

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer JOHN GODFREY, JR.
Address P.O. BOX 1922, KAILUA-KONA, HI 96745

Project Name(*): NA HUI PALI 7L
Address: 73-4689 KAHUALANI ROAD, KAILUA-KONA, HI 96740

Registration No. 2837 (PARTIAL CONVERSION) Effective date: May 6, 1993
Expiration date: June 6, 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)
[X] 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:

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.

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on 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 the property lines of legally subdivided lots.

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT 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: JOHN GODFREY, JR. Phone: (808) 325-6267
Name (Business)
P.O. BOX 1922
Business Address
KAILUA-KONA, HI 96745

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

N/A

Real Estate Broker: McCORMACK REAL ESTATE, INC. Phone: (808) 329-3545
DBA COLDWELL BANKER McCORMACK REAL ESTATE (Business)
Name
75-170 HUALALAI ROAD #B-105
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 ASSOICATION Phone: _____
Name (Business)
OF APARTMENT OWNERS
Business Address

Attorney for Developer: ROBERT L. SMITH Phone: (808) 329-3511
Name (Business)
77-6400 NALANI STREET #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. 92-154677
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]:

AMENDED DECLARATION OF CONDOMINIUM PROPERTY REGIME RECORDED WITH THE BUREAU OF CONVEYANCES, STATE OF HAWAII, ON FEBRUARY 8, 1993 AS DOC. NO. 93-20279.

- 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. 1738
 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. 92-154678
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>N/A</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:

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: 73-4689 KAHUALANI ROAD Tax Map Key: (3RD) 7-3-24-50, LOT 7M
KAILUA-KONA, HI 96740 (TMK)

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

Land Area: 130,680 [X] square feet [] acre(s) Zoning: A-3a

Lessor
(Fee Owner): JOHN GODFREY, JR. & COLLETTE GODFREY

Name P.O. BOX 1922

Address KAILUA-KONA, HI 96745

Sublessor: _____
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

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 _____.

as follows:

UNIT 'A': SIXTY-SIX PERCENT (66%)

UNIT 'B': THIRTY-FOUR PERCENT (34%)

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 FEBRUARY 9, 1993 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 LOST 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:

UNIT 'A' WAS COMPLETED OCTOBER 15, 1986. UNIT 'B' WAS COMPLETED AUGUST 24, 1992. AFFIDAVITS OF PUBLICATION OF NOTICES OF COMPLETION FOR BOTH UNITS ARE ON FILE WITH THE REAL ESTATE COMMISSION.

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):

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 OCTOBER 1, 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 DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS RECORDED ON FEBRUARY 2, 1982 IN LIBER 16139, PAGE 773, AND AMENDMENT RECORDED JULY 7, 1983 IN LIBER 17165 AT PAGE 767.

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. 2837 filed with the Real Estate Commission on MARCH 18, 1993

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

NONE

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.

JOHN GODFREY, JR.

Name of Developer

By:

John Godfrey Jr.
Duly Authorized Signatory

3/9/93
Date

JOHN GODFREY, JR. , DEVELOPER

print name & title of person signing above

Distribution:

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

NA HUI PALI 7L

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 NA HUI PALI 7L:

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 121,655 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 9,025 square feet, as shown and designated on the Condominium Map, is deemed an exclusive use of Apartment B.

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

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.

NA HUI PALI 7L

EXHIBIT 'B'

ENCUMBRANCES AGAINST TITLE

1. REAL PROPERTY TAXES: REFER TO THE COUNTY OF HAWAII DEPT. OF FINANCE FOR INFORMATION ON PROPERTY TAXES.
2. ASSESSMENTS

ASSESSMENTS OR CHARGES LEVIED BY MUNICIPAL OR GOVERNMENTAL AUTHORITY OR IMPOSED BY ANY OTHER LAWFULLY CONSTITUTED BODY AUTHORIZED BY STATUTE TO ASSESS, LEVY AND COLLECT THE SAME, IF ANY.
3. TITLE TO ALL MINERALS AND METALLIC MINES RESERVED TO THE STATE OF HAWAII.
4. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS AND OTHER PROVISIONS SET FORTH IN THE DECLARATION, DATED : NOVEMBER 6, 1981.
RECORDED : FEBRUARY 2, 1982, IN LIBER 16139, PAGE 773, IN THE BUREAU OF CONVEYANCES.

