

CONDOMINIUM PUBLIC REPORT

Prepared &  
Issued by: Developer Kawainui Corporation  
Address 1149 Maunawili Road, Kailua, Hawaii 96734

Project Name(\*): HALE MAKALEI  
Address: 711 and 715 Wailepo Place, Kailua, Hawaii 96734

Registration No. 2915

Effective date: September 8, 1993  
Expiration date: October 8, 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:

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:

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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: Kawainui Corporation Phone: 262-4469  
Name (Business)  
1149 Maunawili Road  
Business Address  
Kailua, HI 96734

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

James S. Dial - President  
Judith A. Moody - Vice President  
Donald W. Moody - Secretary/Treasurer

Real Estate Broker: Locations Incorporated Phone: 545-8800  
Name (Business)  
7 Waterfront Plaza, Suite 210

Escrow: Old Republic Title & Escrow of Phone: 536-0842  
Name Hawaii (Business)  
900 Fort St., 10th Floor  
Business Address  
Honolulu, HI 96813

General Contractor: Pacific Dynamics Construction Phone: 834-2329  
Name (Business)  
944 Ahua Street  
Business Address  
Honolulu, HI 96819

Condominium Managing Agent: Certified Management Phone: 836-0911  
Name (Business)  
3179 Koapaka Street  
Business Address  
Honolulu, HI 96819

Attorney for Developer: Watanabe, Ing & Kawashima Phone: 544-8300  
Name (Business)  
745 Fort St., 5th Floor  
Business Address  
Honolulu, HI 96813  
Attn: Lyle Harada/Donna Kanemaru

**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. \_\_\_\_\_  
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. \_\_\_\_\_  
 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. \_\_\_\_\_  
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>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>By majority of Board of Directors</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 may amend (a) at any time prior to recording the first condominium deed or other conveyance to a party not a signatory to the Declaration or Bylaws; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project, or by any governmental agency of any other jurisdiction; (c) to file the "as-built" verified statement required by Section 514A-12, HRS, as amended; or (d) to make any amendments required by the Department of Housing and Urban Development, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or any institution providing financing.

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: 711 and 715 Wailepo Place Tax Map Key: (1) 4-3-58:56 & 57  
Kailua, HI 96734 (TMK)

[ X ] Address [ ] TMK is expected to change because the proposed project will be located on two parcels of land.

Land Area: 13,210 [ X ] square feet [ ] acre(s) Zoning: A-2

~~Lessor~~ James Stuart Dial  
 (Fee Owner): Donald Wayne Moody & Judith Ann Moody  
 Name  
1149 Maunawili Road  
 Address  
Kailua, Hawaii 96734

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: 1 Floors Per Building 4

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete -     Hollow Tile     Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>24</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	<u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>N/A</u>	<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: one (1) dog or cat weighing no more than twenty-five (25) pounds permitted.

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

Other: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 1      Stairways: 2      Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A/A(r)	<u>6</u>	<u>2/2</u>	<u>669</u>	<u>47</u>
B/B(r)	<u>6</u>	<u>2/2</u>	<u>668</u>	<u>47</u>
C	<u>3</u>	<u>1/1</u>	<u>435</u>	<u>28</u>
D/D(r)	<u>6</u>	<u>2/2</u>	<u>672</u>	<u>47</u>
E	<u>3</u>	<u>2/2</u>	<u>679</u>	<u>47</u>

Total Apartments: 24      See Exhibit "B"

\*Square footages listed above are approximations.

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

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

Boundaries of Each Apartment:

See Exhibit C

Permitted Alterations to Apartments:

See Exhibit D

7. Parking Stalls:

Total Parking Stalls: 45 See Exhibit "B"

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	<u>42</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	<u>3</u>
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	_____	_____	_____	_____	_____	_____

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational ~~or common~~ facilities.

Swimming pool       Storage Area       Recreation Area

Laundry Area       Tennis Court       Trash Chute

Other: See Exhibit "E" for common elements

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

There are no violations.       Violations will not be cured.

Violations and cost to cure are listed below.       Violations will be cured by \_\_\_\_\_

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

N/A

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     E    .

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.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[ ] described in Exhibit \_\_\_\_\_.

[X] as follows:

Each unit shall have exclusive use of one (1) mailbox.

Each unit shall have exclusive use of at least one (1) parking space as identified on the Condominium Map and Exhibit "B" attached hereto.

