

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer RHODY L. EDWARDS and SUSAN P. EDWARDS, husband and wife, and MICHAEL SANSONE and GALE SANSONE, husband and wife
Address: c/o Malama Chiropractic Clinic
74-5620A Palani Road, Suite 101, Kailua-Kona, Hawaii 96740
Project Name(*): "KALOKO ESTATES"
Address: Lot 1, Block 7, Kaloko Mauka Subdivision, Increment 2

Registration No. 2612 Effective date: February 1, 1993
Expiration date: March 1, 1994

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:
And [] Supersedes all prior public reports

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required and attached to this report [X] 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.

[X] Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be formal subdivision lines.

This public report does not constitute approval of the Project by the Real Estate Commission, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE DEVELOPER DOES NOT INTEND TO SELL EITHER UNIT AT THIS TIME. HOWEVER, SHOULD THIS CHANGE, THE DEVELOPER SHALL FILE WITH THE COMMISSION ADDITIONAL OR UPDATED INFORMATION REGARDING THE PROJECT AND THE COMMISSION SHALL ISSUE A SUPPLEMENTARY PUBLIC REPORT IF THE ADDITIONAL OR UPDATED INFORMATION SUBMITTED IS DEEMED MATERIAL.

The Developer has filed with the County of Hawaii's Planning Department a Notice of Intention to convert the Project into a condominium ownership plan, together with a draft of the Declaration of Condominium Property Regime and Condominium Map.

The County of Hawaii's Planning Department objected to the Developer's use of metes and bounds descriptions of Units 1 and 2 of Exhibit "A". The objection was that the metes and bounds description of a specific portion of the property gives the appearance that it is a subdivided lot of record, which is not the fact. A copy of the County's letter, dated April 2, 1992, is herein attached as Exhibit "I".

Withstanding the County's objection as noted above, the Commission is satisfied that the Developer has filed sufficient disclosures in the Declaration, Condominium Map and the Public Report that the land is a common element and not a subdivision. The land areas set aside for Units 1 and 2 are limited common elements and not subdivided lots.

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: Project Description	
EXHIBIT B: Common Elements	
EXHIBIT C: List of Encumbrances	
EXHIBIT D: Estimate of Initial Maintenance Fees and Disbursements	
EXHIBIT E: Summary of Sales Contract	
EXHIBIT F: Summary of Escrow Agreement	
EXHIBIT G: Building Permits and Construction of Improvements	
EXHIBIT H: House Rules	
EXHIBIT I: County of Hawaii Letter	

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: Rhody L. Edwards and Susan P. Edwards, husband and wife
Michael Sansone and Gale Sansone, husband and wife
Name c/o Malama Chiropractic Clinic
Business Address 74-5620A Palani Road, Suite 101
Kailua-Kona, Hawaii 96740
Phone: (808) 329-7797 (Business)

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

not applicable

Real Estate Broker: Not applicable: Units are not for sale at this time. Name
Business Address
Phone: (Business)

Escrow: Long & Melone Escrow, Ltd. Name
810 Richards Street, Suite 644
Business Address Honolulu, Hawaii 96813
Phone: 329-9357 (Kona office) (Business)

General Contractor: Territorial Builders Name (Gerald Akers, Contractor)
P. O. Box 4552
Business Address Kailua-Kona, Hawaii 96745
Phone: 329-5582 (Business)

Condominium Managing Agent: Not applicable: Project will be self-managed by the Association of Apartment Owners. Name
Business Address
Phone: (Business)

Attorney for Developer: Steven S. C. Lim, Esq. Name c/o Case & Lynch
460 Kilauea Avenue
Business Address Hilo, Hawaii 96720
Phone: 961-6611 (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. 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:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 92-032836
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime of "Kaloko Estates" recorded at the Bureau of Conveyances as Document No. 92-078789.

