

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Reba-Mae Silva
Address P.O. Box 372, Kailua-Kona, HI 96745-0372

Project Name(*): R & H CONDOMINIUMS
Address: 75-5517 Keke St., Mamalahoa Hwy., Holualoa, HI 96725

Registration No. 3035 (Conversion) Effective date: February 18, 1994
Expiration date: March 18, 1995

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: 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 [X] Not Required - disclosures covered in
this report

Summary of Changes from Earlier Public Reports:

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

[X] No prior reports have been issued by the Commission.

[] Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines and metes and bounds descriptions on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.

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

Prospective purchasers are advised that as of the effective date of this report, the only comments received from the Hawaii County Planning Department and the Developer's response thereto are attached as Exhibit H. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

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

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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: Reba-Mae Silva Phone: 329-9771
Name (Business)
P. O. Box 372
Business Address
Kailua-Kona, Hawaii 96745-0372

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

n/a

Real Estate Broker: Reba-Mae H. Silva dba Phone: 326-4756
Reba-Mae Silva Realty (Business)
Name
75-5995 Kuakini Hwy., Suite 111
Business Address
Kailua-Kona, Hawaii 96740

Escrow: Title Guaranty Escrow Services, Inc. Phone: 329-6666
Name (Business)
P. O. Box 1837
Business Address
Kailua-Kona, Hawaii 96745

General Contractor: Dennis Hall Construction Phone: (303) 641-6410
Name (Business)
7500 County Road 887
Business Address
Gunnison, CO 81230

Condominium Managing Agent: Project will be self-managed by Phone: _____
Name (Business)
the Association of Apartment
Business Address
Owners

Attorney for Developer: S.V. (Bud) Quitiquit Phone: 329-6464
Name (Business)
P. O. Box 1720
Business Address
Kailua-Kona, Hawaii 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. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2104777

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. 1013

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. 2104778

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>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:

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

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: 75-5517 Keke St., Mamalahoa Hwy., Tax Map Key: (3) 7-5-13:40
Holualoa, HI 96725 (TMK)

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

Land Area: 5.002 [] square feet [X] acre(s) Zoning: AG5

Lessor

(Fee Owner): Henry John Silva and REBA-MAE SILVA
Name
P.O. Box 372
Address
Kailua-Kona, HI 96745-0372

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 Unit A - 2 Unit B - 1

Exhibit A 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 checked="" type="checkbox"/> Agricultural	_____	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

- [] Pets: _____
- [X] Number of Occupants: No more than 6 adults per unit (See Exhibit H, Developer's letter)
- [] Other: _____
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit A - 1 int. 1 ext. Trash Chutes: 0
Unit B - 1 ext.

Apt. Type	Quantity	BR/Bath	Net	
			Living Area (sf)*	Lanai/Patio (sf)
<u>A</u>	<u>1</u>	<u>2/2</u>	<u>1,256</u>	<u>144</u>
<u>B</u>	<u>1</u>	<u>2/3</u>	<u>3,944</u>	<u>1,424</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment:

Each Apartment shall be deemed to include i) all portions of the residential structure, inclusive of concrete footings, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment or which are utilized for and serve only that Apartment, (iii) all appliances and fixtures installed therein and replacements thereof, (iv) the footings or slab on which the residential structure is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the Apartment.

Permitted Alterations to Apartments:

Each Apartment Owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the Owner of the other Apartment or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his Apartment or portions thereof or upon the Yard appurtenant to his Apartment.

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 B .

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 C.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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: 20%

Unit B: 80%

NOTE: A prospective purchaser of Unit A should note that the owner of Unit B will always be able to dictate decisions because of B's 80% vote.

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 D describes the encumbrances against the title contained in the title report dated December 8, 1993 and issued by Title Guaranty of Hawaii, 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 interest may be terminated in which event Buyer will receive a refund of all deposits less an escrow cancellation fee which will not exceed the scheduled fee for each closing.

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:

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

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

2. Appliances:

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

G. Status of Construction and Estimated Completion Date:

Unit A was completed in 1984.

Unit B was completed in 1991.

H. Project Phases:

The developer has 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):

n/a

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

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated December 23, 1993

Exhibit G 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 dated June 12, 1980, filed as Land Court Doc. No. 1017228 and recorded in Liber 14793 at Page 971, as amended

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. 3035 filed with the Real Estate Commission on January 12, 1994

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

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Additional Information Not Covered Above

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR")< prospective purchasers are hereby advised the Developer/Owner, Reba-Mae H. Silva (RB-16270) dba Reba-Mae Silva Realty, is a current and active Hawaii-licensed real estate broker and sole proprietress of the project brokerage. Further, pursuant to Section 16-99-11(c), HAR, "(n)o licensee shall advertise 'For Sale by Owner,...'"