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:

[X] described in Exhibit B.

[ ] 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 F describes the encumbrances against the title contained in the title report dated June 29, 1993 and issued by Old Republic Title & Escrow of Hawaii.

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>
Loan	Mortgagee may foreclose and cancel all reservations and non-binding sales contracts. Purchaser's deposit will be refunded, less escrow cancellation fee.

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:

See Exhibit "G"

2. Appliances:

A description of warranties on the appliances to be installed in each condominium unit is presently unavailable because the purchase contracts have not been executed. The Developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixture or appliance. By such assignment, DEVELOPER IS NOT ADOPTING ANY SUCH CONTRACTOR'S, MANUFACTURER'S OR DEALER'S WARRANTIES OR ACTING AS CO-WARRANTOR, BUT IS MERELY ATTEMPTING TO PASS THROUGH TO BUYER THEIR BENEFIT OF ANY SUCH WARRANTIES.

G. Status of Construction and Estimated Completion Date:

Status - 0% Constructed

Estimated Completion Date - February 1994  
(commencement of construction depends upon  
Developer obtaining construction financing)

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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- other \_\_\_\_\_

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit H 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 Refuse collection, telephone  
(management)

\*common elements only

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   J   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated   May 4, 1993  

Exhibit   K   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. 2915 filed with the Real Estate Commission on 7/16/93.

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. Kawainui Marsh. The Project is located near the Kawainui Marsh which is a wildlife preserve and also serves as an emergency flood area for the discharge and collection of water. The Association and each owner covenants that he/she/it shall assume all risks associated with such location, including but not limited to the risk of property damage or personal injury, and shall individually and through the Association, indemnify, defend and hold harmless the Developer, its directors, officers, employees, agents, and consultants from any liability, claims or expenses, including attorney's fees, arising from any nuisance, property damage or personal injury.

2. Parking Lifts. Specified parking stalls may have parking lifts which allow two (2) automobiles to be stacked on top of one another in one (1) parking stall. It is the responsibility of the Association and each buyer of a condominium unit which the parking stall and lift is appurtenant, to maintain the parking stall and lift in a clean and safe condition at all times. The Association and each owner covenants that he/she/it shall assume all risks associated with such parking stalls and lifts, including but not limited to property damage or personal injury, and shall individually and through the Association, indemnify, defend and hold harmless the Developer, its directors, officers, employees, agents and consultants from any liability, claims or expenses, including attorney's fees, arising from such parking stall and lift.

- 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.

Kawainui Corporation

Name of Developer

By: Donald Wayne Moody  
Duly Authorized Signatory

8/31/93  
Date

Donald WAYNE Moody Secretary Treasurer  
print name & title of person signing above

Distribution:

Department of Finance, City & County of Honolulu  
Planning Department, City & County of Honolulu  
Federal Housing Administration

EXHIBIT "A"

BUILDING DESCRIPTION

The Project shall consist of one (1) freestanding building containing four (4) floors. The ground floor shall contain the parking spaces, lobby and mailboxes. The first, second and third floors shall contain twenty-four (24) residential condominium units which are described in more detail in Exhibit "B" attached hereto and incorporated herein by reference. The building does not have a basement. The building shall be constructed principally of concrete, wood, glass, steel, stowe stucco and tile materials.

EXHIBIT "B"

UNIT SPECIFICATIONS

Unit No.	Unit Type	Bed Room	Bath Room	Total No. of Rooms	Approx. Net Living Area (s.f.)	Approx. Lanai (s.f.)	Approx. Total (s.f.)	% Common Interest	Parking Stall No.	Parking Lift
101	A	2	2	6	669	47	716	4.345	13B/14C(PC)	Yes
102	D	2	2	6	672	47	719	4.365	15C/16C(PC)	Yes
103	E	2	2	6	679	47	726	4.410	17C/18C(CV)	Yes
104	C	1	1	4	435	28	463	2.825	22C(PC)	No
105	B(r)	2	2	6	668	47	715	4.339	23C/24C(CV)	Yes
106	A(r)	2	2	6	669	47	716	4.345	36B(CV)	No
107	B	2	2	6	668	47	715	4.339	20B(CV)	No
108	D	2	2	6	672	47	719	4.365	37B(PC)	No
201	A	2	2	6	669	47	716	4.345	7C/8C(CV)	Yes
202	D	2	2	6	672	47	719	4.365	9C/10C(CV)	Yes
203	E	2	2	6	679	47	726	4.410	11B/12C(CV)	Yes
204	C	1	1	4	435	28	463	2.825	21C(PC)	No
205	B(r)	2	2	6	668	47	715	4.339	38C/39C(PC)	Yes
206	A(r)	2	2	6	669	47	716	4.345	40B/41B(CV)	Yes
207	B	2	2	6	668	47	715	4.339	34C/35C(CV)	Yes