- 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 Conveyances Condo Map No. 1615
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the 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:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 92-032837
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and 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>100Z</u>
Bylaws	65%	<u>100Z</u>
House Rules	—	<u>100Z</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:

Declaration, page 9, paragraph L, "Amendment of the Declaration":

"2. At any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory hereto, the Declarant may amend this Declaration and/or the Condominium File Plan in any manner without approval or consent of any unit purchaser. This paragraph shall not be deemed to limit or restrict the Declarant's right as a unit owner to amend the Declaration as provided herein."

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 Subleasehold: 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 Subleaseholds:

- 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 Subleasehold:

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: Lot 1, Block 7, Kaloko Mauka Subdivision, Tax Map Key: (3) 7-3-26:09
Increment 2, North Kona, Island and (TMK)
County of Hawaii (no street address yet assigned)
 Address TMK is expected to change because condominium property regime

Land Area: 20.990 square feet acre(s) Zoning: AG-20

~~FORM~~

(Fee Owner): Rhody L. Edwards and Susan P. Edwards, husband and wife
Name Michael Sansone and Gale Sansone, husband and wife
c/o Malama Chiropractic Clinic
Address 74-5620A Palani Road, Suite 101
Kailua-Kona, Hawaii 96740

Sublessor: not applicable
Name _____
Address _____

C. Buildings and Other Improvements:

- New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion
- Number of Buildings: two Floors Per Building Unit 1: 2 stories
Unit 2: 2 stories plus loft
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other Plaster, glass and related building materials

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Ohana	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

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> X </u>	<u> </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.

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 B .

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.

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

[X] 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 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 _____.

[X] as follows:

	<u>Percentage of Common Interest</u>
Unit 1	50%
Unit 2	50%
TOTAL:	<u>100%</u>

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 C describes the encumbrances against the title contained in the title report dated December 11, 1992 and issued by Title Guaranty of Hawaii, Incorporated .

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>
Mortgage First Hawaiian Creditcorp, Inc. (\$625,000.00)	Buyer's interest may be terminated, and the buyer will receive back any deposit(s) paid to escrow, less the escrow cancellation fee of not more than \$250.00.

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:

Contractor's standard one-year warranty.
Notices of Completion for Units 1 and 2 were filed in November 1992.

2. Appliances:

Developer will pass on any manufacturer's warranties.

G. Status of Construction and Estimated Completion Date:

Both units were constructed in November 1992.

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

No further construction or development is presently being contemplated by the Developer.

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.
(For use should units be offered for sale in the future. Units are not presently for sale.)
- Escrow Agreement dated November 9, 1992
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
(For use should units be offered for sale in the future. Units are not presently for sale.)
- Other See, Exhibits "G" and "H" attached hereto.

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 given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- 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 and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2612 filed with the Real Estate Commission on March 30, 1992

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

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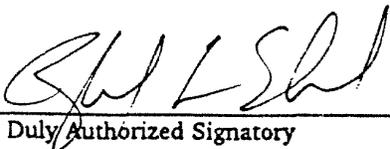
C. Additional Information Not Covered Above

1. The land is zoned "Agricultural" (AG-20) by the County of Hawaii, which designation permits single-family dwellings, ohana dwellings, and those uses permitted by Sections 25-152 and 25-271 of the Zoning Code of the County of Hawaii, Hawaii County Code 1983, as amended.
2. Prospective purchasers are advised to consult with the County of Hawaii's Planning Department and Department of Public Works for permitted uses and structures and the construction of improvements on the land prior to purchasing.
3. Construction of structures and improvements to existing structures must conform to County of Hawaii zoning and building ordinances and regulations, particularly the County of Hawaii's ohana zoning ordinance.
4. The land areas depicted on the Project Plot Plan submitted to the Real Estate Commission represent limited common elements of approximately 10.300 acres appurtenant to Unit 1, approximately 10.441 acres appurtenant to Unit 2, approximately 8,491 square feet appurtenant to "Common Area A", and approximately 2,373 square feet appurtenant to "Common Area B", and do not represent legally subdivided lots.

