



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

CONDOMINIUM PUBLIC REPORT

Hamakua Coffee Lots, Lot 9
 Hamakua District, Big Island, Hawaii

Registration No. 2556 (Conversion)

Issued: April 7, 1992
 Expires: May 7, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 6, 1992, and is issued by the Commission for informational purposes only. It represents *neither approval nor disapproval* of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:**
(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.
 - No prior reports have been issued
 - Supersedes all prior public reports
 - Must be read together with _____
- SUPPLEMENTARY:**
(pink) Updates information contained in the
 - Prelim. Public Report dated _____
 - Final Public Report dated _____
 - Supp. Public Report dated _____

And Supersedes all prior public reports

Must be read together with _____

This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required Not Required - disclosures covered in this report.

Summary of Changes from Ea. Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. This Public Report does not constitute an approval of the project nor that all County codes, ordinances and subdivision requirements have been complied with. Subsequent development and use shall comply with all applicable County codes and ordinances.
2. This project does not involve the sale of individual subdivided lots. Dotted lines within the interior boundaries of the lot as they appear on the Condominium Map denote the areas designated as limited common elements and do not indicate subdivided lots.
3. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emerging traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
A (Unit 1)	1	3/3	3,100	none
B (Unit 2)	1	Ag. Utility Bldg.	225 sf	
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u> 4 </u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u> 4 </u>

7. Recreational amenities:
None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Francis E. & Jean K. Karr
Name
P.O. Box 401
Business Address
Paauilo, HI 96776

Phone: (808) 776-1649
(Business)

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

N/A

Real Estate Broker: To be selected. Apartments may not
Name
be sold until Developer submits a
Business Address

Phone: (Business)

duly executed Broker Listing Agreement
to the Hawaii Real Estate Commission

Escrow: Island Title Corp.
Name
688 Kinoole St.
Business Address
Hilo, HI 96720

Phone: (808) 961-4646
(Business)

General Contractor: N/A
Name
Business Address

Phone: (Business)

Condominium Managing Agent: Self-managed by the Association of
Name
Apartment Owners
Business Address

Phone: (808) 776-1649
(Business)

Attorney for Developer: None
Name
Business Address

Phone: (Business)

**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.

- 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:

Proposed
 Recorded - Bureau of Conveyances - Document No. 91-121930
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

The First Amendment to the Declaration of Condominium Property Regime of Hamakua Coffee Lots, Lot 9 was recorded in the Bureau of Conveyances on March 6, 1992 as Document No. 92-033042.

- 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. 1554
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Amended March 6, 1992 as Document No. 92-033042

- 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 - Document No. 91-121931
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

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

2. Developer:

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

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

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: Paauilo Mauka Tax Map Key: (3)4-3-013:040 & C
Paauilo, HI 96776 (TMK)

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

Land Area: 15.000 Total [] square feet [x] acre(s) Zoning: A10a

Fee Owner: Francis E. Karr & Jean K. Karr
Name
P. O. Box 401
Address
Paauilo, HI 96776

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: 2 Floors Per Building 1

[X] Exhibit A contains further explanations.

3. Principal Construction Material:

- [] Concrete [] Hollow Tile [x] Wood
- [] Other _____

4. Permitted Uses by Zoning

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
[] Commercial	_____	_____	[] Industrial	_____	_____
[] Residential	_____	_____	[X] Agricultural	<u>2</u>	<u>Yes</u>
[] Timeshare/Hotel	_____	_____	[] Recreational	_____	_____
[] Other: _____	_____	_____		_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?
 Yes No

5. Special Use Restrictions:

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

- [] Pets: _____
- [] Number of Occupants: _____
- [] Other: _____
- [X] 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>Lanai/Patio (sf)</u>
<u>A (Unit 1)</u>	<u>1</u>	<u>3/3</u>	<u>3,100</u>	<u>None</u>
<u>B (Unit 2)</u>	<u>1</u>	<u>Ag. Utility Bldg.</u>	<u>225</u>	<u>None</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

**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:

See Exhibit "A"

Permitted Alterations to Apartments:

As noted in the Declaration, individual unit owners may, at their sole discretion and at their own expense, remodel, expand or otherwise alter their unit, provided said alterations are done in complete accordance with all applicable ordinances, codes, rules, regulations and other requirements in force at the time of said construction.

