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

on

HALE MAKAI CONDOMINIUM
Kalani Makai Subdivision
Holualoa, Hawaii 96740

Registration No. 2646 (Conversion)

Issued: January 22, 1993
Expires: February 22, 1994

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 12, 19 92, 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 [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.

[X] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

SPECIAL ATTENTION

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT ON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS BUYING 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, ON THE PROPERTY.

1. There are presently NO RESIDENTIAL STRUCTURES ON THE PROPERTY. The only buildings on the property are storage sheds, each of which may be defined as an "apartment" under the condominium property act.

2. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on 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 the property lines o f legally 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 owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

4. This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with. Subsequent development and use shall comply with all applicable County codes and ordinances, particularly as they apply to "Ohana" additional dwelling units.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT 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:

[X] 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) [X] Conversion
   [ ] Both New Building(s) and Conversion

2. [X] Residential [ ] Commercial [X] Ohana
   [ ] Mixed Residential and Commercial [ ] Agricultural
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	2/3	1012	96
B	1	2/3	1012	96

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:

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

7. Recreational amenities:

NONE.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: ULF KAHLSTROM
Name
970 N. KALAHEO AVE. #308
Business Address
KAILUA, HI 96734

Phone: (808) 254-2427
(Business)

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

N/A

Real Estate Broker: COLDWELL BANKER McCormack Real Estate
James Allison
Name
P.O. BOX 383501
Business Address
WAIKOLOA, HI 96738

Phone: (808) 883-8787
(Business)

Escrow: TITLE GUARANTY ESCROW SERVICES, INC.
Name
P.O. BOX 1837
Business Address
KAILUA-KONA, HI 96745-1837

Phone: (808) 329-6666
(Business)

General Contractor: WILL CHESNUT, SEACO CONSTRUCTION
Name
77-364 AINANANI STREET
Business Address
KAILUA-KONA, HI 96740

Phone: (808) 322-3614
(Business)

Condominium Managing Agent: SELF MANAGED BY THE ASSOCIATION
Name
OF APARTMENT OWNERS
Business Address

Phone:
(Business)

Attorney for Developer: ROBERT L. SMITH
Name
77-6400 NALANI STREET, STE. 200
Business Address
KAILUA-KONA, HI 96740

Phone: (808) 329-3511
(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
[X] Recorded - Bureau of Conveyances - Document No. 92-041058
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:
FIRST AMENDMENT DATED 9/24/92, RECORDED AS DOC. NO. 92-161028

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
[X] Recorded - Bureau of Conveyance Condo Map No. 1629
[ ] Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:
AFFIDAVIT ACKNOWLEDGED JUNE 30, 1992 REVISING CONDO MAP 1629, WHICH DEVELOPER REPRESENTS WAS RECORDED ON JANUARY 11, 1993 AS DOCUMENT NO. 93-003817.

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
[X] Recorded - Bureau of Conveyances - Document No. 92-041059
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 [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	MAJORITY VOTE OF BOARD

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

2. Developer:

[X] 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

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

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

Exhibit _____ contains further explanations 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.

[ ] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

Exhibit _____ contains further explanations 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:

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: KALANI MAKAI SUBDIVISION
HOLUALOA, NORTH KONA, HAWAII

Tax Map Key: (TMK) 3rd Div. 7-6-24-18

[ ] Address [ ] TMK is expected to change because N/A

Land Area: 11,470 [X] square feet [ ] acre(s) Zoning: RS 10

Fee Owner: ULF KAHLSTROM AND BERIT DAY KAHLSTROM
Name
278 KAHA STREET
Address
KAILUA, HAWAII 96734

Sublessor: N/A
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

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
[ ] Commercial			[ ] Industrial		
[X] Residential	2	YES	[ ] Agricultural		
[ ] Timeshare/Hotel			[ ] Recreational		
[ ] Other:					

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?
[X] 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 1 PER UNIT Trash Chutes 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	2/3	1012	96
B	1	2/3	1012	96

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:

The interior finished surface of all perimeter walls or interior load bearing walls, including walls and partitions, floors and ceilings, carpeting, floor covering and built-in fixtures.

Permitted Alterations to Apartments:

Owner is free to make interior alterations, but no exterior alterations may be made unless the owners of both units of the condominium agree.