SAID DECLARATION WAS AMENDED BY INSTRUMENT DATED MAY 12, 1980, RECORDED JULY 7, 1983, IN LIBER 17165, PAGE 767, IN SAID BUREAU.
5. AN EASEMENT AFFECTING A PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, IN FAVOR OF : HAWAII ELECTRIC LIGHT COMPANY, INC., A HAWAII CORPORATION, AND HAWAIIAN TELEPHONE COMPANY, ALSO A HAWAII CORPORATION.
FOR : ELECTRICAL AND TELEPHONE PURPOSES.
DATED : OCTOBER 9, 1985.
RECORDED : OCTOBER 29, 1985, IN LIBER 19038, PAGE 649, IN THE BUREAU OF CONVEYANCES.
6. A MORTGAGE, TO SECURE AN INDEBTEDNESS OF THE AMOUNT STATED HEREIN AND ANY OTHER AMOUNTS PAYABLE UNDER THE TERMS THEREOF, DATED : AUGUST 22, 1991.
AMOUNT : \$232,000.00
MORTGAGOR : JOHN GODFREY, JR., ALSO KNOWN AS JOHN W. GODFREY, JR., AND COLETTE GODFREY, HUSBAND AND WIFE.
MORTGAGEE : IMCO REALTY SERVICES, INC., A DELAWARE CORPORATION, AS GENERAL PARTNER OF AND NOMINEE ON BEHALF OF IMCO REALTY SERVICES - A CALIFORNIA LIMITED PARTNERSHIP.
RECORDED : AUGUST 28, 1991, AS INSTRUMENT NO. 91-116992, IN THE BUREAU OF CONVEYANCES.

LOAN NO. : 722503

SAID MORTGAGE, AMONG OTHER PROVISIONS, CONTAINS A PROVISION RE: THE SALE OR TRANSFER OF ALL OR ANY PORTION OF LANDS ENCUMBERED BY SAID MORTGAGE, THAT ALL SUMS SECURED THEREBY MAY BECOME IMMEDIATELY DUE AND PAYABLE UNLESS THE PROVISIONS CONTAINED IN PARAGRAPH "17" ARE SATISFIED.

ADDRESS OF THE MORTGAGEE AS PER DOCUMENT:

3883 AIRWAY DRIVE
SANTA ROSA, CALIFORNIA 95401

7. AN EASEMENT AFFECTING A PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,
IN FAVOR OF : LOT 7M.
FOR : ACCESS AND UTILITIES.
DATED : JULY 28, 1992.
RECORDED : SEPTEMBER 23, 1992, AS INSTRUMENT NO. 92-154676, IN THE BUREAU OF CONVEYANCES.

SAID EASEMENT WAS AMENDED BY INSTRUMENT DATED -----, RECORDED FEBRUARY 8, 1993, AS INSTRUMENT NO. 93-20281, IN SAID BUREAU.

8. MATTERS AS SHOWN ON CONDOMINIUM FILE PLAN NO. 1738, FILED IN THE BUREAU OF CONVEYANCES.
9. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS AND EASEMENTS AS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME,
DATED : JUNE 29, 1992.
RECORDED : SEPTEMBER 23, 1992, AS INSTRUMENT NO. 92-154677, IN THE BUREAU OF CONVEYANCES.

SAID DECLARATION WAS AMENDED BY INSTRUMENT DATED JANUARY 15, 1993, RECORDED FEBRUARY 8, 1993, AS INSTRUMENT NO. 93-20279, IN SAID BUREAU.

10. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF NA HUI PALI 7L, BY INSTRUMENT DATED JUNE 29, 1992, RECORDED SEPTEMBER 23, 1992, AS INSTRUMENT NO. 92-154678, IN THE BUREAU OF CONVEYANCES.
11. 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.