D. 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.

RHODY L. EDWARDS AND SUSAN P. EDWARDS, husband and wife, and
MICHAEL SANSONE AND GALE SANSONE, husband and wife

Name of Developer

By: 
Duly Authorized Signatory

DEC 11 1992
Date

RHODY L. EDWARDS, Owner/Developer

print name & title of person signing above

Distribution:

Department of Finance, COUNTY OF HAWAII
Planning Department, COUNTY OF HAWAII
Federal Housing Administration

EXHIBIT "A"

"KALOKO ESTATES"

PROJECT DESCRIPTION

<u>UNIT NO.</u>	<u>APT. TYPE</u>	<u>QTY</u>	<u>BDRM/BTH</u>	<u>NET LIVING AREA</u>	<u>PORCH/LANAI</u>
1	Residential dwelling	1	3/2	2,436 s.f.	1042 & 221 s.f.
2	Ohana dwelling	1	2/3	2,096 s.f.	690 & 462 s.f.

DESCRIPTION OF UNITS:

Each unit (Unit 1 and Unit 2), is located as shown on the Condominium File Plan. Unit 1 contains a residential dwelling apartment consisting of three (3) bedrooms, two (2) bathrooms, a living room, a kitchen, a dining room, closets, two decks, a carport, and other improvements as shown on the Condominium File Plan, with a net living floor area of approximately 2,436 square feet, two deck areas of approximately 1,042 square feet and 221 square feet respectively, a carport area of approximately 528 square feet, and an appurtenant limited common element consisting of approximately 10.300 acres (see Attachment 1 to Exhibit A). Unit 2 contains an ohana dwelling apartment consisting of two (2) bedrooms, three (3) baths bathrooms, a living room, a kitchen, a dining room, an office/study, closets, two decks, a carport, a storage area, and other improvements as shown on the Condominium File Plan, with a net living floor area of approximately 2,096 square feet, two deck areas of approximately 690 square feet and 462 square feet respectively, a carport area of approximately 400 square feet, a storage area of approximately 48 square feet, and an appurtenant limited common element consisting of approximately 10.441 acres (see Attachment 2 to Exhibit A). Both Unit 1 and Unit 2 have ingress and egress rights directly onto a public street. Both Unit 1 and Unit 2 are serviced by utilities over and across Common Area "A" and Common Area "B", consisting of approximately 8,491 square feet and 2,373 square feet respectively, as shown on the Condominium File Plan (see Attachments 3 and 4 to Exhibit A).

The approximate net floor areas of each apartment and unit as set forth above is measured from the interior surface of the apartment and unit perimeter walls and includes all of the walls and partitions within its perimeter walls.

NOTE: THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY. THE DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT AND UNIT.

EXHIBIT "A"

(Page 1 of 2)

UNIT LOCATION AND ACCESS TO COMMON ELEMENTS:

Unit 1 and Unit 2 are located as shown on the Condominium File Plan. Each unit has direct access to the common elements of the project.

COMMON ELEMENTS:

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" of the Declaration of Condominium Property Regime of "Kaloko Estates", in fee simple.
2. All yards, grounds, landscaped areas, retaining walls, parking areas and driveways around and between the units.
3. All central and appurtenant installations for common services, including power, light, water, telephone and sewer.
4. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS:

Certain units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. Limited Common Elements. The limited common element upon which each unit is located, as shown on the Condominium File Plan, is appurtenant to and for the exclusive use of such unit, as follows:

<u>Unit No.</u>	<u>Limited Common Element (approximate land area)</u>
1	10.300 acres
2	10.441 acres

"Common Area A" and "Common Area B", consisting of approximately 8,491 square feet and 2,373 square feet respectively, as defined in Section G.4 of the Declaration, shall be common areas (and not part of the limited common elements) for use by the owner of each unit for purposes of providing utilities to his or her respective lot and unit.

Note: The above limited common elements are not legally subdivided lots and any reference to them as such in any project documents is a misnomer.

END OF EXHIBIT A

EXHIBIT "B"

COMMON ELEMENTS

(a) The land of the Project in fee simple, including the areas set aside as limited common elements for each unit.

