

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer DANIEL J. ZELISKO  
Address 6312 E. MESCAL STREET, SCOTTSDALE, AZ 85254

Project Name(\*): LYNDAN HAWAII  
Address: 73-1146 AHIKAWA ST., KAILUA-KONA, HI 96740

Registration No. 2808

Effective date: April 14, 1993  
Expiration date: May 14, 1994

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: 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.  
(yellow)

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.  
(white)  
 No prior reports have been issued.  
 This report supersedes all prior public reports.  
 This report must be read together with \_\_\_\_\_

SUPPLEMENTARY: This report updates information contained in the:  
(pink)  
 Preliminary Public Report dated: \_\_\_\_\_  
 Final Public Report dated: \_\_\_\_\_  
 Supplementary Public Report dated: \_\_\_\_\_

And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_  
 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:

[ X ] Required and attached to this report      [ ] 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 developer.

[ ] Changes made are as follows:

\* \* \* \* \*

**\*\* SPECIAL ATTENTION \*\***

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the condominium map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be formal subdivision lines.

This public report does not constitute approval of the Project by the Real Estate Commission, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.

Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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### General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expense. 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 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 project's 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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: DANIEL J. ZELISKO Phone: (602) 264-6161  
Name (Business)  
6312 E. MESCAL STREET  
Business Address  
SCOTTSDALE, AZ 85254

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

N/A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: OLD HAWAII REALTY CORP.  
DAVID A. LUCAS Phone: (808) 329-7373  
Name (Business)  
77-6425 KUAKINI HWY.  
Business Address  
KAILUA-KONA, HI 96740

Escrow: HAWAII ESCROW & TITLE, INC. Phone: (808) 329-2763  
Name (Business)  
75-5722 KUAKINI HWY. #210  
Business Address  
KAILUA-KONA, HI 96740

General Contractor: PARADISE CONSTRUCTION Phone: (808) 325-6267  
Name (Business)  
P.O. BOX 1922  
Business Address  
KAILUA-KONA, HI 96745

Condominium Managing Agent: SELF MANAGED BY THE Phone: \_\_\_\_\_  
Name (Business)  
ASSOCIATION OF APT. OWNERS  
Business Address  
\_\_\_\_\_

Attorney for Developer: ROBERT L. SMITH Phone: (808) 329-3511  
Name (Business)  
77-6400 NALANI ST. #200  
Business Address  
KAILUA-KONA, HI 96740

II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. 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  
 Recorded - Bureau of Conveyances: Document No. 92-196476  
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]:

- 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 Conveyances Condo Map No. 1780  
 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]:

- 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  
 Recorded - Bureau of Conveyances: Document No. 92-196477  
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]:

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>100%</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

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:

Developer reserves the right to amend the Declaration (and Condominium Map, if necessary) to record a verified "as built" statement of a Hawaii registered architect or engineer within thirty days from the date of completion.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                     Quarterly  
    Semi-Annually             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                  Canceled     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 canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                     Quarterly  
    Semi-Annually             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 73-1146 AHIKAWA ST. Tax Map Key: (3) 7-3-22-26  
KAILUA-KONA, HI 96740 (TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 20,329.0 [ X ] square feet [ ] acre(s) Zoning: UNPLANNED

Lessor  
 (Fee Owner): DANIEL J. ZELISKO  
 Name  
6312 E. MESCAL STREET  
 Address  
SCOTTSDALE, ARIZONA 85254

Sublessor: N/A  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 2

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete             Hollow Tile             Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Ohana	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes             No

5. Special Use Restrictions:

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

Pets: NO PETS ALLOWED EXCEPT BY WRITTEN AGREEMENT OF 100% OF APT. OWNERS

Number of Occupants: \_\_\_\_\_

Other: SEE HOUSE RULES SUBMITTED BY DEVELOPER

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0      Stairways: 0      Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	2/2	1,024.0	256.0
			CARPORT: 545.0 S.F.	
B	1	2/2	1,083.5	396.0
			PARTIALLY ENCLOSED CARPORT: 604.5 S.F.	

Total Apartments: 2

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

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

Boundaries of Each Apartment:

THE INTERIOR FINISHED SURFACE OF PERIMETER WALLS OR INTERIOR LOAD BEARING WALLS, INCLUDING WALL AND PARTITIONS, FLOORS AND CEILINGS, CARPETING, FLOOR COVERING AND BUILT-IN FIXTURES.