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 (for individual units)	<u>2</u>	<u>2</u>	<u> </u>	<u> </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 Available 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>
Total Covered & Open	<u>4</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: _____

9. Present Condition of Improvements

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

Regarding Unit 1 only:

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

It is the developer's opinion that all of the structural components, mechanical and electrical installations materials for the use and enjoyment of Unit 1 is sound and in satisfactory working condition. No representation of any kind is made as to the expected useful life of these items.

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

The project is a conversion of fully constructed, existing buildings to condominium status. Unit 1 is in compliance with all ordinances, codes, rules, regulations or other requirements in force at the time of its construction. No variance has been granted from any ordinance, code rule, regulation or other requirement in force at the time of its construction or from any other ordinance, code, rule, regulation or other requirement.

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 or 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>X</u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buy 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 restriction on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

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

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

Exhibit A describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit A

as follows:

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

Exhibit _____ describes the common interests for each apartment.

As follows:

Each unit and its owner (s) shall have appurtenant thereto a one-half (1/2) fractional interest (50.0 percentage interest) in the common elements of the Project for all purposes including voting, said interest being referred to as the "common interest".

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

Exhibit B describes the encumbrances against the title contained in the title report dated November 7, 1991 and issued by Title Guaranty of Hawaii, Inc. .

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	A Buyer would be entitled to a refund of deposits in the event of default but may lose right to purchase unit.

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] self-managed by the Association of Apartment Owners.

[] other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

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

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

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:

There are no warranties of any type.

2. Appliances:

There are no warranties of any type.

J. Status of Construction and Estimated Completion Date:

The project is the conversion of existing structures.
According to the Developer, as of 1992, Unit 1 is approximately 10 years old and Unit 2 is approximately 1 year old.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

None

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 (DROA) Hawaii Association of Realtors
Standard Form of Deposit Receipt, Offer and Acceptance
Exhibit E contains a summary of the pertinent provisions of the sales contract.

*Escrow Agreement dated October 14, 1991

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

Other _____

*No sales are contemplated at this time.

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

None

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

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

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

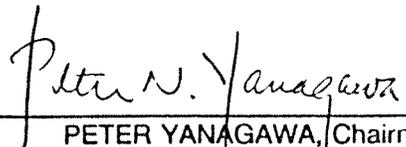
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107)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

This Public Report is a part Registration No. 2556 filed with the Real Estate Commission on November 29, 1991.

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

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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.



PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

COMMON ELEMENTS

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

- (a) The land in fee simple;
- (b) The Common Driveway, if any, as shown and designated on the Condominium Map;
- (c) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;
- (d) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project;
- (e) The common fence that runs between Unit I and Unit II.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium unit(s) which are filed of record.

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein referred to as "limited common elements", are hereby designated and set aside for the exclusive use of one or more units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

- (a) That certain land area upon and around which "Unit 1" is located, shown and designated on the Condominium Map as "Lot A", and being approximately 10.000 acres, is deemed a limited common element appurtenant to and for the exclusive use of "Unit 1". See note below.
- (b) That certain land area upon and around which "Unit 2" is located, shown and designated on the Condominium Map as "Lot B", and being approximately 5.000 acres, is deemed a limited common element appurtenant to and for the exclusive use of "Unit 2". See note below.

All cost of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

NOTE: Limited common element land areas herein described are not legally subdivided lots.

EXHIBIT B

Encumbrances Against Title

1. For real property taxes as may be due and owing, reference is made to the Director of Finance, County of Hawaii.

2. AS TO FIRST:-

MORTGAGE AND FINANCING STATEMENT

MORTGAGOR: RONALD KENNETH OSTRANDER and SANDRA MARGARET
OSTRANDER, husband and wife

MORTGAGEE: FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : April 27, 1973
RECORDED : Liber 9115 Page 266
AMOUNT : \$40,000.00

3. -AS TO SECOND:-

(A) SETBACK (5 feet wide)

PURPOSE : future road widening
ALONG : the northwesterly side of a 40 foot road
SHOWN : on Surveyor's map prepared by Gordon Y. Imata,
Registered Professional Surveyor, dated March
2, 1976

(B) Discrepancies, conflicts in boundary lines, shortage
in area, encroachments or any other facts which a
correct boundary and improvement survey would disclose; and
which are not shown by public records.