(b) All roadways within the land not set aside as limited common elements appurtenant to a unit, until such time as they may be dedicated to the County of Hawaii or State of Hawaii.

(c) Any installation for common services such as power, light, gas, water, sewer lines, telephone, radio and television signal distribution and like utilities which service more than one (1) unit.

(d) Any parts of the Project existing for the common use and which are necessary for the maintenance and safety of the project.

EXHIBIT C

LIST OF ENCUMBRANCES

1. TAXES Tax Map Key: HAWAII 7-3-26:09

For any taxes that may be due and owing and a lien on the parcel of land herein described, reference is hereby made to the Office of the Tax Assessor, County of Hawaii.

2. Covenants, conditions and restrictions set forth in DEED dated December 29, 1966, recorded in Liber 5543 at Page 247.

3. Reservation(s) set forth in DEED dated December 29, 1966, recorded in Liber 5543 at Page 247.

4. Covenants, conditions and restrictions set forth in DECLARATION dated March 2, 1992, recorded as Document No. 92-032836. Said Declaration was amended by instrument dated May 1, 1992, recorded as Document No. 92-078789.

5. 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 March 2, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-032836, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1615.)

6. By-Laws of the Association of Apartment Owners of the Condominium Project known as "KALOKO ESTATES" dated March 2, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-032837, as the same may hereafter be amended.

7. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : RHODY L. EDWARDS and SUSAN P. EDWARDS, husband
and wife, and MICHAEL SANSONE and GALE
SANSONE, husband and wife

MORTGAGEE : FIRST HAWAIIAN CREDITCORP, INC., a Hawaii
corporation

DATED : July 21, 1992

RECORDED : Document No. 92-123256

AMOUNT : Loan Agreement in the principal amount of
\$625,000.00

8. Any lien (or claim of lien) for services, labor or material
arising from an improvement or work related to the land
described in Schedule C herein.

END OF EXHIBIT C

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
Unit 1	\$10.00 X 12 months = \$120.00
Unit 2	\$10.00 X 12 months = \$120.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

not applicable

- Air Conditioning
- Electricity
 - [] common elements only
 - [] common elements and apartments
- Elevator
- Gas
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building \$ 120.00 per year
- Grounds \$ 120.00 per year

Management

not applicable

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

\$ 760.00 per year

Reserves(*)

\$1,000.00 per year

Taxes and Government Assessments

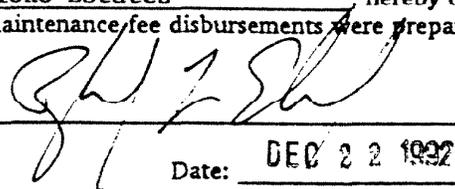
Audit Fees

Other

TOTAL

\$2,000.00 per year

I, RHODY L. EDWARDS as owner/developer ~~owner/developer~~ for the condominium project "Kaloko Estates" hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



(*) Mandatory reserves in effect January 1, 1993

Date: DEC 22 1992

EXHIBIT "E"

SUMMARY OF SALES CONTRACT

The two apartments are not presently for sale. However, should the apartments be offered for sale in the future, the sales contract that will be used says, in addition to the price, description and location of the apartment, and other terms and conditions under which a buyer will agree to purchase an apartment in the Project, the following:

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

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

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

(d) That the buyer's funds (up to a maximum of 20% of the Total Purchase Price) shall be paid to the Seller as liquidated damages and that Seller may seek additional damages if the buyer defaults under the sales contract.

(e) That the buyer's funds held in escrow will not be turned over to the Seller until the 45-day lien period for the Seller's material house bond has expired.

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

EXHIBIT "E"

EXHIBIT "F"

SUMMARY OF ESCROW AGREEMENT

The two apartments are not presently for sale. However, should the apartments be offered for sale in the future, deposits a buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen.

