



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

KOHALA RANCH, LOT 192
 Kohala Ranch, North Kohala, Hawaii

Registration No. 2705 (Conversion)

Issued: September 29, 1992
 Expires: October 29, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 13, 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 Not Required - disclosures covered in this report.

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: Individual Unit Descriptions	
Exhibit B: Common Elements	
Exhibit C: Limited Common Elements	
Exhibit D: Sales Contract	
Exhibit E: Summary of Escrow Arrangements	
Exhibit F: Encumbrances Against Title	
Exhibit G: Disclosure Abstract	

GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

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

Types of Project:

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

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Unit A	1	2/3	2,700 sq.ft.	562 sq.ft.
Unit B	1	2/2	2,078 sq.ft.	891 sq.ft.
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>5</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>5</u>

7. Recreational amenities: NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: JORENE BUSH LETT and RAYMOND TURNER LETT
Name

Phone: 880-1090
(Business)

P.O. Box 4935
Business Address

Kawaihae, 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 596
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
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1932333

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
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 919

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
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1932334

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

For Subleaseholds:

- [] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[] Cancelled [] Foreclosed
- [] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: Kohala Ranch, Lot 192 Tax Map Key: 5-9-11: 8 (3rd)
Kohala Ranch, North Kohala, Hawaii (TMK)

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

Land Area: 3.105 [] square feet [x] acre(s) Zoning: Ag-3

Fee Owner: JORENE BUSH LETT and RAYMOND TURNER LETT
Name

P.O. Box 4935
Address

Kawaihae, 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:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>2</u>	<u>yes</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____				_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

Yes No

5. Special Use Restrictions:

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

- Pets: _____
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 0 Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>Unit A</u>	<u>1</u>	<u>2/3</u>	<u>2,700 sq.ft.</u>	<u>562 sq.ft.</u>
<u>Unit B</u>	<u>1</u>	<u>2/2</u>	<u>2,078 sq.ft.</u>	<u>891 sq.ft.</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment: See Exhibit "A" 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: 5

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>5</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>5</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra Available for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>5</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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:

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Other:
- Storage Area
- Laundry Area
- Trash Chute

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. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> x </u>	<u> </u>	<u> </u>
Structures	<u> x </u>	<u> </u>	<u> </u>
Lot	<u> x </u>	<u> </u>	<u> </u>

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

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

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

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

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

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.

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

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.

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 August 6, 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.
- There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	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.
- 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

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: NONE

2. Appliances: NONE

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

NOTE:

Purchasers should be aware that this condominium project is part of the KOHALA RANCH Subdivision, a master-planned community located in North Kohala (Big Island), Hawaii. Rather extensive Declarations of Covenants, Conditions and Restrictions, and amendments of said Declarations, have been adopted and recorded, as noted in item 4 of Exhibit "F" of this Public Report. Purchasers are advised to carefully examine and read this documentation.

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 Kohala Ranch Declaration of Covenants, Conditions and Restrictions with Amendments.

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. 2705 filed with the Real Estate Commission on
August 13, 1992.

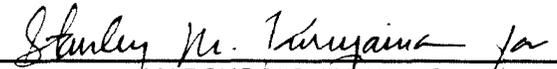
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Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary public Report is issued or unless the Commission issues an order extending the effective period for the report.



MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

INDIVIDUAL UNIT DESCRIPTIONS

The Declaration of Condominium Property Regime and plans submitted by the Developer indicate that KOHALA RANCH, LOT 192 is a fee simple condominium conversion project consisting of a total of two condominium units, each unit comprised of a separate structure or structures. The units are described as follows:

- (a) "Unit A" consists of the following: (1) a separate single-story wood-frame structure, without basement, containing two bedrooms, three baths, living room, dining room, kitchen, study, entry court, laundry room, and covered terrace and lanai -- all containing a net interior living area of approximately 2,700 square feet; (2) an attached three-car garage with storage area of approximately 1,106 square feet; (3) attached covered terrace and lanai areas of approximately 562 square feet; (5) open decks totalling approximately 673 square feet; (6) swimming pool; and (5) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

- (b) "Unit B" consists of the following: (1) a separate single-story wood-frame structure, without basement, containing two bedrooms, two baths, living room with dining area, kitchen and laundry room -- all containing a net interior living area of approximately 2,078 square feet; (2) an attached two-car garage with storage area of approximately 797 square feet; (3) attached covered lanai areas totalling approximately 891 square feet; and (4) any and 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) The wood and metal post cattle fence located on and along the line of division separating the land areas appurtenant to each unit, as shown and designated on the Condominium Map;
- (c) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, gas, sewage, irrigation, telephone and television cable;
- (d) 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 1.307 acres 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 1.798 acres 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.

