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

MJF Development
73-966 Ahikawa Street
Kona Coastview Subdivision
North Kona, Hawaii 96740

Registration No. 2672 (Partial Conversion)

Issued: February 5, 1993
Expires: March 5, 1994

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of January 19, ____, 19 93, 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 in 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 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 PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

* *

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20

EXHIBIT A: COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND COMMON INTERESTS
EXHIBIT B: ENCUMBRANCES AGAINST TITLE
EXHIBIT C: DISCLOSURE ABSTRACT
EXHIBIT D: SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT
EXHIBIT E: SUMMARY OF PERTINENT PROVISIONS OF ESCROW CONTRACT
EXHIBIT F:
EXHIBIT G:
EXHIBIT H:
EXHIBIT I:
EXHIBIT J:

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) [ ] Conversion
   [X] 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	3/2	1008	350
B	1	3/2	1008	350

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:

Front and back yards.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: MICHAEL J. FANN
Name
Phone: (808) 325-5278
(Business)

P.O. Box 4028
Business Address

Kailua-Kona, HI 96745

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

N/A

Real Estate Broker: Kona Scenic Realty
Name
Phone: (808) 322-4000
(Business)

P.O. Box 789
Business Address

Kealakekua, HI 96750

Escrow: Title Guaranty Escrow Services, Inc.
Name
Phone: (808) 329-6666
(Business)

P.O. Box 1837
Business Address

Kailua-Kona, HI 96745

General Contractor: MICHAEL J. FANN
Name
Phone: (808) 325-5278
(Business)

73-960 Ahikawa Street
Business Address

Kailua-Kona, HI 96740

Condominium Managing Agent: SELF-MANAGED BY ASSOCIATION OF APARTMENT OWNERS
Name
Phone:
(Business)

Business Address

Attorney for Developer: Robert L. Smith
Name
Phone: (808) 329-3511
(Business)

77-6400 Nalani Street
Business Address

Kailua-Kona, HI 96740

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. 92-063097
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

Amended Declaration dated April 6, 1992, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 92-156177.

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. 1652
[ ] 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. 92-063098
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%	100%
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: 73-966 Ahikawa Street
Kailua-Kona, HI 96740

Tax Map Key: (3)7-3-028:054 Lot 29
(TMK)

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

Land Area: 28,889 [X] square feet [ ] acre(s) Zoning: Unplanned

Fee Owner: MICHAEL J. FANN and NANCY J. FANN
Name
P.O. Box 4028
Address
Kailua-Kona, HI 96745

Sublessor: N/A
Name

Address

C **Buildings and Other Improvements:**

1. [ ] New Building(s) [ ] Conversion of Existing Building(s)
[X] 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 Trash Chutes 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	3/2	1008	350
B	1	3/2	1008	350

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 perimeter walls.

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

	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:

[X] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Storage Area

[ ] Recreation Area

[ ] Laundry Area

[ ] Tennis Court

[ ] Trash Chute

[ ] Other: _____

_____

9. Present Condition of Improvements
(For conversions of residential apartments in existence for at least five years):

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

Not applicable.

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 "A" describes the common elements.

   [ ] As follows:

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

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

   [X] The limited common elements and the apartments which may use them 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 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 "A" 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 "B" describes the encumbrances against the title contained in the title report dated June 23, 1992 and issued by Title Guaranty Escrow Services, 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 "C" contains a schedule of maintenance fees and maintenance fee disbursements.

H. **Utility Charges for Apartments:**

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

[X] Not applicable

[ ] Electricity

[ ] Television Cable

[ ] Gas

[ ] Water & Sewer

[ ] Other _____

I. **Construction Warranties:**

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

1. Building and Other Improvements:

1 year material and workmanship warranty, beginning February 1, 1993 and ending January 31, 1994, for both Unit A and Unit B.

2. Appliances:

1 year material and workmanship warranty, beginning February 1, 1993 and ending January 31, 1994, for both Unit A and Unit B.

J. Status of Construction and Estimated Completion Date:

Unit B was completed November 13, 1991.
Unit A was completed June 11, 1992.

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

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated May 13, 1992

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

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. 2672 filed with the Real Estate Commission on June 18, 1992.

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

[ ] yellow paper stock [x] white paper stock [ ] pink paper stock

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. Kuniyasu 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

MJF Development

EXHIBIT "A"

Common Elements, Limited Common Elements and Common Interest

The following is a description of the common elements, limited common elements and common interest for **MJF Development:**

1. Common Elements. One freehold estate is designated in all of the portions and appurtenances of the Project (the "common elements") exclusive of the apartments, including specifically, but not limited to:

(a) The land in fee simple.

(b) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, and under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.

(c) Any and all apparatus, facilities or other parts of the Project necessary to its existence, maintenance and safety.

2. Limited Common Elements. Certain parts of the common elements, (the "limited common elements"), are set aside and reserved for the exclusive use of certain apartments and such the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) The land area upon and around which Apartment A is located, consisting of approximately 14,444.45 square feet, as shown and designated on the Condominium Map, is for the exclusive use of Apartment A.

(b) The land area upon and around which Apartment B is located, consisting of approximately 14,444.45 square feet, as shown and designated on the Condominium Map, is for the exclusive use of Apartment B.

All costs and expenses of every kind pertaining to the 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 apartment to which the limited common element is appurtenant.

NOTE: THE LAND AREA UPON AND AROUND EACH APARTMENT IS LIMITED COMMON ELEMENT, IS NOT A SEPARATE LEGALLY SUBDIVIDED LOT.