(C) Subdivision approval by Planning Commission of the
County of Hawaii.

4. Terms, conditions and provisions contained in that certain
unrecorded Declaration of Trust dated June 18, 1984, made
by Jean K. Karr, as Settlor and Trustee.

EXHIBIT B CONTINUED

5. Terms, conditions and provisions contained in that certain unrecorded Declaration of Trust dated June 18, 1984, made by Francis E. Karr, as Settlor and Trustee.

6. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated July 3, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-121930, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1554.)

7. By-Laws of the Association of Apartment Owners of the Condominium Project known as "HAMAKUA COFFEE LOTS, LOT 9" dated July 8, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-121931, as the same may hereafter be amended.

END OF EXHIBIT B

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Unit 1	\$0	\$0
Unit 2	\$0	\$0

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:

Month x 12 months = Yearly Total

Utilities and Services	\$0	\$0
Air Conditioning	Each unit owner will be responsible for its respective unit's utilities and services including, but not limited to gas, refuse collection, telephone, water and sewer bills.	
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Gas		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs and Supplies	\$0	
Building	Each unit owner will responsible for the maintenance, repair and supplies necessary for the upkeep of its respective limited common element (both building and grounds	
Grounds		
Management	\$0	\$0
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	\$0	\$0
	Each unit will be insured by its respective owner.	
Reserves	\$0	\$0
Taxes and Government Assessments	\$0	\$0
Audit Fees	Each unit will be assessed separately. Shared equally when required.	
Other		
TOTAL	\$0	\$0

We, Francis E. Karr & Jean K. Karr, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Francis E. Karr

Jean K. Karr

Date: 4-3-92

EXHIBIT "D"

Summary of Escrow Agreement

No sales are immediately contemplated, however, the Developer has executed an escrow agreement on October 14, 1991 with Island Title Corp. which sets forth, among other things, the following: The Escrow Agreement sets up an agreement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to the purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

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

EXHIBIT "D"



Reviewed by: _____
(Principal Broker, Broker in Charge, Authorized Signature)

Reference Date: _____

NOTE: No sales are immediately contemplated. However, Develop has submitted the Hawaii Association of Realtors standard form of Deposit Receipt, Offer and Acceptance as the specimen sales contract to be used.

DEPOSIT RECEIPT

Received from _____ herein called Buyer the sum of \$ _____
in the form of _____ as an initial deposit on account of this offer. Receipt is acknowledged by (REALTOR)(REALTOR-Associate)

REALTOR'S firm and address _____

PHONES (Bus.) _____ (Home) _____ (FAX) _____

OFFER

1. PURCHASE PRICE: _____
2. PROPERTY DESCRIPTION: Tax Map Key Division _____ /Zone _____ /Sec _____ /Plat _____ /Parcel _____ /CPR _____
(a) Realty: All of that (leasehold) (fee simple) property situated at _____
_____ Hawaii, described as follows: _____

(b) Seller's Real Property Disclosure Statement dated _____ (has) (has not) been received by Buyer.
If not, address in paragraph 8, Special Terms. (b-1) Residential Leasehold Property Addendum (is) (is not) made a part of this DROA.

(c) Sale Includes: All built-in furniture, attached fixtures, built-in appliances, water heater, electrical and/or gas and plumbing fixtures, attached carpeting, existing drapes, and the following items if checked: Chandelier () ; Range () ; Refrigerator () ; Disposal () ; Dishwasher () ; Compactor () ; Washer () ; Dryer () ; Air Conditioner () ; TV Antenna () ; TV Cable Outlet () ; Ceiling Fan () ; Furnishings per attached inventory () ; Pool Equipment () ; and _____

Specifically excluded: _____
(d) Title: Seller agrees to convey the property with warranties vesting marketable title in Buyer, free and clear of all liens and encumbrances except _____

and any other covenants, easements, reservations or restrictions now of record which do not materially affect the value of the property.
(e) Assessments: _____ shall be (paid by Seller at closing) (assumed by Buyer).