Permitted Alterations to Apartments:

OWNER MAY MAKE INTERIOR ALTERATIONS, BUT NO EXTERIOR ALTERATIONS MAY BE MADE UNLESS THE OWNERS OF BOTH UNITS OF THE CONDOMINIUM AGREE.



11. 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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit 'A'.

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 use them, as described in the Declaration, are:

described in Exhibit 'A'.

as follows:

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

described in Exhibit 'A'.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit 'B' describes the encumbrances against the title contained in the title report dated December 29, 199 and issued by HAWAII ESCROW & TITLE, INC.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
MORTGAGE	BUYER'S CONTRACT MAY BE CANCELLED AND BUYER MAY LOSE ALL RIGHTS TO PURCHASE THE APARTMENT. BUYER'S DEPOSIT WILL BE RETURNED.

F. 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.

G. Status of Construction and Estimated Completion Date:

CONSTRUCTION OF THE OHANA (UNIT A) BEGAN ON OCTOBER 13, 1992 AND WAS COMPLETED IN MARCH, 1993.

CONSTRUCTION OF UNIT B WILL BEGIN UPON COMPLETION OF UNIT A. DEVELOPER HAS ESTIMATED, BASED ON THE CONSTRUCTION CONTRACT ON FILED WITH THE REAL ESTATE COMMISSION, THAT UNIT B WILL BE COMPLETED APPROXIMATELY FOUR (4) MONTHS AFTER COMMENCEMENT, APPROXIMATELY AUGUST, 1993.

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

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:

- not affiliated with the Developer                       the Developer or the Developer's affiliate.  
 self-managed by the Association of Apartment Owners     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 "C" 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                       Water  
 Sewer                       Television Cable                       Other \_\_\_\_\_

V. MISCELLANEOUS

A. 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 "D" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated DECEMBER 22, 1992  
Exhibit "E" contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) 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.

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 \_\_\_\_\_

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. 2808 filed with the Real Estate Commission on FEBRUARY 10, 199

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

yellow paper stock                       white paper stock                       pink paper stock

C. Additional Information Not Covered Above

1. ACCORDING TO THE DEVELOPER, THE CONDITIONS, COVENANTS AND RESTRICTIONS MENTIONED IN ITEM 3 OF EXHIBIT B ARE IN A DEED AND DO NOT MATERIALLY RESTRICT BUYER'S USE OF THE PROPERTY. A COPY THEREOF WILL BE SUBMITTED TO THE REAL ESTATE COMMISSION FOR ITS FILE.
2. THE PERFORMANCE BONDS PROVIDED ARE MATERIAL HOUSE BONDS RATHER THAN THIRD PARTY SURETY BONDS. ESCROW IS NOT AUTHORIZED TO RELEASE ANY OF BUYER'S FUNDS FROM ESCROW UNTIL A NOTICE OF COMPLETION HAS BEEN FILED ON THE UNIT BEING SOLD AND THE 45 DAY MECHANIC'S LIEN PERIOD HAS EXPIRED WITHOUT INCIDENT.
3. A PROSPECTIVE PURCHASER OF APARTMENT A SHOULD NOTE THAT THE COMMON INTEREST ATTRIBUTABLE TO SUCH UNIT IS 46% (VERSUS 54% FOR UNIT B). SINCE THE COMMON INTEREST IS USED FOR VOTING PURPOSES, THERE COULD BE SERIOUS IMPLICATIONS. THE MATTER MAY WARRANT CAREFUL CONSIDERATION AND THE SEEKING OF PROFESSIONAL ADVICE.

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.

DANIEL J. ZELISKO

Name of Developer

By:

Duly Authorized Signatory

JANUARY 6, 1993

Date

DANIEL J. ZELISKO, DEVELOPER

print name & title of person signing above

Distribution:

Department of Finance, COUNTY OF HAWAII  
Planning Department, COUNTY OF HAWAII  
Federal Housing Administration

LYNDAN HAWAII

EXHIBIT "A"

Common Elements, Limited Common Elements and Common Interest

The following is a description of the common elements, limited common elements and common interest for LYNDAN HAWAII:

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

(a) The land is fee simple.

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

(c) The driveway as shown on the condominium map.

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

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

(a) The land area upon and around which Apartment A is located, consisting of approximately 9,554 square feet, as shown and designated on the Condominium Map, is deemed an exclusive use of Apartment A.

(b) The land area upon and around which Apartment B is located, consisting of approximately 10,775 square feet, as shown and designated on the Condominium Map, is deemed an exclusive use of Apartment B.