EXHIBIT "C"

DISCLOSURE ABSTRACT

I.

Project: NA HUI PALI 7L
 73-4689 Kahualani Street
 Kailua-Kona, Hawaii 96740

Developer: JOHN GODFREY, JR.
 P.O. Box 1922
 Kailua-Kona, Hawaii 96745

Project Manager:

SELF-MANAGED BY THE ASSOCIATION OF APARTMENT OWNERS

II.

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

III.

There are no warranties.

IV.

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

V.

This project consists of two detached structures, one newly built and the other over five years old. This project is in compliance with all governmental statutes, ordinances, rules and regulations.

VI.

Based on the report of licensed engineer John D. Sullivan, P.E., attached hereto, the Developer represents that the installations material to the use and enjoyment of the older dwelling in this project (Unit "A") are in good condition and order.

VII.

The developer makes no representations as to the useful life of the installations in item VI above.

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</u> x 12 months =	<u>Yearly Total</u>
UNIT A	\$193.75	\$2,325.00
UNIT B	\$121.66	\$1,459.92

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		
Electricity		
[] common elements only		
[] common elements and apartments		
Elevator		
Gas		
Refuse Collection		
Telephone		
Water and Sewer	\$50.00	\$600.00

Maintenance, Repairs and Supplies

Building
Grounds

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

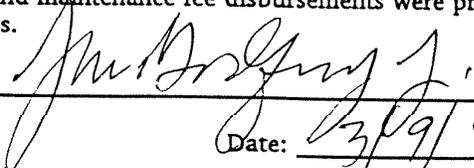
Insurance	UNIT A:	\$56.25	\$675.00
	UNIT B:	\$20.76	\$249.12
Reserves(*)		\$25.00	\$300.00
Taxes and Government Assessments	UNIT A:	\$100.00	\$1,200.00
	UNIT B:	\$ 63.40	\$ 760.80

Audit Fees

Other

TOTAL	UNIT A:	\$193.75	\$2,325.00
	UNIT B:	\$121.66	\$1,459.92
	PROJECT:	\$315.41	\$3,784.92

I, JOHN GODFREY, JR., as agent and employed by JOHN GODFREY, JR., the condominium managing agent or the developer, for the condominium project NA HUI PALI 7L, 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: 3/29/93

(*) Mandatory reserves in effect January 1, 1993

ATTACHMENT TO EXHIBIT 'C'

Subject: Engineer's Report of Inspection of Building Structural,
Mechanical, and Electrical Systems.
Located: 73-4689 Kahualani Road, Kaloko Mauka Subdivision,
Kailua-Kona, Hawaii
TMK: (3) 7-3-24-49, Lot 7L

Date: October 13, 1992

GENERAL DESCRIPTION

The building is a split level, 3 bedroom, 3 bath dwelling house of all wood construction. Ceilings are open beam, except for the 3 bedroom areas. The house has an attached two car garage and a one car port, enclosed on 3 sides. The roof is painted sheet metal. Built in features include a stone fireplace, a 20 foot long aquarium, and a sauna. On the property there is an 8 by 16 foot utility building on a spread footing.

STRUCTURAL EVALUATION

Foundation

The structure is on a side hill. The upper portion of the split level is supported between two parallel grade beams, cinder block walls built on concrete footings. The lower level of the house, including the lanai is supported by 12 inch diameter treated then painted timber columns resting on 24 inch square concrete slabs. Intermediate interior foundation supports under both the upper and lower levels of the house consist of 4 by 6 inch wooden columns on 16 inch square slabs. All supports have metal termite barriers in place.

The entire perimeter of the house was examined and a crawl space inspection was performed, and no indications of foundation problems were encountered.

Walls

Interior walls were inspected in all areas, especially at openings. No cracks or any indications of differential settling or other structural problems were found. All doors and windows operate freely.