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 incumbent upon the purchaser and prospective purchaser that he reads the Sales Contract (DROA) with care.

Exhibit "D"



HAWAII ASSOCIATION OF REALTORS® STANDARD FORMS
DEPOSIT RECEIPT, OFFER AND ACCEPTANCE 9/89 ("DROA")
(The Standard Terms on the Reverse Side are part of the DROA)

Reviewed by _____
(Principal Broker, Broker in Charge, Authorized Signatory)

Reference Date _____

DEPOSIT RECEIPT

Received from _____ herein called Buyer the sum of \$ _____
in the form of _____ as an initial deposit on account of this offer. Receipt is acknowledged by (REALTOR)(REALTOR-Associate)
REALTOR'S firm and address _____
PHONES (Bus.) _____ (Home) _____ (FAX) _____

OFFER

1 PURCHASE PRICE: _____
2 PROPERTY DESCRIPTION: Tax Map Key Division _____ /Zone _____ /Sec _____ /Plat _____ /Parcel _____ /CPR _____

(a) Realty: All of that (leasehold) (fee simple) property situated at _____
Hawaii, described as follows: _____

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

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

Specifically excluded:

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

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

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

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

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

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

6 PRORATIONS: Property taxes, lease rents, interest on assumed obligations, mortgage insurance premiums, other insurance premiums, maintenance fees, tenants' rents, if applicable, and _____ shall be prorated as of the date of closing or on _____, 19____

Tenants' security deposit, if any, shall be charged to Seller and credited to Buyer at closing.

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

8 SPECIAL TERMS: (Please number) _____

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

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

Offer Date _____, 19____, AM/PM.
Buyer's address: _____ Buyer _____ signature
SS# _____

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

ACCEPTANCE

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

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

Date _____, 19____, AM/PM

Seller's Name _____ print full legal name
Seller's Tax Identification # to be reported to IRS _____ Signature _____

Seller's Name _____ print full legal name
Seller's Tax Identification # to be reported to IRS _____ Signature _____
Foreign Person () Owner occupant () Other ()

Seller's Address _____
Seller's Address _____
Phones: (Bus.) _____ (Home) _____

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

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

SUMMARY OF ESCROW ARRANGEMENTS

The Developer does not plan to offer the condominium units for sale immediately. However, an Escrow Agreement dated June 1, 1992, has been submitted by the Developer, identifying Island Title Corporation 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 August 6, 1992, issued by Title Guaranty of Hawaii, Inc.:

1. Tax Map Key: 5-9-11: 8, County of Hawaii. Area Assessed: 3.105 acres, more or less. For real property taxes as may be due and owing, reference is made to the Director of Finance, County of Hawaii.
2. Designation of Easement "159" for electrical purposes, as shown on Map 12, as set forth in Land Court Order No. 74162, filed June 14, 1985.
3. No access planting screen lines (10-feet wide), as shown on Map 12, as set forth in Land Court Order No. 74162, filed June 19, 1985.
4. Restrictions, covenants and conditions contained in Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated October 4, 1985, filed as Land Court Document No. 1327679. Said Declaration was amended by First Amendment and Restatement of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated January 8, 1986, filed as Land Court Document No. 1345901, by Second Amendment of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated March 17, 1986, filed as Land Court Document No. 1361562, by Third Amendment of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated April 9, 1987, filed as Land Court Document No. 1464649, by Fourth Amendment and Restatement of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated May 6, 1988, filed as Land Court Document No. 1549027, by Fifth Amendment and Restatement of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated June 15, 1988, filed as Land Court Document No. 1557977, by Sixth Amendment of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated December 30, 1988, filed as Land Court Document No. 1605945, by Seventh Amendment of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated September 10, 1990, filed as Land Court Document No. 1765788, and by Eighth Amendment of Kohala Ranch Declaration of Covenants, Conditions and Restrictions dated October 31,

1991, filed as Land Court Document No. 1864316.

