not interfere with the rights of any other unit owner to the use of or access to his apartment or any of the common elements thereto."

END OF EXHIBIT "A"

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

Paragraph 18A of the Declaration provides that an Apartment Owner may make changes or alterations to his Apartment. That right is subject to certain conditions, including the following:

- (a) All building plans for any such changes must be prepared by a licensed architect or professional engineer and conform with building or zoning laws and other applicable City and County ordinances and variances;
- (b) The value of the Apartment after such changes shall not be less than the value before such changes;
- (c) No change to any Apartment may result in the total square footage exceeding the amount allowed under the applicable City and County ordinances, code, rules and regulations;

Note that changes to common elements are governed by Paragraph 18 B of the Declaration.

End of Exhibit "B"

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 5 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

"One freehold estate is hereby designated as the common elements in all of the remaining portions and appurtenances of the Project, excluding those items defined as part of any apartment hereof, but including the portions of the land on which the building is located, including specifically, but not limited to:

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

END OF EXHIBIT "C"

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Covenants, conditions and restrictions, but omitting any covenants or restrictions if any, based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (A) is exempt under Chapter 42, Section 3607 of the United States Code or (B) relates to handicap but does not discriminate against handicapped persons, as set forth in the Instrument dated August 1, 1924, filed September 9, 1924 as Document No. 6258.
4. Designation of Easement for sanitary purposes, as shown on Map 32, as set forth by Land Court Order No. 28432, filed on April 29, 1968.
5. An Easement affecting a portion of said Land and for the purposes stated herein in favor of The City and County of Honolulu dated March 30, 1968, filed April 29, 1968 as Document No. 442346 for underground sewer pipe lines.
6. Declaration of Condominium Property Regime dated March 23, 1989, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No.9649451. Said Declaration was amended by instrument dated September 20, 1989, filed as aforesaid as Document No. 1682373 (Project covered by Condominium Map No. 726). By-Laws dated March 23, 1989, filed as aforesaid as Document No. 9649452.
7. The appointment of Kulia Simpson Dillavou as Successor Trustee under the Trust pursuant to Paragraph 6.2 of said Trust, as amended, as aforesaid, as noted on Land Court order No. 164025, filed November 18, 2005 (as to Apartment 2726).
8. Mortgage dated September 15, 1988, in favor of BANK OF HAWAII, a Hawaii corporation, filed as Land Court Document No. 1580797.

END OF EXHIBIT "D"

EXHIBIT "E"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT (consisting of Standard DROA Form and attached "Special Provisions to the "DROA"")

1. Description of the Property to be Conveyed: Fee simple title to the Apartment, together with the furnishings and appliances and an undivided interest in the common elements.

2. Purchase Price and Terms. The purchase price set forth on page 1 of the DROA is to be paid as follows:

a. An initial deposit;

b. An additional cash deposit, if any;

c. The balance of the purchase price is to be paid to escrow by purchaser before closing.

3. Financing of Purchase. Paragraph C-25 of the DROA provides if Buyer desires financing, a loan application must be made within ten (10) days and if Buyer's application is not approved within a certain period after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.

4. Closing Costs. Pursuant to Paragraph 14 of the Special Provisions, the Buyer is required to pay at closing all escrow fees, Buyer's notary fees and all recording fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of final closing.

5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 1 of the DROA, which is expected to occur within 90 days of the date of the DROA.

6. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (paragraph 14 of the Special Provisions); (b) Buyer defaults under the Sales Contract (paragraph 5.2 of the Special Provisions); or (c) Buyer dies prior to Closing Date (paragraph 5.1 of the Special Provisions). Pursuant to Paragraph 5.2 of the Special Provisions, If Buyer fails to close as required, then after ten (10) days following Seller's notice of Buyer's default, if Buyer has not cured his default under the Sales Contract, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.

7. No Present Transfer and Subordination to Construction Loan.

(a) The Sales Contract may be subject to existing loans, and any security interest now or hereafter obtained by Lender is or will be prior and senior to any rights arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.

(b) Seller may also assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Buyer is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.

8. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:

a. At any time within thirty (30) days following the date the Final Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Buyer does not act within the thirty (30) day period, or if the Apartment is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Final Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3 of the Special Provisions).

b. The Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Apartment or the amenities available for the Buyer's use (paragraph 7.1 of the Special Provisions).

c. Buyer fails to qualify for permanent financing (paragraph 16 of the Special Provisions).

9. Paragraph 10 of the Special Provisions provides that the Buyer acknowledges that he or she has examined (and agrees to be bound) by the following:

- (a) The floor plans for the Project;
- (b) Escrow Agreement;
- (c) The Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners;
- (d) The Apartment Deed;
- (e) Disclosure Abstract; and
- (e) The Final or Supplementary Public Report

10. Developer is giving no warranties as to the condition of a Unit or the common elements.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

END OF EXHIBIT "E"

EXHIBIT "F"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Hawaii Escrow and Title Co.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

End of Exhibit "F"

EXHIBIT "G"

DISCLOSURE ABSTRACT

February 6, 2006

1. (a) PROJECT: 2726 MANOA ROAD
2726 and 2726 A Manoa Road
Honolulu, Hawaii 96822
- (b) DEVELOPER: KULIA SIMPSON DILLAVOU, Successor Trustee, WILLIAM A. KIBBY, Trustee
and KATHARINE M. KIBBY, Trustee


- (c) MANAGING AGENT: Self-Managed by the Association
of Apartment Owners
- (d) BROKER: Coldwell Banker Pacific Properties
4211 Waialae Avenue, Ste UW 1
Honolulu, Hawaii 96816
Telephone: (808) 395-5033

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:

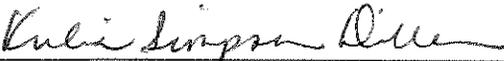
The Developer is not giving any warranty on the materials and workmanship of the Units.

4. USE OF UNITS. The 2726 MANOA ROAD Condominium Project will consist of two (2) units which shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the land use ordinance for the City and County of Honolulu then in effect;

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES
For Period January 1, 2006 to December 31, 2006
As Prepared by Developer

Attached is the 2006 Budget and Reserve Study for 2726 MANOA ROAD condominium project.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.


KULIA SIMPSON DILLAVOU, Successor Trustee


WILLIAM A. KIBBY, Trustee


KATHARINE M. KIBBY, Trustee

"Developer"

2726 Manoa Road
Reserve Study

Item	Done Last	Condition	Estimated Cost	Next Due	Cost Per Year
Garage Roof	2004	E	\$6,000.00	2029	\$240.00
House Roof	2004	E	\$18,000.00	2024	\$900.00
House Roof (recoat)	2004	N/A	\$3,000.00	2010	\$500.00
Paint Exterior	2005	G	\$6,000.00	2010	\$1,200.00
Solar Inspection/Repair	2004	G	\$1,500.00	2014	\$150.00
Contingency (Annual)					\$750.00
					\$3,740.00
2006 Estimated Replacement Reserve			\$3,740.00		
50% required			\$1,870.00		
Less: Reserve available 1/1/06			(\$954.00)		
Need to add to reserve by 12/31/06			\$916.00		
Reserve payments per apartment, per month			\$39.00		
E=Excellent					
G=Good					
F=Fair					
P=Poor					

2726 Manoa Road
2006 Budget

Income:

Owners Deposits:
For Maintenance: \$7,872.00

Total Income: \$7,872.00

Maintenance Expenses:

Equipment and Supplies	\$ 200.00
House Improvements	\$ 0.00
Landscape Improvements	\$ 0.00
House Maintenance	\$1,500.00
Yard Maintenance	\$ 240.00
Yard Work	\$1,920.00
Miscellaneous Expense	\$ 240.00
Pest Control	\$ 328.00
Utilities - Water & Sewer	\$1,300.00
Hazard and liability insurance	\$1,200.00
Contributions to Reserve(see estimate attached)	<u>\$ 936.00</u>
Total Maintenance Expense	\$7,864.00

Total Expenses: \$7,864.00

Monthly maintenance per Unit \$328.00