\*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.  
 \*\*Parking stalls for compact cars are indicated with a "c" after the parking stall number.  
 \*\*\*The designation of (UC) means uncovered parking stalls, (PC) mean partially covered parking stalls, (CV) means covered parking stalls.

Unit No.	Unit Type	Bed Room	Bath Room	Total No. of Rooms	Approx. Net Living Area (S.F.)	Approx. Lanai (S.F.)	Approx. Total (S.F.)	% Common Interest	Parking Stall No.	Parking Lift
208	D	2	2	6	672	47	719	4.365	32c/33c (CV)	Yes
301	A	2	2	6	671	47	718	4.345	3c/4c (CV)	Yes
302	D	2	2	6	672	47	719	4.365	5c/6c (CV)	Yes
303	E	2	2	6	679	47	726	4.410	1s/2s (CV)	Yes
304	C	1	1	4	435	28	463	2.825	44s (PC)	No
305	B(r)	2	2	6	668	47	715	4.339	42s/43s (CV)	Yes
306	A(r)	2	2	6	669	47	716	4.345	25s/26s (CV)	Yes
307	B	2	2	6	668	47	715	4.339	27s/28s (CV)	Yes
308	D	2	2	6	672	47	719	4.365	29s/30s (PC)	Yes

\*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.  
\*\*Parking stalls for compact cars are indicated with a "c" after the parking stall number.  
\*\*\*The designation of (UC) means uncovered parking stalls, (PC) mean partially covered parking stalls, (CV) means covered parking stalls.

EXHIBIT "B"

PARKING STALLS

45

Total Number of Parking Stalls:

42

Total Number of Assigned Parking Stalls:

3

Total Number of Guest Parking Stalls:

36

Assigned Tandem Parking Stalls:

Partially Covered and Standard Size  
Stall Nos. 29 and 30

Covered and Standard Size  
Stall Nos. 1 and 2  
25 and 26  
27 and 28  
40 and 41  
42 and 43

Total No. of Stalls: 2

Total No. of Stalls: 10

Partially Covered and Compact Size  
Stall Nos. 15 and 16  
38 and 39

Covered and Compact Size  
Stall Nos. 3 and 4  
5 and 6  
7 and 8  
9 and 10  
17 and 18  
23 and 24  
32 and 33  
34 and 35

Total No. of Stalls: 4

Total No. of Stalls: 16

Partially Covered and Standard and Compact Size  
Parking Stall Nos. 13 and 14c

Covered and Standard and  
Compact Size  
Stall Nos. 11 and 12c

Total No. of Stalls: 2

Total No. of Stalls: 2

6

Assigned Single Parking Stalls:

Partially Covered and Standard Size  
Stall Nos. 37 44

Covered and Standard Size  
Stall Nos. 20 36

Total No. of Stalls: 2

Total No. of Stalls: 2

Partially Covered and Compact Size  
Stall Nos. 21 22

Total No. of Stalls: 2

Guest Single Parking Stalls:

Uncovered and Standard Size  
Stall Nos. 19

31

Total No. of Stalls: 2

3

Uncovered and Compact Size  
Stall No. 45

Total No. of Stalls: 1

EXHIBIT "C"

BOUNDARIES OF EACH UNIT

Each condominium unit is designated as a separate freehold estate. The respective condominium units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the floors and ceilings surrounding each condominium unit or any pipes, wires, conduits or other utility or service lines running through such condominium unit which are utilized for or serve more than one (1) condominium unit, the same being deemed common elements as hereinafter provided. Each condominium unit shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, windows or panels along the perimeters and all fixtures originally installed therein. Each condominium unit shall also include the lanai or lanais to which such condominium unit has direct, exclusive access. No condominium unit shall have a basement.

