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

HALE PUANUANU

Kamuela (Big Island), Hawaii

Registration No. 2651 (Conversion)

Issued: July 16, 1992
Expires: August 16, 1993

Report Purpose:

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

x **FINAL:** *(white)* The developer has legally created a condominium and has filed complete information with the Commission.
[x] 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

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 on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

This Public Report does not constitute an approval of the Project, nor does it ensure that all County codes, ordinances and subdivision requirements requirements have necessarily been complied with.

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

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GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

[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)
Unit A	1	3/2	1,104 sq.ft.	n/a
Unit B	1	3/2	1,104 sq.ft.	n/a

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: JOHN R. COLSON, JENNIFER N. COLSON and REGAN KEN MATSUMURA
Name

Phone: 880-1003 (Business)

P.O. Box 901
Business Address

Kamuela, Hawaii 96743

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

Real Estate Broker: None selected. Units not presently for sale.
Name

Phone: (Business)

Business Address

Escrow: TITLE GUARANTY ESCROW SERVICES, INC.
Name

Phone: 521-0211 (Business)

235 Queen Street, 1st Floor
Business Address

Honolulu, Hawaii 96813

General Contractor: n/a
Name

Phone: (Business)

Business Address

Condominium Managing Agent: Project is to be self-managed by the Association of Condominium Owners
Name

Phone: (Business)

Business Address

Attorney for Developer: ROGER V. MEEKER
Name

Phone: 885-9696 (Business)

P.O. Box 6327
Business Address

Kamuela, Hawaii 96743

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. 92-031269
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[x] Recorded - Bureau of Conveyance Condo Map No. 1611
[ ] Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

[ ] Proposed
[x] Recorded - Bureau of Conveyances - Document No. 92-031270
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

[ ] Proposed [ ] Adopted [x] 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	---	n/a

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: Lot 25, Pleasant Acres Subdivision, Kamuela, Hawaii

Tax Map Key: 6-4-19: 16 (3rd) (TMK)

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

Land Area: 21,126 [x] square feet [ ] acre(s) Zoning: Ag-1a

Fee Owner: JOHN R. COLSON, JENNIFER N. COLSON and REGAN KEN MATSUMURA
Name

P.O. Box 901
Address

Kamuela, Hawaii 96743

Sublessor: _____
Name

_____
Address

_____

C **Buildings and Other Improvements:**

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

2. Buildings: 2 Floors Per Building 1

[x] Exhibit A contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [x] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	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 Ø Stairways Ø Trash Chutes Ø

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
Unit A	1	3/2	1,104 sq.ft.	n/a
Unit B	1	3/2	1,104 sq.ft.	n/a

Total Apartments: 2

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

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

Boundaries of Each Apartment: See Exhibit "A" attached hereto.

Permitted Alterations to Apartments:

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

7. Parking Stalls:

Total Parking Stalls: 4

	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 two (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:

[x] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[ ] Other: _____

_____

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

Based on a report prepared by an independent registered architect, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, no representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installations material to the use and enjoyment of the condominium unit(s). See Exhibit "G" attached hereto.

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

The Project is a conversion of fully constructed and existing structures to condominium status. Said structures are in compliance with all zoning and building ordinances and codes applicable to the Project. No variance has been granted to achieve such compliance. To the best of the Developer's knowledge, the Project does not contain any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

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.

   [x] Exhibit B describes the common elements.

   [ ] As follows:

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

   [ ] There are no limited common elements in this project.

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

   [x] described in Exhibit C

   [ ] as follows:

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

   [x] Exhibit B describes the common interests for each apartment.

   [ ] As follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated April 28, 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 deposit will be returned if default and foreclosure occur before conveyance. The Buyer's contract may be cancelled and the Buyer may lose all rights to acquire the unit. Title to individual units will be free and clear at the time of conveyance to Buyer.

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 G 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 Project is comprised of two existing structures being converted to condominium status. Both structures were completed in 1991.

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:

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 -- not applicable

[x] Specimen Sales Contract -- Hawaii Assocciation of Realtors' standard form of Deposit Receipt, Offer & Acceptance (DROA) contract will be used at time of sale.

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

[x] Escrow Agreement dated February 15, 1992

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The land is zoned "Agricultural" (AG-1a) 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. 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.

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.