3. Common Interest. Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project, as follows:

(a) Apartment A shall have appurtenant thereto an undivided fifty percent (50%) interest in all of the common elements of the Project.

(b) Apartment B shall have appurtenant thereto an undivided fifty percent (50%) interest in all of the common elements of the Project.

Such interests are defined and referred to as the "common interest". Each apartment shall have the same proportionate share as its common interest in all common profits and expenses of the Project and for all other purposes, including voting.

THIS DOCUMENT CONTAINS A SUMMARY DESCRIPTION OF THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND COMMON INTEREST FOR MJF DEVELOPMENT. BUYER SHOULD THOROUGHLY REVIEW ALL PROJECT DOCUMENTS IN ORDER TO OBTAIN A COMPLETE UNDERSTANDING OF THE MATTERS CONTAINED IN THIS SUMMARY DESCRIPTION.

End of EXHIBIT "A"

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. MORTGAGE

Mortgagor : MICHAEL J. FANN and NANCY J. FANN, husband and wife
Mortgagee : Central Pacific Bank, a Hawaii corporation
Dated : March 23, 1992
Recorded in the Bureau of Conveyance as Document No. 92-044521
Amount : $170,000.00

2. 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 April 6, 1992, recorded in the Bureau of Conveyances o the State of Hawaii as Document No. 92-063097, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1652.)

3. By-Laws of the Association of Apartment Owners of the Condominium Project known as "MJF Developement" dated April 3, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-063098, as the same may hereafter be amended.

4. MORTGAGE

Mortgagor: MICHAEL J. FANN AND NANCY J. FANN, married

Mortgagee: PREMIER BANK, custodian for RICHARD M. STEWART IRA ROLLOVER ACCOUNT, as Tenant in Severalty as to an undived 40/44th percent interest, and RICHARD M. STEWARD, Trustee for RICHARD STEWART, ESQ., A SOLE PROPRIETOR DEFINED BENEFIT PENSION PLAN, as Tenant in Severalty, as to an undivided 4/44th percent interst, as Tenants in Common

DATED: June 10, 1991
RECORDED: Document No. 91-082279
AMOUNT: $44,000.00

End of EXHIBIT "B"

EXHIBIT "C"

DISCLOSURE ABSTRACT

I.

Project: **MJF DEVELOPMENT**
73-966 Ahikawa Street
Kailua-Kona, Hawaii 96740

Developer: **MICHAEL J. FANN**
P.O. Box 4028
Kailua-Kona, Hawaii 96745

Project Manager:

SELF-MANAGED BY THE ASSOCIATION OF APARTMENT OWNERS

II.

The attached schedule constitutes the breakdown of annual maintenance fees and monthly estimated costs for each apartment prepared in accordance with generally accepted accounting principles.

III.

There is a one year warranty on the building and improvments for both Unit A and Unit B, and there is a one year warranty on appliances for both Unit A and Unit B. Warranties shall run concurrently and are effective from February 1, 1993 through January 31, 1994.

IV.

The project consists of two houses 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, one newly built and one approximately one year old. This project is in compliance with all governmental statutes, ordinances, rules and regulations.

ATTACHMENT TO
EXHIBIT "C"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months	= Yearly Total
A	$203.04 x 12	= $2,436.48
B	$203.04 x 12	= $2,436.48

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

Estimate of Maintenance / Disbursements:

	Monthly x 12 months	= Yearly Total
Utilities and Services		
Air Conditioning		
Electricity	$100.00 X 12	= $1,200.00
[ ] common elements only		
[ ] common elements and apartments		
Gas		
Refuse Collection		
Telephone		
Water and Sewer	$ 40.00 X 12	= $ 480.00
Maintenance, Repairs and Supplies	$ 25.00 X 12	= $ 300.00
Building		
Grounds		
Management	$ 0.00 X 12	= $ 0.00
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	$ 16.95 X 12	= $ 203.30
Reserves		
Taxes and Government Assessments	$ 21.10 X 12	= $ 253.20
Audit Fees	$ 0.00 X 12	= $ 0.00
Other		
TOTAL		= $2,436.50

I/We, MICHAEL J. FANN, 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.

Michael J. Fann

Date: May 13, 1992

EXHIBIT "D"
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 "D"

EXHIBIT "E"

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 sets forth the conditions which must be met prior to disbursement of funds as follows:

i. The Purchaser must be provided with and acknowledge receipt of the Final Public Report issued by the Real Estate Commission;

ii. Seller must have delivered to Escrow a written option stating that the requirement of Hawaii Revised Statutes 514(A) have been met;

iii. Seller must have given Escrow a written waiver of any option reserved in the sales contract to cancel said contract.

(d) The Escrow Agreement outlines the conditions under which a refund will be made to Purchaser(s) as follows:

i. If both Seller and Purchaser request in writing that the funds be returned to Purchaser;

ii. If Seller notifies escrow of its decision to exercise its option to cancel or rescind the sales contract;

iii. If no sales contract has been offered to Purchaser who has been placed on Seller's reservation list of owner-occupant applicants;

iv. If the Purchaser has been unable to obtain adequate financing or a commitment for adequate financing for

the Purchaser's reserved unit during the period which Seller is limited to selling to owner-occupants;

v. If Purchaser indicates an intent not to become an owner-occupant of the unit.

(e) The Escrow Agreement states that in the event that funds are to be returned to Purchaser, that Escrow will notify Purchaser by way of registered letter that it must claim its refund within sixty days.

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

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

END OF EXHIBIT "E"