7. Parking Stalls:

Total Parking Stalls: 4 (see revised condo map for stall assignments)

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)		4					4
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open	4						

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

[x] Other: Yard.

9. Present Condition of Improvements

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

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

NOT APPLICABLE.

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

By letter dated May 25, 1992, the Hawaii County Planning Dept. has indicated that the structures are in compliance with all codes and regulations in force at the time of their construction and that there is no record of a variance having been granted.

10. Conformance to Present Zoning Code

a. [X] 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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

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

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

   [ ] Exhibit _____ describes the common elements.

   [X] As follows:

   THE LAND, INCLUDING THE DRIVEWAY AND PARKING AREA.

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 may use them are:

   [ ] described in Exhibit _____

   [X] as follows:

   UNIT A: AREA OF ABOUT 5,041 SF UNDER AND AROUND UNIT PLUS PARKING STALLS A1 & A2.

   UNIT B: AREA OF ABOUT 5,735 SF UNDER AND AROUND UNIT PLUS PARKING STALLS B1 & B2.

   NOTE: LAND AREAS DESCRIBED HEREIN ARE NOT LEGALLY SUBDIVIDED LOTS.

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.

   [X] As follows:

   EACH UNIT AND ITS OWNER(S) SHALL HAVE APPURTENANT THERETO A ONE-HALF (1/2) FRACTIONAL INTEREST (50.0 PERCENTAGE INTEREST) IN 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 "E" describes the encumbrances against the title contained in the title report dated OCTOBER 20, 1992 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.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
MORTGAGE	BUYER'S CONTRACT MAY BE CANCELLED AND BUYER MAY LOSE ALL RIGHTS TO PURCHASE THE APARTMENT. BUYER'S DEPOSIT WILL BE RETURNED.

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 "A" 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

[ ] Gas

[ ] Other _____

[ ] Television Cable

[X] Water & Sewer

I. **Construction Warranties:**

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

1. Building and Other Improvements:

NONE.

2. Appliances:

NONE.

J. **Status of Construction and Estimated Completion Date:**

THE UNITS WERE COMPLETED IN MARCH, 1988.

K. **Project Phases:**

The developer [ ] has [X] 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

[X] Specimen Sales Contract

Exhibit "C" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated APRIL 15, 1992

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

[ ] Other _____

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's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is part of Registration No. 2646 filed with the Real Estate Commission on

April 1, 1992.

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.

Stanley M. Kuniyoshi for

MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

EXHIBIT "A"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months =	Yearly Total
UNIT A	$61.50	$738.00
UNIT B	$61.50	$738.00

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

Estimate of Maintenance Fee bursements:

	Monthly x 12 months =	Yearly Total
Utilities and Services		
Air Conditioning	0	
Electricity	0	
[ ] common elements only		
[ ] common elements and apartments		
Gas	0	
Refuse Collection	0	
Telephone	0	
Water and Sewer	$20.50	$246.00
Maintenance, Repairs and Supplies		
Building	$16.75	$201.00
Grounds	$33.30	$399.60
Management	0	
Management Fee	0	
Payroll and Payroll Taxes	0	
Office Expenses	0	
Insurance	$11.45	$137.40
Reserves	0	
Taxes and Government Assessments	$41.00	$492.00
Audit Fees	0	
Other	0	
TOTAL	$123.00	$1,476.00

I/We, BERIT DAY KAHLSTROM, 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.

Berit Day-Kahlstrom

Date: DECEMBER 11, 1992

EXHIBIT "B"

DISCLOSURE ABSTRACT

I.

Project: **HALE MAKAI**
Kalani Makai Subdivision
Holualoa, Hawaii
TMK: (3rd) 7-6-024-018

Developer: **ULF KAHLSTROM**
278 Kaha Street
Kailua, Hawaii 96734

Project Manager:

SELF-MANAGED BY THE ASSOCIATION OF APARTMENT OWNERS

II.

The following constitutes the breakdown of annual maintenance fee and monthly estimated costs for each apartment prepared in accordance with generally accepted accounting principles:

Apartment	Monthly Maintenance Repairs/Supplies	Monthly Insurance	Yearly Total
A	$50.05	$11.45	$738.00
B	$50.05	$11.45	$738.00

III.