All costs and expenses of every kind pertaining to the limited common elements, including, but not limited to, costs of maintenance, repair, replacement and improvement, shall be borne solely by the owner of the apartment to which the limited common element is appurtenant.

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

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

(a) Apartment A shall have appurtenant thereto an undivided forty-six percent (46%) interest in all of the common elements of the Project.

(b) Apartment B shall have appurtenant thereto an undivided fifty-four percent (54%) interest in all of the common elements of the Project.

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

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

End of EXHIBIT "A"

LYNDAN HAWAII

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. TAXES & ASSESSMENTS: TAXES & ASSESSMENTS OR CHARGES LEVIED BY MUNICIPAL OR GOVERNMENTAL AUTHORITY OR IMPOSED BY ANY OTHER LAW-FULLY CONSTITUTED BODY AUTHORIZED BY STATUTE TO ASSES, LEVY AND COLLECT THE SAME, IF ANY. FOR FURTHER INFORMATION, CHECK WITH THE DIRECTOR OF FINANCE, COUNTY OF HAWAII.
  
2. TITLE TO ALL MINERALS AND METALLIC MINES RESERVED TO THE STATE OF HAWAII.
  
3. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS AND OTHER PROVISIONS SET FORTH IN THE INSTRUMENT, DATED : DECEMBER 30, 1974  
RECORDED : MARCH 12, 1974, IN LIBER 10510, PAGE 76, IN THE BUREAU OF CONVEYANCES.
  
4. A MORTGAGE, TO SECURE AN INDEBTEDNESS OF THE AMOUNT STATED HEREIN AND ANY OTHER AMOUNTS PAYABLE UNDER THE TERMS THEREOF, DATED : OCTOBER 30, 1991.  
AMOUNT : \$95,000.00  
MORTGAGOR : DANIEL J. ZELISKO, A MARRIED MAN.  
MORTGAGEE : GECC FINANCIAL CORPORATION, A HAWAII CORPORATION.  
RECORDED : NOVEMBER 5, 1991, AS INSTRUMENT NO. 91-152083, IN THE BUREAU OF CONVEYANCES.
  
5. A MORTGAGE, TO SECURE AN INDEBTEDNESS OF THE AMOUNT STATED HEREIN AND ANY OTHER AMOUNTS PAYABLE UNDER THE TERMS THEREOF, DATED : OCTOBER 5, 1992.  
AMOUNT : \$85,000.00  
MORTGAGOR : DANIEL J. ZELISKO, A MARRIED MAN.  
MORTGAGEE : GECC FINANCIAL CORPORATION, A HAWAII CORPORATION.  
RECORDED : OCTOBER 7, 1992, AS INSTRUMENT NO. 92-162620, IN THE BUREAU OF CONVEYANCES.

6. MATTERS AS SHOWN ON CONDOMINIUM FILE PLAN NO. 1780, FILED IN THE BUREAU OF CONVEYANCES.
7. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS AND EASEMENTS AS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME,  
DATED : NOVEMBER 7, 1992.  
FILED : DECEMBER 2, 1992, AS DOCUMENT NO. 92-196476, IN THE OFFICE OF THE ASSISTANT REGISTRAR OF THE LAND COURT.
8. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF LYNDAN HAWAII,  
DATED : NOVEMBER 7, 1992.  
RECORDED : DECEMBER 2, 1992, AS INSTRUMENT NO. 92-196477 IN THE BUREAU OF CONVEYANCES.
9. ANY AND ALL EASEMENTS ENCUMBERING THE APARTMENT HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENANT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION, AND/OR IN SAID APARTMENT DEED, AND/OR AS DELINEATED ON SAID CONDOMINIUM FILE PLAN.

END OF EXHIBIT 'B'

EXHIBIT "C"

DISCLOSURE ABSTRACT

I.

Project:                   **LYNDAN HAWAII**  
                              73-1146 Ahikawa Street  
                              Kailua-Kona, Hawaii 96740

Developer:               **DANIEL J. ZELISKO**  
                              6312 E. Mescal  
                              Scottsdale, AZ 85254

Project Manager:

SELF-MANAGED BY THE ASSOCIATION OF APARTMENT OWNERS

II.

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

III.

There are no warranties.

IV.

The project will consist of two apartments for residential use only. No commercial or other non-residential development shall be permitted in the project.

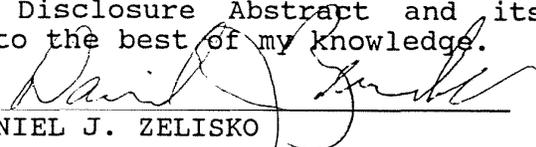
V.