5. Reservation contained in DEED dated May 2, 1986, filed as Land Court Document No. 1370016, to-wit:

"EXCEPTING AND RESERVING, unto the Grantor and its successors and assigns, all underground water and rights thereto appurtenant to said premises hereinbefore described; provided, however, that the foregoing exception and reservation shall not be deemed to include the right to enter upon the surface of said premises to exercise said exception and reservation."

6. Reservation(s) contained in said DEED filed as Land Court Document No. 1370016, to-wit:

"EXCEPTING AND RESERVING HOWEVER, unto the Grantor, as to the easements for drainage, water and electrical purposes, hereinbefore described, the right to construct, reconstruct, install, reinstall, maintain, operate, repair and remove structures, culverts, ditches, pipes, lines and other appurtenant facilities and equipment as the same may be appropriate to the designation of the type of easement as aforesaid, through, under and across said easements hereinbefore described, together with the right to use and dispose of, in the Grantor's sole discretion, all materials resulting from any excavation work in connection with the foregoing activities, and together also with the right of ingress to and egress from said easements over the Grantee's adjacent land for the purposes aforesaid, which said easements and rights and drainage or electrical or water structures, ditches, pipes lines and appurtenant facilities and equipment, the Grantor and its successors and assigns, may at its sole and exclusive discretion, by virtue of the exception and reservation and right and authority of the Grantor by reason hereof, assign or grant to the United States of America, the State of Hawaii, the County of Hawaii or other governmental agency or any public or private utility or other corporation or person upon or under such terms and conditions as may be determined by the Grantor or as may be specified by such governmental agency, public or private utility or other corporation or person in connection with their acceptance of the same, or assign or grant to the Kohala Ranch Community Association (herein 'Association') upon or under such terms and conditions as the Grantor may determine, and any such assignment of grant may be without joinder of or notice to

the Grantee herein; and by acceptance of this instrument the Grantee hereby covenants and agrees that Grantee will, if, as and when requested by the Grantor, join in such assignment or grant."

"EXCEPTING AND RESERVING, FURTHER, HOWEVER, unto the Grantor, as to said Easements 277, 279 and 280, the right to cut and/or fill or otherwise rough grade the area within said Easements or to perform any other work as the Grantor, in its discretion, may deem appropriate for said Easements, together with the right to use and dispose of, in the Grantor's sole discretion, all materials resulting from any excavation work in connection with the foregoing activities, and together also with the right of ingress to and egress from said Easements over the Grantee's adjacent land for the purposes aforesaid, which said Easements and rights the Grantor, its successors and assigns, may at its sole and exclusive discretion by virtue of the exception and reservation and right and authority of the Grantor by reason hereof, assign or grant to the Association, upon or under such terms and conditions as the Grantor may determine, and such assignment or grant to the Association may be without the joinder of or notice to the Grantee herein; and by the acceptance of this instrument the Grantee, and each of them if more than one, hereby covenants and agrees that the Grantee will, if, as and when requested by the Grantor, join in such assignment or grant of said Easements and rights to the Association upon said terms and conditions."

7. Covenants, conditions and restrictions set forth in DEED dated May 2, 1986, filed as Land Court Document No. 1370016.

8. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and GTE
HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : July 6, 1987

FILED : Land Court Document No. 1493695

GRANTING : a perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate transformer vaults, etc., for the transmission and distribution of electricity, etc.

9. MORTGAGE

MORTGAGOR : JORENE BUSH LETT and RAYMOND TURNER LETT, wife
and husband

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : March 4, 1988

FILED : Land Court Document No. 1535003

AMOUNT : \$350,000.00

10. UNRECORDED LEASE

LESSOR : JORENE BUSH LETT and RAYMOND TURNER LETT, wife
and husband

LESSEE : KOHALA JOINT VENTURE, a Hawaii registered
joint venture

DATED : August 31, 1987

TERM : Commencing on the date hereof, and ending on
December 31, 1999

A Short Form of said above Lease was dated January 1,
1988, filed as Land Court Document No. 1544174.