There are no warranties.

IV.

The project consists of two apartments for residential use only. No commercial or other non-residential development shall be permitted in the project.

V.

This project consists of two detached structures that are being converted to condominium status. This project is in compliance with all governmental statutes, ordinances, rules and regulations. The apartments have not been in existence for five years.

EXHIBIT "C"

SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

Developer has filed a sales contract with the Hawaii Real Estate Commission. The sales contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the project. Some of the provisions of the sales contract are summarized in this exhibit. This exhibit contains only a summary of certain provisions in the sales contract and prospective purchasers should read and understand all of the provisions in the sales contract. The rights of the parties are set forth in the sales contract.

Description of the property to be conveyed: Fee simple interest in the apartment, together with the furnishings and appliances.

Default by Purchaser: If Buyer fails to pay the balance of the purchase price or complete the purchase, Developer may bring an action for damages for breach of contract, retain all deposits by Buyer as liquidated damages and Buyer shall be responsible for any cost incurred in accordance with the sales contract.

Condition to binding effect of sales contract: This sales contract shall not be binding upon Buyer and any obligation to purchase an apartment under this sales contract shall not be enforceable against Buyer until:

(1) A true copy of the final public report has been delivered to Buyer,

(2) Buyer has been given an opportunity to read the final public report,

(3) Two copies of the form of the receipt and notice set forth in section 514A-62, HRS, have been delivered to Buyer and Buyer executes the receipt and notice and waives Buyer's right to cancel; PROVIDED, HOWEVER, that if Buyer does not execute and return the receipt and notice within thirty days from the date of delivery of such reports, or if the apartment is conveyed to Buyer prior to the expiration of such thirty day period, Buyer shall be deemed to have receipted for the reports and to have waived Buyer's right to cancel. Unless such right has previously been waived, Buyer shall have the right to cancel this Agreement at any time prior to the earlier of the conveyance of the apartment to Buyer or midnight of the thirtieth day following the date of delivery of said public reports to Buyer. Upon any cancellation, Buyer shall be entitled to a prompt and full refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase up to a maximum of two hundred fifty dollars.

Conflict: If any conflict exists between this summary and the sales contract, the sales contract will control, not this summary.

END OF EXHIBIT "C"

EXHIBIT "D"

SUMMARY OF PERTINENT PROVISIONS OF ESCROW CONTRACT

The Escrow Agreement sets up an arrangement 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 Purchaser(s) know when payments are due.

(b) Escrow will arrange for Purchaser(s) to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to Purchaser(s).

(d) The Escrow Agreement says that upon default under the sales contract by Purchaser(s), the Seller may retain Purchaser's initial deposit.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

END OF EXHIBIT "D"

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

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

2. Covenants, conditions and restrictions set forth in Deed dated June 23, 1983, recorded in Liber 17133 at Page 55.

3. Easement "W-3" for water meter purposes, being more particularly described in item 4 below and containing 15 square feet.

4. GRANT

TO:	WATER COMMISSION OF THE COUNTY OF MAUI
DATED:	October 3, 1983
RECORDED:	Liber 17458, Page 671
GRANTING:	A perpetual easement to maintain, operate, repair, remove and replace any and all pipes or other structures in, over and across Easement "W-3".

5. MORTGAGE

Mortgagor:	ULF KAHLSTROM and BERIT DAY KAHLSTROM, husband and wife
Mortgagee:	AMERICAN SAVINGS BANK, F.S.B., a federal savings bank
Dated:	May 27, 1988
Recorded:	Liber 22034 at Page 384 in the Bureau of Conveyances of the State of Hawaii
Securing:	$143,600.00

6. MORTGAGE AND FINANCING STATEMENT

Mortgagor:	ULF KAHLSTROM and BERIT DAY KAHLSTROM, husband and wife
Mortgagee:	CHRISPERK, INC., a Nevada corporation
Dated:	July 8, 1988
Recorded:	Liber 22147 at Page 101 in the Bureau of Conveyances of the State of Hawaii
Securing:	$17,900.00

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

8. Condominium documents as noted on page 7 of the Public Report.

END OF EXHIBIT "E"