EXHIBIT "D"

PERMITTED ALTERATIONS TO UNIT

The owner of a condominium unit shall not, except as specifically permitted in the Declaration of Condominium Property Regime ("Declaration") or Bylaws of the Association ("Bylaws"), make any structural alterations in or additions to the condominium unit or make any alterations or additions to the exterior of the condominium unit (including awnings, jalousies or screens) or to any other portion or portions of the common elements. No work shall be done which would jeopardize the soundness or safety of the Project, reduce the value therefor, violate the uniform external appearance of the condominium unit, or impair any easement, without in every such case the consent of seventy-five percent (75%) of the owners, together with the consent of all owners whose condominium units or limited common elements appurtenant thereto are directly affected, the mortgagees of such condominium unit and the Declarant, if appropriate.

The owner of a condominium unit shall have the right at any time and from time to time at such owner's sole cost and expense, and without the necessity of the consent or joinder of the Board or any other owner or the amendment of the Declaration to make any of the following alterations pertaining to the condominium unit as defined in Paragraph 4 above: to install, maintain, remove, and rearrange partitions and other structures from time to time within such condominium units, and to paint, paper, panel, plaster, tile, finish, and do or cause to be done such other work on the exterior or interior surfaces of the ceilings, floors and walls within any such condominium unit and to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such condominium unit by such owner or the tenants or lessees thereof; provided, however, that nothing contained herein shall authorize any work or alteration which would affect any system, wiring or equipment servicing more than one (1) condominium unit or jeopardize the soundness or safety of any part of the Project, reduce the value therefor, adversely affect any other condominium unit or affect or impair any easement or rights of any other owners.

Except as otherwise expressly set forth and reserved in the Declaration or Bylaws, any additions or alterations to the exterior of condominium units and to their lanais and structures and landscaping in common elements shall be undertaken by the Association or any condominium unit owners only upon the review and approval by the appropriate agency of the City and County of Honolulu, if necessary, after the written consent of the

Association is obtained by the affirmative vote of not less than seventy-five percent (75%) of the condominium unit owners and accompanied by the written consent of holders of all liens affected thereby.

Exhibit "D"  
Preliminary Public Report  
Hale Makalei  
19021.01

EXHIBIT "E"

COMMON ELEMENTS

Common elements are portions of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use for the benefit of the Project and all owners. One freehold estate is hereby designated in all remaining portions and appurtenances of the Project (hereinafter referred to as the "Common Elements"), including specifically, but not limited to:

- (a) Said fee interest in land;
- (b) All structural components such as foundations, beams, supports, main walls, roofs, stairs, stairways, entrances, exits, floor slabs, unfinished perimeter party and load-bearing walls, awnings, corridors and walkways of said buildings;
- (c) All exterior walkways and roadways located upon the Land;
- (d) All yards, grounds, landscaping, retaining walls, and planters located upon the Land;
- (e) All ducts, electrical equipment, central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and/or across the property which serve more than one (1) condominium unit for services such as power, light, hot water, cold water, incineration, sewage, gas, telephone and television and radio signal distribution, if any;
- (f) Any apparatus and installation existing for common use such as elevators, elevator shafts and pits, tanks, pumps, motors, fans, compressors, ducts, vents and other installations and apparatus;
- (g) The lobby, storage room, machine room, parking areas (other than designated parking stalls), deck areas, loading areas and refuse facilities;
- (h) A total of three (3) uncovered parking stalls shall be designated for guest parking. No automobile shall park in any guest parking stall for a period of twelve (12) hours or more;

(i) Any and all other apparatus and installation of common use and all other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

Exhibit "E"  
Preliminary Public Report  
Hale Makalei  
19021.01

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. REAL PROPERTY TAXES, as may be due and payable. Refer to the Director of Finance, City and County of Honolulu.
2. IMPROVEMENT DISTRICT ASSESSMENTS  
Title: Coconut Grove  
I.D. No.: I236  
Assessment Lot No.: 01013-0000  
No. of installments: 20  
Installment interest: 6.500%

Tax Map Key (1) 4-3-58-56

1. Covenants as contained in that certain Deed dated March 29, 1954, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 160193.
2. MORTGAGE  
Dated: August 4, 1992  
Filed: August 6, 1992  
Document No.: 1939952  
Mortgagor: JAMES STUART DIAL, unmarried.  
Mortgagee: FIRST HAWAIIAN CREDITCORP, INC., a Hawaii corporation.  
To secure an indebtedness of \$250,000.00 and any other amounts payable under the terms thereof.
3. MORTGAGE  
Dated: August 6, 1992  
Filed: August 6, 1992  
Document No.: 1939953  
Mortgagor: JAMES STUART DIAL, unmarried  
Mortgagee: JOHN STEPHEN KAY, unmarried, as Trustee of the John S. Kay Trust dated May 16, 1991, and WILLIAM MARTIN MAY, husband of Susan Helen Kay, as Trustee of the Kay Joint Revocable Trust dated May 16, 1991.  
To secure an indebtedness of \$(no amount shown) and any other amounts payable under the terms thereof.