Roof

The roof is a factory painted sheet metal hip roof attached with hex-head threaded fasteners spaced 30 inches apart. It is a flat pattern with the vertical overlaps 9 inches on center.

The roof was examined for indications of problems such as sagging, rust stains, dents, etc. None were found, nor were any signs of leakage noted in the inspection of the house interior.

TMK: (3) 7-3-24-49, Lot 7L

ELECTRICAL SYSTEM

The main breaker and meter are on the exterior wall mauka side, facing the driveway at the front of the house. The service line to the house is overhead. The drop through the roof is at the mauka (east) side of the garage door. From there to the meter box and the main breaker (approx. 20 feet) the meter feed is by Romax cable run exterior to the garage wall under the eave. The main breaker box and the 100 amp main breaker inside are in good and serviceable condition.

The distribution panel inside the house has 5 - 15 Amp and 8 - 20 Amp 110 VAC circuit breakers, and 2 - 40 Amp 220 VAC, which feed a secondary breaker box in the lower level of the house. The secondary box serves the aquarium circulation pump and the sauna, plus 8 additional lighting and utility circuits. All breakers are functioning and are in good condition. All breakers are connected to wires large enough to be afforded protection from overheating by the attached breaker, that is, AWG 14 for 15 Amp breakers and AWG 12 for 20 Amp breakers. Wiring is all copper.

Lighting and receptacle circuits in all rooms are in working order. Cover was pulled off a wall receptacle for a random inspection. No corrosion or other problems observed.

MECHANICAL SYSTEMS

In the kitchen, laundry area and bath rooms all water taps, hot and cold, open and shut off completely. The three toilets flush, fill and shut off properly. All drains flow freely. Visible water pipes are in good condition.

The built in dishwasher, the refrigerator/ice maker and the LPG fired kitchen range function properly.

The electric water heater maintains the hot water at the desired temperature.

The range is fed by buried pipe from a permanently placed LPG tank installed south of the house.

The fire place has an LPG burner serving as a fire starter. It is fed by a portable 5-gallon LPG tank in the crawl space beneath the floor.

No exceptions were noted in the mechanical systems.

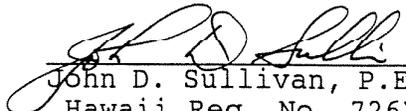

John D. Sullivan, P.E. 10/18/92
Hawaii Reg. No. 7267 (date)

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 purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

End of EXHIBIT "E"

3001g/29

EXHIBIT "F"

SUMMARY OF DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS FOR NA HUI PALI O KALOKO

Before any building, garage, wall or fence is erected or maintained upon the subject property or any alteration made thereto, a duplicate set of plans and specifications relating to said construction work must be submitted to the Architectural Committee of Na Hui Pali O Kaloko for approval. Approval must be in writing, signed by at least two members of said Architectural Committee.

Any construction shall be completed in a prompt and expeditious manner. In the event said Committee fails to approve or disapprove such construction within thirty days of receipt of the plans therefor, then this covenant shall be deemed to have been fully complied with and such approval shall not be required.

All lots shall be used for single family residence and agricultural purposes, including but not limited to cultivation of crops, raising of livestock, recreational uses such as picnic grounds, and agricultural parks. Main residential dwellings shall be 1,200 square feet or larger. See the actual Declaration of Covenants, Conditions & Restrictions and its Addendum, a copy of which is on file with the Real Estate Commission, for more detail. Every residence shall provide covered parking.

There shall be no mobile homes, trailers or quonset huts built on any lot except as a temporary convenience during actual construction.

No obnoxious or offensive activity shall be carried on on any of the lots.

All building materials must be new materials unless used architecturally to enhance the appearance of a structure.

All metal roofing material must be painted unless it is of copper.

The premises shall not be used as a dumping ground for rubbish, trash or discarded old vehicles. All waste shall be kept in sanitary containers.

All Deeds, Mortgages or Leases shall be subject to these Covenants, Conditions and Restrictions.

Any construction shall require a building permit therefor.

END OF EXHIBIT "F"