- (a) Escrow will collect payments due pursuant to the sales contract.
- (b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.
- (c) Escrow will let buyers know when payments are due.
- (d) Escrow will arrange for and supervise the signing of all necessary documents.
- (e) The escrow agreement says under what conditions refund will be made to a buyer.
- (f) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.
- (g) The escrow agreement says what conditions must be fulfilled before Buyer's funds can be taken out of the Trust Fund.

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

EXHIBIT "G"

BUILDING PERMITS AND CONSTRUCTION OF IMPROVEMENTS

1. Permits. In the securing of any building, zoning and/or land use permits ("Permits") at the County of Hawaii, State of Hawaii, and/or the federal government, and any of its departments, agencies and/or its commissions the Developer, Association and/or the owners of condominium units shall observe the following.

a. Common Element Improvements. As to any improvements such as the improvement of any roadway and any installation of utilities that are located within the common element areas or if it is necessary to pass over and/or under a limited common element of a condominium unit, the Developer so long as it owns a unit is authorized on behalf of all of the owners to secure the permit or permits required for such improvements (this right shall pass on to the Board of Directors when the Developer no longer owns any units).

b. Limited Common Element Improvements. As to any improvements which will be within the limited common element for an owner, the Developer and thereafter the owner acquiring a conveyance of the condominium unit shall determine and is authorized on behalf of all of the owners to secure the permit or permits and to build the improvements located with the area set aside for the condominium unit, provided that the improvements comply with the Project Rules adopted for the association by the Developer and any amendments thereto. The plans for improvements to any limited common element shall be submitted for approval prior to construction to the Association and to the Developer so long as the Developer owns any condominium unit.

2. Reservations and Power of Attorney. So long as the Developer owns any condominium unit, it reserves the right and has the irrevocable power of attorney coupled with an interest on behalf of all of the owners of condominium units to act on any matter relating to the developing, construction and/or improvement including alteration, demolition and removal to develop and/or construct improvements as follows:

a. Common Elements. As to improvement of the common element and the installation of services, the Developer will advise the Association whether it is being done at Developer's cost and if not, then the Association will have to approve of and consent to the expenditure of the funds necessary to complete the improvements.

b. Limited Common Element. As to the improvement of the limited common element for any condominium unit, the owner of the same shall have the sole authority to determine the same and/or incur the cost of the improvements provided there is compliance with the Project Rules.

3. AUTOMATIC TRANSFER OF RESERVATIONS AND POWER OF ATTORNEY. The Developer by the conveyance of all of the condominium units in the Project will automatically transfer his reservations and power of attorney coupled with an interest to the Association of Apartment Owners and/or Board of Directors as to the application for any permits relating to the common elements and the installation of services.

EXHIBIT "G"
(page 2 of 2)

EXHIBIT H
HOUSE RULES
FOR
"KALOKO ESTATES"

A. PURPOSE OF THESE RULES

1. Purpose. The purpose of these House Rules ("Rules") is to protect all occupants from annoyance and nuisance caused by improper use of the units. These Rules supplement, but do not change, the obligations of unit owners and other persons as set forth in the Declaration of Condominium Property Regime of "Kaloko Estates" and the Bylaws of the Association of Apartment Owners of "Kaloko Estates". In the event of any inconsistency between these Rules and the Declaration and the Bylaws, the Declaration and the Bylaws will prevail. The Board has the authority to make such other rules or to amend these Rules from time to time as the Board deems advisable for the safety, care and cleanliness of the premises and for securing the comfort and convenience of the owners of the units. All occupants and their guests shall be bound by these Rules and by standards of reasonable conduct whether covered by these Rules or not.

2. Authority. These rules represent the initial rules for the "Kaloko Estates" condominium project. These Rules will be formally adopted by the Board or changed, as the Board deems appropriate, upon formation of the Association.

B. RULES

The basic guideline for these Rules is the standard of reasonable conduct which incorporates common sense and consideration for the rights and feelings of others so that the general atmosphere is friendly and pleasant. The Board requests all residents to practice reasonable tolerance, remembering the close proximity in which they live.