Tax Map Key (1) 4-3-58-57

1. The covenant set forth in that certain Deed made by Nicholas Rodrigues Pao, Joseph Rodrigues Pao, Harold Rodrigues Pao, William Freitas Calistro, Frank Freitas Calistro and John Freitas Calistro to Alfred Subrian Ornellas and Florence Silva Ornellas, husband and wife, dated May 13, 1954, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 161644.

2. AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER  
SECTION 4.40-21 OF THE LAND USE ORDINANCE (LUO)  
Dated: December 16, 1992  
Document No.: 1991820

Exhibit "F"  
Preliminary Public Report  
Hale Makalei  
19021.01

## EXHIBIT "G"

### CONSTRUCTION WARRANTIES

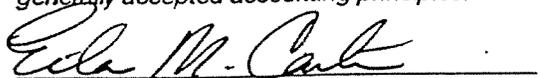
Paragraph 18 of Exhibit "A" of the Condominium Sales Contract states: The execution, delivery and recordation of the Unit Deed shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the Unit, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. If closing occurs after the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller will also give to Buyer a construction warranty from the Seller which shall last for a period of ninety (90) days from the date of closing; provided, however, that if closing occurs within ninety (90) days before the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller's warranty shall extend for a certain period after said expiration date so that the total period for Seller's warranty shall be ninety (90) days. Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the Unit. Buyer acknowledges that Seller has made no other warranties, expressed or implied, with respect to the Property or any common element or anything installed therein.

EXHIBIT H  
AOAO HALE MAKALEI

Estimate of Maintenance Fee Disbursements:

	<i>Monthly times 12 months</i>	<i>Yearly Total</i>
<b>Utilities and Services</b>		
<i>Air Conditioning</i>		
<i>Electricity</i>		
<input checked="" type="checkbox"/> <i>common elements only</i>	\$500.00	\$6,000.00
<input type="checkbox"/> <i>common elements &amp; apartments</i>		
<i>Gas</i>		
<i>Refuse Collection</i>	\$240.00	\$2,880.00
<i>Telephone</i>	\$80.00	\$960.00
<i>Water and Sewer</i>	\$400.00	\$4,800.00
<b>Maintenance, Repairs, and Supplies</b>		
<i>Building</i>	\$650.00	\$7,800.00
<i>Grounds</i>	\$195.00	\$2,340.00
<b>Management</b>		
<i>Management Fee</i>	\$525.00	\$6,300.00
<i>Payroll and Payroll Taxes</i>	\$900.00	\$10,800.00
	\$100.00	\$1,200.00
<i>Insurance</i>	\$630.00	\$7,560.00
<i>Reserves *</i>	\$524.00	\$6,288.00
<i>Taxes and Government Assessments</i>	\$10.00	\$120.00
<i>Audit Fees</i>	\$85.00	\$1,020.00
<b>TOTAL</b>	<b>\$4,839.00</b>	<b>\$58,068.00</b>

*I/We, Certified Management, Inc., as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and disbursements were prepared in accordance with generally accepted accounting principles.*



*Eileen M. Carter, Director of Customer Relations*

DATE: JULY 14, 1993

\* Reserves funding is at 50% in accordance with HRS 514A-83.6

EXHIBIT   H    
 AOA O HALE MAKALEI  
 ESTIMATE OF INITIAL MAINTENANCE FEES  
 ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees;		MONTHLY FEE	
Apartment		X 12 MONTHS =	YEARLY TOTAL
TYPE	PERCENTAGE OF INTEREST		
A/A(r)	4.345	\$210.25	\$2,523.00
B/B(r)	4.339	\$209.96	\$2,519.52
C	2.825	\$136.70	\$1,640.40
D/D(r)	4.365	\$211.22	\$2,534.64
E	4.410	\$213.40	\$2,560.80

[ ] Revised on July 14, 1993

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