3. FINANCING: Buyer agrees to pay said purchase price as follows:
ADDITIONAL DEPOSIT: \$ _____ In cash to be made on or before _____
\$ _____ in cash at closing including all deposits herein.
\$ _____ by way of _____

\$ _____
\$ _____ Total Purchase Price (see paragraph 1 above)

4. CLOSING: Closing will be on or before _____, 19_____. Escrowed by _____, 19_____.

5. OCCUPANCY: Seller agrees to give Buyer occupancy at closing or on _____, 19_____.

6. PRORATIONS: Property taxes, lease rents, interest on assumed obligations, mortgage insurance premiums, other insurance premiums, maintenance fees, tenants' rents, if applicable, and _____ shall be prorated as of the date of closing or on _____, 19_____. Tenants' security deposit, if any, shall be charged to Seller and credited to Buyer at closing.

7. TENANCY: Title shall vest in Buyer(s) as follows: _____
(print full legal name(s) and marital status (no initials))
_____ Tenancy: _____

8. SPECIAL TERMS: (Please number) _____

9. AGENCY DISCLOSURE: The Buyer is represented by _____ and all its salespeople. The Seller is represented by _____ and all its salespeople. Oral or written disclosure was provided before the signing of this offer.

10. AGREEMENT TO BUY: Buyer agrees to buy the property on the terms and conditions contained herein including The Standard Terms On The Reverse Side, acknowledges receipt of a copy hereof, and agrees that this offer shall be binding if accepted by Seller before _____, 19_____, AM/PM.
Offer Date _____, 19_____, AM/PM.

Buyer's address: _____ Buyer _____ signature _____
SS# _____
Buyer _____ signature _____
SS# _____
Phones: (Bus.) _____ (Home) _____

ACCEPTANCE

11. AGREEMENT TO SELL: Seller agrees to sell the property at the price and terms offered above, including The Standard Terms On The Reverse Side, and acknowledges that he has been given a copy of this offer.

12. SELLER'S AGREEMENT TO PAY COMMISSION: I agree to pay to _____ a commission for the above sale of _____ in US dollars. I hereby instruct escrow to pay your commission directly to you at closing. I agree that I cannot change these instructions without your written consent. Unless otherwise agreed upon, I give you permission to share this commission as you see fit with the real estate company named here in the DEPOSIT RECEIPT section of this agreement. In the event of Buyer's default, if I retain the deposit(s), I agree to pay you one half of the amount I retain, but you shall not be paid more than what would have been your full commission.

Date _____, 19_____, AM/PM.
Seller's Name _____ print full legal name
Seller's Tax Identification # to be reported to IRS _____
Signature _____
Seller's Name _____ print full legal name
Seller's Tax Identification # to be reported to IRS _____
Signature _____ Foreign Person () Owner occupant () Other ()
Seller's Address _____
Seller's Address _____
Phones: (Bus.) _____ (Home) _____

ACKNOWLEDGEMENT OF ACCEPTANCE: The undersigned acknowledges that he has been given a copy of the acceptance of this offer.

Date _____, 19_____, AM/PM. Signature _____

STANDARD TERMS

A. CONTRACT:

This is more than a receipt for money. It is a legally binding contract. Carefully

B. EVIDENCE OF TITLE:

Seller shall furnish Buyer evidence of Seller's marketable title to the interest which is to be conveyed to Buyer. If Seller fails to deliver title as herein provided, Buyer has the option to terminate this agreement and have any of Buyer's deposits returned to Buyer. The foregoing shall not exclude any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing. (a) Seller shall pay 60% of the premium to be charged for an Owner's standard coverage policy of title insurance to be issued to the Buyer in the amount of the sales price, and, (b) Buyer shall pay 40% of such premium and any additional costs relating to the issuance of any extended coverage policy, including a Lender's policy.