1. Nuisance.

a. The occupant of a unit shall not make or permit to be made any noise in the building by himself or his family or his invitees which will annoy or interfere with the rights, comforts and convenience of neighbors. Particular attention must be paid to maintaining a minimum of noise between 10:00 p.m. and 8:00 a.m., Sundays through Thursdays, and between midnight and 8:00 a.m., Fridays and Saturdays. In particular, this applies to social gatherings, television sets, radios, stereos and musical instruments.

b. Outdoor cooking shall be conducted so as not to be offensive to any neighbor. Fires other than for outdoor cooking are not permitted.

2. Parking and Parking Stalls. No vehicle belonging to a unit owner or to a guest, tenant, workman, repairman, or employee of a unit owner shall be parked in a driveway, stall or limited common element appurtenant to another unit, or in such a manner as to impede or prevent ready access to any driveway, stall or limited common element appurtenant to another unit. Violators shall have their vehicles towed at their expense. If the violator is a lessee, tenant, employee, workman, repairman, invitee or guest of an owner, the owner shall be responsible for payment of any such towing charges.

3. Occupants. Each unit shall be occupied by a total of no more than two (2) persons multiplied by the number of bedrooms in the unit.

4. Use by Lessees, Tenants and Guests. Owners who permit occupancy of their units by others shall convey a copy of these Rules to the occupant. Each owner shall be responsible for the actions or omissions of all occupants of his unit.

5. Pets. No animals, other than animals permitted pursuant to applicable zoning laws, or common household pets in such a number as not to cause an unreasonable disturbance to any unit owner, may be kept in a unit or upon the limited common element appurtenant to a unit, provided that all such animals and pets shall be restrained from entering upon the unit and limited common element appurtenant to the other unit and from unreasonably disturbing the owner of the other unit. The raising and keeping of said animals and pets shall at all times conform to the requirements of the Planning Department, Department of Health and any other applicable laws.

6. Trash Disposal. Garbage, rubbish and other trash shall be disposed of only in receptacles and areas provided therefor. Trash containing food shall be securely wrapped before being placed in a receptacle.

7. Hazards. No activity shall be engaged in and no substance introduced into or manufactured within the project which might result in violation of the law or in the cancellation of the insurance or increase in the insurance rate for the common elements of the project.

8. Project Appearance. Each unit owner shall maintain its said unit and appurtenant limited common area in such a manner as to foster a neat and attractive project appearance.

9. Landscaping. The landscaping and maintenance of the project common areas shall be paid for by the Association of Apartment Owners and/or Board of Directors and done by gardeners retained by the Developer as long as it owns any unit in the Project and subsequently by the Association of Apartment Owners and/or Board of Directors thereof. Landscaping of the limited common areas and unsold units shall also be paid for by the Association and/or Board of Directors until such units are sold. After purchase, each unit owner shall landscape and maintain the area reserved for the use of his unit at his cost and expense. All landscaping and/or trees shall be maintained and/or situated to minimize obstruction of the mauka and

makai viewplanes of the other units in the Project. All unit owners shall share according to their percentage of common interest in the Project the costs of such landscaping and maintenance.

10. Lot Drainage. Each unit owner shall be responsible for the design of all drainage facilities for the unit owner's site and will be liable for all claims for damages resulting therefrom. The Developer makes no representations to review the drainage plan for adequacy of engineering and shall not be responsible for damages to adjacent property resulting from inadequate drainage and grading.

11. Laws, Codes, Ordinances and Permits. It is the responsibility of the unit owner to become informed of and to comply with the appropriate Federal, State and County laws, rules, regulations, codes and ordinances. If a standard set forth herein differs from standards established by the various regulating agencies, the stricter standard shall govern. Any unit owner desiring to construct improvements within its unit as permitted by law shall comply with all applicable State of Hawaii, County of Hawaii and federal laws, ordinances and building and zoning codes as the same may be changed from time to time.

C. ENFORCEMENT OF RULES

1. Observance of Rules. Each owner shall observe and perform these Rules and ensure that his tenants, workmen, repairmen, employees and guests also observe and perform these Rules. The owner shall be responsible if expenses are incurred due to violations of these Rules by tenants, workmen, repairmen, employees or guests.