INDIVIDUAL UNIT DESCRIPTIONS

The Declaration of Condominium Property Regime and plans submitted by the Developer indicate that HALE PUANUANU is a fee simple condominium conversion project consisting of a total of two condominium units, each unit comprised of a separate or structures. The units are described as follows:

(a) "Unit A" consists of the following: (1) a separate single-story wood-frame dwelling, without basement, containing three bedrooms, two baths, living room, dining room and kitchen -- all containing a net interior living area of approximately 1,104 square feet; (2) an attached two-car garage and laundry area totalling approximately 480 square feet; and (3) all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

(a) "Unit B" consists of the following: (1) a separate single-story wood-frame dwelling, without basement, containing three bedrooms, two baths, living room, dining room and kitchen -- all containing a net interior living area of approximately 1,104 square feet; (2) an attached two-car garage and laundry area totalling approximately 480 square feet; and (3) all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

COMMON ELEMENTS

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

(a) The land in fee simple;

(b) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, gas, sewage, irrigation, telephone and television cable;

(c) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

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

COMMON INTEREST

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

LIMITED COMMON ELEMENTS

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

(a) That certain land area upon and around which "Unit A" is located, shown and designated on the Condominium Map and being approximately 10,487.55 square feet in area, is deemed a limited common element appurtenant to and for the exclusive use of "Unit A". (SEE BELOW)

(b) That certain land area upon and around which "Unit B" is located, shown and designated on the Condominium Map and being approximately 10,638.45 square feet in area, is deemed a limited common element appurtenant to and for the exclusive use of "Unit B". (SEE BELOW)

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

NOTE: The land area appurtenant to each unit does not represent a legally subdivided lot.

SUMMARY OF SALES CONTRACT

No sales of the condominium units are immediately contemplated. However, the Developer plans to use the Hawaii Association of Realtors' standard form of Deposit, Receipt, Offer and Acceptance (DROA) as the intended sales contract for the Project.

Upon examination, the Developer represents that the proposed Sales Contract (DROA) is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is encumbent upon the purchaser and prospective purchaser that he reads the Sales Contract (DROA) with care.

SUMMARY OF ESCROW ARRANGEMENTS

The Developer does not plan to offer the condominium units for sale immediately. However, an Escrow Agreement dated February 15, 1992, has been submitted by the Developer, identifying Title Guaranty Escrow Services, Inc. as Escrow for the Project. The Escrow Agreement establishes how proceeds from the sale of condominium units and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds. The Escrow Agreement provides that a Purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to Purchaser, without interest and less cancellation fee and costs, if Purchaser shall in writing request refund of his funds and Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser. Said cancellation fee shall be in the minimum of $25.00, but in no event shall exceed the agreed-upon escrow fee provided for in said Escrow Agreement, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

Upon examination, the Developer represents that the Escrow Agreement is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is encumbant upon the purchaser and prospective purchaser that he reads with care the Escrow Agreement.

ENCUMBRANCES AGAINST TITLE

An encumbrance is a claim against or a liability on the property. The following list describes the encumbrances against the title contained in the status title report dated April 28, 1992, issued by Title Guaranty of Hawaii, Inc.:

1. Covenants, conditions and restrictions set forth in Deed dated October 7, 1971, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7931 at Page 231.

2. Mortgage in favor of HONFED BANK, a federal savings bank, dated October 18, 1991, filed in said Bureau as Document No. 91-146016. Original consideration: $135,000.00

3. Grant to HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, dated November 21, 1991, recorded as Document No. 92-012892, granting a perpetual right and easement to construct, reconstruct, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity, etc.

4. Declaration of Condominium Property Regime dated February 15, 1992, recorded as Document No. 92-031269; By-Laws of the Association of Condominium Owners of the "HALE PUANUANU" Condominium Project, dated February 15, 1992, recorded as Document No. 92-031270; Condominium Map No. 1611.

5. Real property taxes due and owing, if any. Reference is made to the Office of the Tax Assessor, County of Hawaii.

DISCLOSURE ABSTRACT

HALE PUANUANU
Condominium Project

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

Developer

John R. Colson
Jennifer N. Colson
Regan K. Matsumura
P.O. Box 901
Kamuela, Hawaii 96743
Phone: 880-1003

Project Manager

Project is to be self-managed

Estimated Maintenance Fee Assessments and Disbursements

MAINTENANCE FEES: The regular maintenance and repair of each condominium unit, including all utility charges, is the sole responsibility of each respective unit owner. There are no common services and/or expenses which will require regular monthly assessments.

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

Warranties

NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO THE INDIVIDUAL CONDOMINIUM UNITS OR THE COMMON ELEMENTS OF THE PROJECT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE UNIT THEY DESIRE TO BUY. THE UNITS ARE SOLD "AS IS".

Use of Condominium Units

Both units comprising the Project may be occupied and used for residential purposes and such other purposes as permitted by applicable zoning ordinances. There is no commercial or other non-residential development in the Project.