This project will consist of two detached structures, both newly built. This project is in compliance with all governmental statutes, ordinances, rules and regulations.

I, DANIEL J. ZELISKO, Developer of the LYNDAN HAWAII Condominium, declare that this Disclosure Abstract and its attachment are true and accurate to the best of my knowledge.

4-6-93

DATE

  
\_\_\_\_\_  
DANIEL J. ZELISKO

ATTACHMENT TO  
EXHIBIT 'C'  
ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
'A'	\$278.00	\$3,336.00
'B'	\$326.00	\$3,912.00
TOTAL:	<u>\$604.00</u>	<u>\$7,248.00</u>

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning	N/A	
Electricity		
[ ] common elements only	N/A	
[ ] common elements and apartments		
Elevator	N/A	
Gas	N/A	
Refuse Collection	\$20.00	\$240.00
Telephone	N/A	
Water and Sewer	49.00	588.00

Maintenance, Repairs and Supplies

Building	N/A	
Grounds	\$334.00	\$4,008.00

Management

Management Fee	N/A	
Payroll and Payroll Taxes	N/A	
Office Expenses	N/A	

Insurance	\$42.00	\$504.00
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Reserves(*)	25.00	\$300.00
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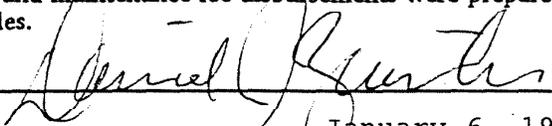
Taxes and Government Assessments	\$74.00	\$888.00
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Audit Fees	N/A	
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Other	PEST CONTROL	\$60.00	\$720.00
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TOTAL		\$604.00	\$7,248.00
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I, DANIEL J. ZELISKO, as ~~agent and employee of~~ Developer, ~~the condominium managing agent~~  
~~or the developer~~, for the condominium project LYNDAN HAWAII, 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: January 6, 1993

(\*) Mandatory reserves in effect January 1, 1993

EXHIBIT "D"  
SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

Developer has filed a sales contract with the Hawaii Real Estate Commission. The sales contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the project. Some of the provisions of the sales contract are summarized in this exhibit. This exhibit contains only a summary of certain provisions in the sales contract and prospective purchasers should read and understand all of the provisions in the sales contract. The rights of the parties are set forth in the sales contract.

Description of the property to be conveyed: Fee simple interest in the apartment, together with the furnishings and appliances.

Default by Purchaser: If Buyer fails to pay the balance of the purchase price or complete the purchase, Developer may bring an action for damages for breach of contract, retain all deposits by Buyer as liquidated damages and Buyer shall be responsible for any cost incurred in accordance with the sales contract.

Condition to binding effect of sales contract: This sales contract shall not be binding upon Buyer and any obligation to purchase an apartment under this sales contract shall not be enforceable against Buyer until:

(1) A true copy of the final public report has been delivered to Buyer,

(2) Buyer has been given an opportunity to read the final public report,

(3) Two copies of the form of the receipt and notice set forth in section 514A-62, HRS, have been delivered to Buyer and Buyer executes the receipt and notice and waives Buyer's right to cancel; PROVIDED, HOWEVER, that if Buyer does not execute and return the receipt and notice within thirty days from the date of delivery of such reports, or if the apartment is conveyed to Buyer prior to the expiration of such thirty day period, Buyer shall be deemed to have receipted for the reports and to have waived Buyer's right to cancel. Unless such right has previously been waived, Buyer shall have the right to cancel this Agreement at any time prior to the earlier of the conveyance of the apartment to Buyer or midnight of the thirtieth day following the date of delivery of said public reports to Buyer. Upon any cancellation, Buyer shall be entitled to a prompt and full refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase up to a maximum of two hundred fifty dollars.

Conflict: If any conflict exists between this summary and the sales contract, the sales contract will control, not this summary.

END OF EXHIBIT "D"

EXHIBIT "E"

SUMMARY OF PERTINENT PROVISIONS OF ESCROW CONTRACT

The Escrow Agreement sets up an arrangement under which the deposits which a Purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let Purchaser(s) know when payments are due.
- (b) Escrow will arrange for Purchaser(s) to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to Purchaser(s).
- (d) The Escrow Agreement says that upon default under the sales contract by Purchaser(s), the Seller may retain Purchaser's initial deposit.

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

END OF EXHIBIT "E"