C. STAKING:

Seller shall order and pay for the cost of the staking by a licensed surveyor if stakes are not visible. The Buyer may have a licensed surveyor verify the accuracy of the location of stakes prior to closing and the Seller agrees to reimburse the Buyer for the cost of this staking on or before closing only if the original stakes prove to be inaccurate. This provision does not apply to a condominium or cooperative apartment. (Note: Staking is not a survey and does not confirm the accuracy of the land area description or the absence of encroachments.)

D. CUSTOMARY CLOSING COSTS (Except Where Not Applicable):

These are customary costs and are not intended to be an all inclusive list.

Expenses to be paid by Buyer

- Continuation of Title Evidence
- Title Insurance (As printed in Standard Term B., above)
- Drafting of Agreement of Sale
- Drafting of Mortgage and Note
- Drafting of Buyer's Consents
- Buyer's Consent Fee
- Buyer's Notary Fee
- All Recording Fees except Documents to Clear Seller's Title
- Escrow Fee
- Condo Ownership Transfer Fee
- FHA Discounts When Applicable
- Mortgage Assumption Fee

Expenses to be paid by Seller

- Evidence Showing Marketable Title
- Title Insurance (As printed in Standard Term B., above)
- Drafting of Deed or Assignment of Lease
- Drafting of Bill of Sale
- Drafting of Seller's Consents
- Seller's Consent Fee
- Seller's Notary Fee
- Recording Tax
- Escrow Fee
- Staking
- VA or FHA Discount Points When Applicable
- Termite Inspection
- Termite Treatment if Required as per Standard Term E

E. TERMITE INSPECTION:

Seller shall deliver to Buyer through escrow a report from a licensed pest control company stating that there is no live visible termite infestation in the improvements described herein. Seller shall pay for termite extermination treatment if it is required.

F. SELLER'S LIMITED WARRANTY:

Seller warrants and Buyer will acknowledge in writing that all major appliances, plumbing and electrical fixtures of major appliances included in the sale will be in working order consistent with their age as of the date of closing or occupancy, if earlier. No continuing warranty is made or implied.

G. RISK OF LOSS:

Risk of loss passes to Buyer upon transfer of title or occupancy whichever occurs first.

H. DEFAULT:

It is expressly understood and agreed: First: In the event Buyer fails to pay the balance of the purchase price or complete the purchase as herein provided, Seller may (a) bring an action for damages for breach of contract; (b) retain the initial deposit and all additional deposits paid by Buyer in addition to stipulated damages; and (c) Buyer shall be responsible for any cost incurred in accordance with this contract. Second: In the event Seller fails to perform the obligations hereunder, Buyer, at closing or in fact, Buyer may (a) bring an action against Seller for damages for breach of contract; (b) file and maintain an action against Seller to compel performance of this contract; and (c) Seller shall be responsible for any cost incurred in accordance with this contract. The foregoing shall not exclude any other remedies available to either Seller or Buyer. In the event of default and/or a lawsuit arising out of this contract (including a suit by a REALTOR for commission), the prevailing party shall be entitled to recover all costs incurred including reasonable attorney's fees. All expenses incurred by escrow shall be deducted from deposited funds prior to any disbursement to the prevailing party.

I. CLOSING:

For the purpose of this contract "closing" shall be the date upon which all appropriate documents are recorded. Buyer and Seller agree to execute appropriate or customary documents when requested to do so.

J. CONSENT:

The obligations of Buyer or Seller hereunder are conditioned upon obtaining those necessary consents of all existing mortgagee, lessors and/or condominium, co-op or other such associations. Buyer or Seller agree to cooperate and take all reasonable steps to obtain such consents.

K. TIME IS OF THE ESSENCE:

If either Buyer or Seller for reasons beyond his control cannot perform his obligation to purchase or sell the property on the closing date, then such party by giving escrow written notice prior to the closing date called for in this contract with copies to all parties to this contract, may extend closing for no longer than 30 calendar days to allow performance. Thereafter time is of the essence and the default provisions of Standard Term H apply. Any extension beyond the above date must be agreed to in writing by both parties. There is no automatic right to extend. This provision relates only to the extension of the closing date.

L. OBLIGATIONS:

REALTOR shall not be held liable to either Buyer or Seller for the failure of either to perform either or both obligations set forth in this contract.