2. Violation of Rules. The violation by a unit owner of any of these Rules shall give the Board, and the other unit owner on behalf of the Board, the right, in addition to any other right set forth in the Bylaws, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation, and all costs, including attorneys' fees, shall be paid by the violating owner upon demand.

3. Expenses of Enforcement. Each owner shall pay all costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Board or the other unit owner in enforcing any of these Rules against the violating owner.

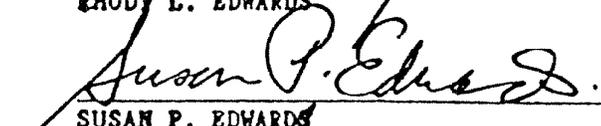
D. AMENDMENT

1. Amendments. These Rules may be amended only by the Board at a duly called meeting and shall become effective when published to all owners and occupants.

The Developer, acting as the initial Association, hereby adopts the foregoing House Rules as the House Rules for the "Kaloko Estates" condominium project on behalf of the Association this 2nd day of March, 1992.



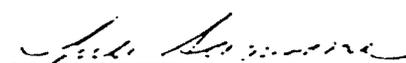
RHODY L. EDWARDS



SUSAN P. EDWARDS



MICHAEL SANSONE



GALE SANSONE

Declarant

STATE OF HAWAII
COUNTY OF HAWAII

)
) SS.
)

On this 2nd day of March, 1992, before me personally appeared RHODY L. EDWARDS, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.



Notary Public, State of Hawaii

My commission expires: 28 22, 1993

STATE OF HAWAII
COUNTY OF HAWAII

)
) SS.
)

On this 2nd day of March, 1992, before me personally appeared SUSAN P. EDWARDS, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.



Notary Public, State of Hawaii

My commission expires: 28 22, 1993

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) SS.

On this 27 day of Feb, 1992, before me personally appeared MICHAEL SANSONE, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

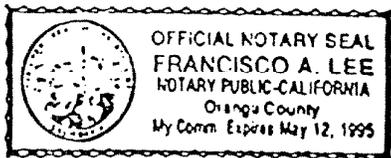


Francisco A. Lee
Notary Public, State of California

My commission expires: 5-12-1995

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) SS.

On this 27 day of Feb, 1992, before me personally appeared GALE SANSONE, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.



Francisco A. Lee
Notary Public, State of California

My commission expires: 5-12-1995

END OF EXHIBIT H

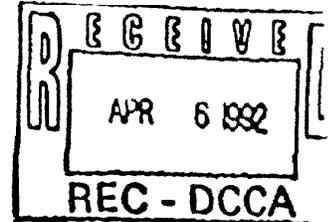


EXHIBIT I
COUNTY OF HAWAII LETTER

Planning Department

25 Aupuni Street, Room 109 • Hilo, Hawaii 96720 • (808) 961-8288

Lorraine R. Inouye
Mayor
Norman K. Hayashi
Director
Tad Nagasako
Deputy Director



April 2, 1991

Mr. Calvin Kimura
Supervising Executive Secretary
Real Estate Commission
828 Fort Street Mall, Suite 600
Honolulu, Hawaii 96813

Dear Mr. Kimura:

Condominium Public Report
Kaloko Estates
Tax Map Key: 7-3-26:9

We have reviewed the subject report and accompanying documents and have the following comments to offer:

In reviewing the condominium map and attachments 1 and 2 of Exhibit A, we note that there are specific notes and bounds description of Units 1 and 2. These descriptions should be omitted since it describes a specific portion of the property and gives the appearance that it is a subdivided lot of record which is not the fact.

Should you have any further questions, please feel free to contact Masa Onuma of this office at 961-8288.

Sincerely,


NORMAN K. HAYASHI
Planning Director

MO:eti
4865D-3
cc: Steven S.C. Lim
West Hawaii Office

END OF EXHIBIT I