



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 250 SOUTH KING STREET ROOM 702
 HONOLULU, HAWAII 96813

CONDOMINIUM PUBLIC REPORT

PALANI 1 CONDOMINIUMS

Kealakehe Homesteads, North Kona, County & State of Hawaii

Registration No. 2739 (Conversion)

Issued: May 25, 1993
 Expires: June 25, 1994

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 26, 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.
- 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.

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 and metes and bounds descriptions on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.

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.

1. No sale of units is immediately contemplated. This public report shall not be valid for the sale of any unit until the Developer submits a duly executed copy of its listing contract with a Hawaii-licensed real estate broker and an updated Disclosure Abstract to the Commission. Said Disclosure Abstract shall be provided to prospective purchasers with this public report.

2. Prospective purchasers are advised that as of the effective date of this report, no additional comments have been received from the Hawaii County Planning Department. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

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

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GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- 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>
<u>1</u>	<u>1</u>	<u>3/2</u>	<u>1,174</u>	<u> </u>
<u>2</u>	<u>1</u>	<u>3/2</u>	<u>1,044</u>	<u>192</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.

6. Parking:

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

7. Recreational amenities:
None.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Leo I. Fleming
Name
P. O. Box 396
Business Address
Kailua-Kona, HI 96745

Phone: 329-2141
(Business)

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

N/A

Real Estate Broker: None - no sale of the units is
Name
immediately contemplated. See note Page 2.
Business Address

Phone: _____
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
P. O. Box 1837
Business Address
Kailua-Kona, HI 96745

Phone: 329-6666
(Business)

General Contractor: Kuakini Kona, Ltd.
Name
P. O. Box 5170
Business Address
Kailua-Kona, HI 96745

Phone: 329-3594
(Business)

Condominium Managing Agent: Units will be self managed by the
Name
Association of Apartment Owners
Business Address

Phone: _____
(Business)

Attorney for Developer: Robert D. Triantos
Name
P. O. Box 1720
Business Address
Kailua-Kona, HI 96745

Phone: 329-6464
(Business)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 92-162839
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1745
 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
 Recorded - Bureau of Conveyances - Document No. 92-162840
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 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

During the sales period, the Developer has reserved the right to make any changes to the project documents and the project as may be required by law, any title insurance company, and institutional lender or any governmental agency; and, prior to the conveyance or transfer of the first unit, for any reason and in any manner as the developer deems necessary, provided, however, that no such change shall substantially alter or reduce the usable space within the unit, render unenforceable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, or reduce the obligations of the Developer for common expenses or unsold units.

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: 6 persons per unit - See Bylaws

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 2 (exterior) 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>1</u>	<u>1</u>	<u>3/2</u>	<u>1,174</u>	_____
<u>2</u>	<u>1</u>	<u>3/2</u>	<u>1,044</u>	<u>192</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:

Each Apartment shall be deemed to include (i) all portions of the residential structure, inclusive of concrete footings, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment, and (iii) all appliances and fixtures installed therein and replacements thereof.

Permitted Alterations to Apartments:

Alterations or additions within an apartment may be made with prior written notice to the Board of Directors as long as the structural integrity and soundness of the project is not adversely affected. A copy of the owner's plans and appropriate building permits shall be submitted with the written notice, as well as an estimate of time of construction.

7. Parking Stalls:

Total Parking Stalls: 4

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

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

- Swimming pool
- Recreation Area
- Tennis Court
- Storage Area
- Laundry Area
- Trash Chute

Other: _____

9. Present Condition of Improvements

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

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

N/A

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

N/A

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 _____ describes the common interests for each apartment.

As follows:

Unit 1 - 50%

Unit 2 - 50%

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

Exhibit D describes the encumbrances against the title contained in the title report dated April 13, 1993 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 interest may be terminated and Buyer may receive a refund of all deposits.

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 E 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:

Seller makes no express warranties. SELLER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, THE COMMON ELEMENTS OR THE PROJECT.

Seller disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which Buyer may encounter with respect to the Apartment or the Project.

2. Appliances:

Seller warrants that all major appliances, plumbing and electrical fixtures included in the sale will be in working order consistent with their age as of the date of closing, or occupancy, if earlier. No continuing warranty is expressed or implied.

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

Both units completed:
March, 1992

K. **Project Phases:**

The developer has has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

None.

L. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated August 31, 1992

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

None.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the Developer unless the Developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report;
AND
 - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is part of Registration No. 2739 filed with the Real Estate Commission on
October 16, 1992.