M. CONFLICT:

Handwritten or typed provisions herein shall supersede any printed provisions in this contract, if there is a conflict.

N. PERMISSION:

REALTOR has Buyer's and Seller's permission to supply data to the Multiple Listing Service and other real estate services, and to use the same for use by REALTOR in making market studies, providing service to the public and advising their clients.

O. COMPLETE AGREEMENT:

This contract constitutes the entire agreement between Buyer and Seller and supersedes and cancels any and all prior negotiations, representations, warranties, understandings or agreements (both written and oral) of Buyer and Seller. No variation or amendment of this contract shall be valid or enforceable without written approval by Buyer and Seller.

Seller's Initials

Buyer's Initials

IMPORTANT: PLEASE SEPARATE DROA COPIES BEFORE EXECUTING. KEEP PARTIAL REALTOR'S SEPARATE AGREEMENT OR SIGNATURES WILL COPY THROUGH TO OTHER BUY

COOPERATING REALTOR'S SEPARATE AGREEMENT

Seller's REALTOR agrees to pay to Cooperating REALTOR through escrow at closing the following amount in consideration of assistance given by Cooperating REALTOR. In the event Seller retains 0% of the purchase price, stipulated damages, and Seller's REALTOR retains a portion of the deposit as stated in paragraph 12, Seller's REALTOR will share 1/2 of his retained funds with Cooperating REALTOR.

Date: _____ 19____ Date: _____ 19____

Name of REALTOR: _____ (name of REALTOR firm) Name of REALTOR: _____ (name of REALTOR firm)

By: _____ By: _____

Address: _____ Address: _____

Phone (Bus) _____ (Fax) _____ Office ID Number _____ Phone (Bus) _____ (Fax) _____ Office ID Number _____

Exhibit "E"
Part 2 of 2

EXHIBIT F

DISCLOSURE ABSTRACT

Hamakua Coffee Lots, Lot 9
Condominium Project

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

Developer

Francis E. & Jean K. Karr
P. O. Box 401
Paauilo, HI 96776

Project Manager

Project is to be self-
managed

Estimated Maintenance Fee Assessments and Disbursements

MAINTENANCE FEES: The regular maintenance and repair of each condominium unit, including all utility charges, is the sole responsibility of each respective unit owner.

INDIVIDUAL INSURANCE: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the improvements portion of the Project. Developer anticipates that the Association will elect to obtain separate policies for each individual condominium unit pursuant to Section XIV(c) of the Declaration. As such, the premiums on said policies will be the individual responsibility of each unit owner rather than common expenses of the Project.

Warranties

Purchasers should be aware that both "condominium units" of the Project are comprised of existing structures. Said buildings have unavoidably undergone a certain amount of "wear and tear" commensurate with their age. Accordingly, purchasers should not expect the unit they desire to buy to be in "like-new" condition. NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO THE INDIVIDUAL CONDOMINIUM UNITS OR THE COMMON ELEMENTS OF THE PROJECT (IF ANY). PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE UNIT THEY DESIRE TO BUY. THE UNITS ARE SOLD "AS IS".

The residential structure on the property is in excess of ten (10) years old and no representation as to quality or condition is being made by the developer. All structures should be inspected by prospective purchasers prior to any offers being made.

Use of Condominium Units

Both units comprising the Project may be occupied and used for residential and/or agricultural purposes, and such other purposes as permitted by applicable zoning ordinances.

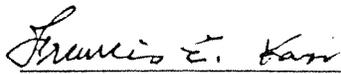
Structural Components and Mechanical & Electrical Installations

Based on a report prepared by an independent registered architect, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL IF, IF ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM UNIT(S).

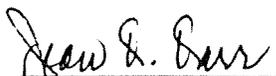
Code Violations

The subject property is not subdivided. It is a two unit condominium with each owner having an interest in the entire underlying parcel. The broken line on the Condominium Map is a demarcation of the limited common elements and does not represent a subdivision of the property and is not intended to make a prospective purchaser believe that the property is subdivided.

To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or other municipal regulation of the County of Hawaii



Francis E. Karr, Developer



Jean K. Karr, Developer

END OF EXHIBIT F