CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by: Developer LIONA KAI, LIMITED
Address 316-6 Molo Street, Kailua, Hawaii 96734

Project Name(*): LIONA KONA
Address: 75-5748 Alahou Street, Kailua-Kona, Hawaii 96740

Registration No. 2710

Effective date: October 14, 1994
Expiration date: August 1, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

___ **PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer 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.
- [ ] This report supersedes all prior public reports.
- [ ] This report must be read together with _____

X **SUPPLEMENTARY:** (pink) This report updates information contained in the:
- [ ] Preliminary Public Report dated: _____
- [X] Final Public Report dated: July 1, 1994
- [ ] Supplementary Public Report dated: _____

And
- [ ] Supersedes all prior public reports
- [X] Must be read together with the Final Public Report dated July 1, 199
- [ ] This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[ ] No prior reports have been issued by the developer.

[X] Changes made are as follows:

Except for the information under the topical headings which follow, the information in the Final Public Report dated July 1, 1994, has not changed.

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

The Declaration, the Condominium Map and the Bylaws were amended. See page 6 of this report.

III. THE CONDOMINIUM PROJECT

C. Buildings and Other Improvements

7. Parking Stalls (see page 12). The total number of parking stalls has been increased from 19 parking stalls to 23 parking stalls. The 4 additional compact and uncovered parking stalls will be assigned by the developer to certain apartments as and when sales of apartments are effected. The 4 uncovered regular size parking stalls are now covered.

IV. CONDOMINIUM MANAGEMENT

D. Developer's Assumption of Actual Common Expenses (see page 17). This new paragraph has been added to describe the developer's initial assumption of all the actual common expenses of the Project.

EXHIBIT B: Limited Common Elements

The parking stall assignment has been changed as shown in paragraph 1 of Exhibit B. Also, paragraph 3 of Exhibit B was renumbered as paragraph 5, and new paragraphs 3 and 4 were added as additional limited common elements.

EXHIBIT C: Encumbrances Against Title

Since the Preliminary Report was issued by Long & Melone, Ltd., on May 17, 1994, paragraphs 2 and 3 of Exhibit C do not reflect the amendments to the Declaration and the Bylaws as shown on page 6 of this report. These amendments were recorded on September 21, 1994.

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EXHIBIT A: Common Elements
EXHIBIT B: Limited Common Elements
EXHIBIT C: Encumbrances Against Title
EXHIBIT D: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements
EXHIBIT E: Summary of Provisions of the Sales Contract
EXHIBIT F: Summary of Provisions of the Escrow Agreement
EXHIBIT G:
EXHIBIT H:
EXHIBIT I:

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 92-099605
Book_____ Page _____
[ ] Filed - Land Court: Document No._____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to the Declaration dated May 9, 1994, and recorded as Document No. 94-081809, and Second Amendment to the Declaration dated September 19, 1994, and recorded as Document No. 94-155157.

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 Conveyances Condo Map No. 1687
[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: The "as built" plans were recorded with the First Amendment to the Declaration. A portion of the "as built" plans were altered as shown on the plans filed with the Second Amendment to the Declaration.

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

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 92-099606
Book_____ Page _____
[ ] Filed - Land Court: Document No._____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to the Bylaws dated September 19, 1994, and recorded as Document No. 94-155158.

7. Parking Stalls:

Total Parking Stalls: 23

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)	12	4*					16
Guest				3			3
Unassigned							
Extra for Purchase				4			4
Other:							
Total Covered & Open	16		7				

*4 regular stalls are partially covered.

Each apartment will have the exclusive use of at least 1 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.

[X] Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute

[X] Other: Refuse collection area

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

IV. CONDOMINIUM MANAGEMENT

A. 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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

[X] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] other _____

B. 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.

Exhibit D contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. 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:

[ ] None [ ] Electricity [ ] Gas [X] Water

[X] Sewer [ ] Television Cable [ ] Other_____

D. Developer's Assumption of Actual Common Expenses:

The developer will assume all the actual common expenses of the Project, and the apartment owners shall not be obligated for the payment of their respective share of the common expenses until the developer files a separate disclosure abstract with the Real Estate Commission which shall provide that after a date certain, the respective apartment owners shall thereafter be obligated to pay for their respective share of common expenses that are allocated to their apartments.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime.
C) Bylaws of the Association of Apartment Owners.
D) House Rules.
E) Condominium Map.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Apartment Deed

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2710 filed with the Real Estate Commission on Aug. 31, 1992

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[ ] yellow paper stock [ ] white paper stock [X] pink paper stock

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

LIONA KAI, LIMITED
Name of Developer

By: _____ Oct. 6, 1994
Duly Authorized Signatory Date

Frank James Lyon, President
print name & title of person signing above

Distribution:

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

LIMITED COMMON ELEMENTS

Certain of the common elements are designated as "limited common elements" and are set aside and reserved for the use of certain apartments, which apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements so set aside and so reserved are as follows:

1. Apartment numbered 1/H will have two regular size covered parking stalls appurtenant to it. Each of the other apartments will have at least one regular size parking stall appurtenant to it. The parking stall assigned to each of apartments numbered 1/A, 1/C, 1/G, 2/A, 2/B, 2/C, 2/D, 2/E, 2/F and 2/G will be covered. The parking stall assigned to each of apartments numbered 1/B, 1/D, 1/E and 1/F will be partially covered. The parking stall assigned to each apartment will be identified by the apartment number of such apartment. Subject to the limitation that each apartment shall at all times have at least one parking stall appurtenant to it, apartment owners will have the right to change the assignment of parking stalls by amendment to the Declaration and the respective apartment deeds involved, such amendment to the Declaration and apartment deeds to be in writing and executed only by the owners of the apartments seeking such change (and their respective mortgagees, if any) and to be effective only upon recordation. In addition to the 16 parking stalls assigned in the manner set forth above, there are 4 uncovered compact parking stalls which the developer reserves the right to assign to the apartments in the Project as and when sales of apartments are effected. Any such parking stall assigned to an apartment will be identified by the apartment number of such apartment.

2. The mailbox assigned to an apartment shall be appurtenant to and for the exclusive use of such apartment. Each apartment shall at all times have at least one mailbox appurtenant to it.

3. There are 8 planters in the Project. Each planter is a limited common element for the exclusive use of the apartment to which such planter is adjacent. One planter is adjacent to each of apartments numbered 1/A, 1/F, 1/C, 2/A, 2/F and 2/C. Two planters are adjacent to apartment numbered 1/H.

4. Each apartment will have at least one separate air conditioning system consisting of (a) an air handling unit located within the apartment, (b) refrigerant piping and

control cables extending from the air handling unit to a compressor located at ground level, and (c) other appurtenant equipment. Apartment numbered 1/H will have two separate air conditioning systems, one on each of its two levels. Each air handling unit is a fixture of and is included in the definition of an apartment. However, that portion of each air conditioning system not included in the definition of an apartment will be a limited common element for the exclusive use of the apartment which it serves.

5. All other common elements of the Project which are rationally related to less than all of the apartments shall be limited to the use of such apartment or apartments to which the same are related.