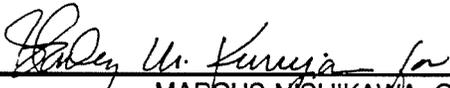
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

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.



MARCUS MSHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

EXHIBIT A

DESCRIPTION OF THE BUILDINGS:

The Project is hereby divided into the freehold estates described and designated below.

1. Description of the Building: The Project is described in the Condominium Map and consists of two (2) buildings, Unit 1 consisting of one story (no basements) and constructed principally of wood, glass, reinforced concrete, concrete block and gypsum board, and Unit 2 consisting of two stories and constructed principally of wood, glass, reinforced concrete, concrete block and gypsum board.

2. Description of the Apartments. Each of the two (2) Apartments shown on the Condominium Map together with the perimeter walls, doors, windows, floors, roofs, concrete footings and carports, are hereby designated as the Apartments of the Project, as designated on the Condominium Map and as described as follows:

a. Apartment Numbers and Locations. The Apartment numbers and the location of Apartments are shown on the Condominium Map.

b. Layout and Area. The various Apartment and their respective areas are more particularly described as follows:

(1) Apartment Unit 1: This Apartment is a free standing one (1) story building containing a net living area of approximately 1,174 square feet, excluding the carport, and consists of a kitchen, living room, dining area, three (3) bedrooms, two (2) bathrooms, laundry and storage area, and carport.

(2) Apartment Unit 2: This Apartment is a free standing two (2) story building containing a net living area of approximately 1,044 square feet, excluding the basement area, and consists of a kitchen, dining area, living room, three (3) bedrooms, two (2) bathrooms, and a basement, consisting of a laundry area and carport.

The foregoing approximate total square footages of net living area for the enclosed portions of the Apartments are computed from and to the interior surfaces of the Apartment perimeter walls.

END OF EXHIBIT A

EXHIBIT B

COMMON ELEMENTS:

1. Common Elements. One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements", including specifically but not limited to:

- a. The Land in fee simple.
- b. All yards, grounds and landscaping, if any, whether within or appurtenant to the Project.
- c. The driveway for access to Palani Road.
- d. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which are outside of the Apartment or which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- e. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT B

EXHIBIT C

LIMITED COMMON ELEMENTS:

1. Limited Common Elements. Certain parts of the Common Elements, herein called the "Limited Common Elements", are hereby designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements shall be charged to the Owner of the Apartment to which the Limited Common Element shall be appurtenant, and if there is more than one Apartment to which the Limited Common Elements shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided in this.

a. Apartment Unit 1 shall have appurtenant to it the area described on the Condominium Map as "Yard 1", excluding the driveway, and Apartment Unit 2 shall have appurtenant to it the area described on the Condominium Map as "Yard 2".

b. Apartment Unit 1 shall have appurtenant to it the cesspool designated on the Condominium Map for use by Apartment Unit 1 and within Yard 1 and Apartment Unit 2 shall have appurtenant to it the cesspool designated on the Condominium Map for use by Apartment Unit 2 and within Yard 2.

c. All common elements of the Project which are rationally related to less than all of said apartments shall be limited common elements appurtenant to the apartments to which they are so related.

END OF EXHIBIT C

EXHIBIT D

ENCUMBRANCES AGAINST THE TITLE:

1. Any and all Real property taxes that may be due and owing. Refer to Director of Finance, County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : LEO I. FLEMING, a married man
MORTGAGEE : GECC FINANCIAL CORPORATION, a Hawaii corporation
DATED : December 16, 1991
RECORDED : Document No. 91-178473
AMOUNT : \$96,800.00
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Condominium Property Regime of PALANI 1 dated August 31, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-162839. (Project covered by Condominium Map No. 1745.)
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners of the Condominium Project known as "PALANI 1" dated August 31, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-162840.