11. UNRECORDED SUBLEASE

LESSOR : KOHALA JOINT VENTURE, a Hawaii registered
joint venture

LESSEE : KAHUA RANCH, LIMITED, a Hawaii corporation,
and PONOHOLO RANCH, LIMITED, a Hawaii
corporation

DATED : April 1, 1986

TERM : Commencing on the date hereof, and ending on
December 31, 1999

ABOVE SUBLEASE AMENDED BY INSTRUMENT

DATED : January 1, 1989

A Short Form of said above Lease, as amended, was dated January 1, 1987, filed as Land Court Document No. 1693829.

12. NOTICE OF DEDICATION dated December 28, 1990, filed as Land Court Document No. 1797285, effective December 15, 1987 for a term of 10 years.

13. MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : JORENE BUSH LETT and RAYMOND TURNER LETT, wife and husband

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : May 22, 1991

FILED : Land Court Document No. 1823334

AMOUNT : Equity FirstLine Agreement up to the principal sum of \$100,000.00

-NOTE:-

1. Owner's Certificate(s) of Title referred to herein located at the Office of the Assistant Registrar of the Land Court, State of Hawaii, as of January 30, 1992.

All of that certain parcel of land situate at Kahua 1st, Kahua and Waika, District of North Kohala, Island and County of Hawaii, State of Hawaii, described as follows:

LOT 192, area 3.105 acres, as shown on Map 12, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Consolidation 117 of Kahua Ranch, Limited;

Being the land(s) described in Transfer Certificate of Title No. 282,396 issued to JORENE BUSH LETT and RAYMOND TURNER LETT, wife and husband, as Tenants by the Entirety.

DISCLOSURE ABSTRACT

KOHALA RANCH, LOT 192 Condominium Project

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

Developer

Jorene B. Lett
Raymond Turner Lett
P.O. Box 4935
Kawaihae, Hawaii 96743
Phone: 880-1090

Project Manager

Project is to be self-managed

Use of Condominium Units

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

Structural Components and Mechanical & Electrical Installations

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

Warranties

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

Estimated Maintenance Fee Assessments and Disbursements

MAINTENANCE FEE ASSESSMENTS: The regular maintenance and repair of each condominium unit, including all utility charges except for water, is the sole responsibility of each respective unit owner. Certain expenses, however, require a monthly maintenance fee assessment. The Developer estimates that the annual maintenance fee assessments and monthly costs for each condominium unit to cover Kohala Ranch Homeowners' Association dues (for general subdivision maintenance, including security and entrance gate facilities, road maintenance, landscaping, signs, etc.) and water service shall be as follows:

	<u>Monthly</u>	<u>Annual</u>
Unit A	\$ 225.00	\$ 2,700.00
Unit B	\$ 200.00	\$ 2,400.00

MAINTENANCE FEE DISBURSEMENTS: Developer's estimate of the Project's Maintenance Fee Disbursements is as follows:

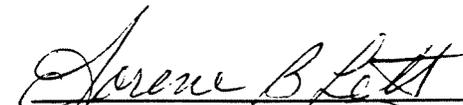
	<u>Monthly</u>	<u>Annual</u>
Kohala Ranch Homeowners' Association dues	\$ 125.00	\$ 1,500.00
Water Service	250.00	3,000.00
Reserves for Improvements	50.00	600.00
TOTAL	\$ 425.00	\$ 4,100.00

The figures contained herein are based on generally accepted accounting principals.

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. Purchasers should be aware that premiums for said fire insurance vary widely depending upon the coverage desired and the insurance company used. Developer's best estimate regarding the cost of said coverage is approximately \$1,000 to \$2,500 per year per unit. Said figures are based on generally accepted accounting principals.

Code Violations

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



JORENE B. LETT



RAYMOND TURNER LETT

Developer(s)