END OF EXHIBIT D

EXHIBIT E
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee X 12 months	=	Yearly Total
1	\$81.00 X 12	=	\$ 972.00
2	\$81.00 X 12	=	\$ 972.00

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

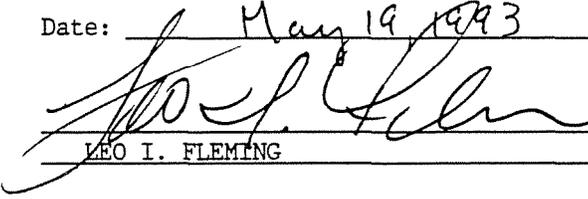
Maintenance Fees and Maintenance Fee Disbursements:

Estimate of Maintenance Fee Disbursements:

	<u>Monthly X 12 months =</u>	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning		
Electricity		
() common elements only		
() common elements and apartments		
Gas		
Refuse Collection		
Telephone		
Water and Sewer	15 X 12 =	180.00
Maintenance, Repairs and Supplies		
Pool		
Building		
Grounds	25 X 12 =	300.00
Pest		
Reserves-Long term maintenance	25 X 12 =	300.00
Management		
On-site Manager		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	50 X 12 =	600.00
Taxes and Government Assessments (Real Property Taxes)	47 X 12 =	564.00
Audit Fees		
Other		
TOTAL:		\$1,944.00

I/We, LEO I. FLEMING, as owner/developer 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.

Date: May 19, 1993



LEO I. FLEMING

END OF EXHIBIT E

EXHIBIT F

No sale of units is immediately contemplated, however, should this change, a summary of pertinent provisions of the Sales Contract that will be used follows.

SUMMARY OF SALES CONTRACT AND RECEIPT:

The unexecuted Sales Contract filed with the Commission, provides for, among other things, a description of the apartment to be sold, the purchase price, the time, manner and place of payment, the Purchaser's obligations regarding mortgage financing, Developer's warranties and disclaimers regarding the construction, fixtures and appliances, and the remedies of Developer and of Purchaser in the event of a default under the Contract.

Among other provisions, the specimen Sales Contract and the provisions of Chapter 514A, Hawaii Revised Statutes provide:

i. That said Sales Contract is only a reservation agreement until (i) a true copy of the Final Public Report (with all then issued Supplementary Public Reports, if any) is delivered to the Purchaser, the Purchaser has an opportunity to read the report(s) and executes and gives the Developer a receipt/notice for the report(s) waiving Purchaser's right to cancel, provided that if Purchaser does not execute and return the receipt/notice within thirty (30) days from the date of delivery of the report(s) and receipt/notice, or if Purchaser's Apartment is conveyed to Purchaser prior to the expiration of said thirty (30) day period, then Purchaser shall be deemed to have receipted for the report(s) and waived his right to cancel, and if (and only if) there is a material change affecting (i) Purchaser's apartment or appurtenant limited common elements, or (ii) amenities of the Project available for Purchaser's use, and Purchaser executes and returns to Developer the written approval or acceptance of material change, provided that if Purchaser does not execute and return such written approval or acceptance of material change within thirty (30) days of delivery of such written approval or acceptance, or if Purchaser's apartment is conveyed to Purchaser prior to the expiration of said thirty (30) day period, then Purchaser shall be deemed to have accepted and approved such material change. Until the Sales Contract becomes binding and effective as described above, and in accordance with Chapter 514-A, Hawaii Revised Statutes, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the Purchaser. Upon such cancellation by Developer, Developer shall direct Escrow Agent to refund to

Purchaser, without interest earned, all deposits paid by Purchaser; upon cancellation by Purchaser, Developer shall direct Escrow Agent to refund to Purchaser, without interest earned, a full refund of all deposits paid, less any escrow cancellation fee and other costs associated with the purchase of Purchaser's Apartment, up to a maximum of \$250.00.

ii. Developer has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's Apartment.

iii. The Sales Contract is subject to the provisions of the Declaration of Condominium Property Regime, By-laws, and other condominium documents.

iv. The Sales Contract also provides that in the event of Buyer fails to pay the balance of the purchase price or complete the purchase, Seller may (a) bring an action for damages for breach of contract, (b) retain the initial deposit and all additional deposits; and (c) Buyer shall be responsible for any costs incurred in connection with the contract.

It is incumbent on the Purchaser that he read the full text of the Sales Contract.

END OF EXHIBIT F

EXHIBIT G

No sale of units is immediately contemplated, however, should this change, a summary of pertinent provisions of the Developer's Escrow Agreement with Title Guaranty Escrow Services, Inc. follows.

SUMMARY OF EXECUTED ESCROW AGREEMENTS

A copy of the executed Escrow Agreement dated August 31, 1992 between Title Guaranty Escrow Services, Inc., as Escrow Agent, and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of Purchaser's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides in part that any interest earned on money on deposit belongs to the Developer. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a Purchaser to a refund of Purchaser's Deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund Purchaser's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

By law the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.

END OF EXHIBIT G