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.

REBA-MAE SILVA

Name of Developer

By:  _____
Duly Authorized Signatory

1-10-94

Date

REBA-MAE SILVA, Owner/Developer

print name & title of person signing above

Distribution:

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

EXHIBIT A

DESCRIPTION OF THE BUILDINGS:

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

1. Description of the Buildings: The Project is described in the Condominium Map and consists of two (2) residential buildings and appurtenant improvements, Unit A consisting of two stories (no basement) and constructed principally of wood, glass, reinforced concrete, concrete block and gypsum board and Unit B consisting of one story (no basement) and constructed principally of wood, glass, reinforced concrete, concrete block and gypsum board. If the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended only to show the layout, location, apartment numbers, dimensions and elevations of the Apartments and is not intended and shall not be deemed to contain or make any other representation or warranty.

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

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

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

(1) Unit A: This Apartment is a free standing two (2) story building containing a net living area of approximately 1256 square feet, excluding the garage, and consists of a kitchen, pantry, dining area, living room, two (2) bedrooms, one (1) bathroom, lanai, walkway and a three (3) car garage which contains a laundry area and work shop area.

(2) Unit B: This Apartment is a free standing one (1) story building containing a net living area of approximately 3,944 square feet, excluding the garage, and consists of a kitchen, living room, den, dining area, two (2) bedrooms, three (3) bathrooms, lanai, deck, workshop, gym and laundry room, walk in closets, laundry and storage area, and a three (3) car garage.

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

END OF EXHIBIT A

EXHIBIT B

COMMON ELEMENTS:

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

a. The Land in fee simple.

b. All Yards, grounds and landscaping, if any, whether within or appurtenant to the Project.

c. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which are outside of the Apartment and which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.

d. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT B

EXHIBIT C

LIMITED COMMON ELEMENTS:

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

a. Unit A shall have appurtenant to it as a Limited Common Element the concrete driveway from the Apartment (Unit A) to Easement "4" as shown on the Condominium Map. Unit B shall have appurtenant to it as a Limited Common Element the driveway from the Apartment (Unit B) to Easement "4" as shown on the Condominium Map.

b. Unit A shall have appurtenant to it as a Limited Common Element the Yard shown on the Condominium Map. Unit B shall have appurtenant to it as a Limited Common Element the Yard shown on the Condominium Map. The boundaries of the Yards appurtenant to each Apartment are more particularly described in Exhibit "B" attached to the Declaration. The Yards do not represent County-approved subdivided lots. Such boundary descriptions serve only to delineate the boundaries of the Limited Common Element Yards appurtenant to each Apartment.

c. All Common Elements of the Project which are rationally related to less than all of the Apartments shall be Limited Common Elements appurtenant to the Apartment(s) to which they are so related.

END OF EXHIBIT C

EXHIBIT D

ENCUMBRANCES AGAINST THE TITLE:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. DESIGNATION OF EASEMENT "4"

PURPOSE : access and utility
SHOWN : on Map 2, as set forth by Land Court Order No. 57501, filed August 20, 1980

3. DESIGNATION OF EASEMENT "13" (area 30 square feet)

PURPOSE : utility
SHOWN : on Map 2, as set forth by Land Court Order No. 57501, filed August 20, 1980

- * 4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DECLARATION dated June 12, 1980, filed as Land Court Document No. 1017228, recorded in Liber 14793 at Page 971. Said Declaration was amended by instrument dated July 14, 1989, recorded in Liber 23704 at Page 326. (Not noted on Transfer Certificate of Title referred to herein)

5. -AS TO EASEMENT "4":-

Grant in favor of FLOYD GERLAD BLOSS and LYLA ELAINE BLOSS, husband and wife, as owners of portion of Land Commission Award 7716, Apana 5 being an area of 48.822 acres, more or less, and SPALDING REALTY, INC., as owners of portion of Grant 980 and RP 1930, LCAw 387, Part 4, Sec. 2, No. 1, being an area of 89.231 acres over Easement "4", as shown on Map 2, as set forth by instrument dated June 10, 1980, filed as Land Court Document No. 1027530, recorded in Liber 14932 at Page 599.

6. -AS TO EASEMENTS "4" AND "13":-

Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, dated June 2, 1980, filed as Land Court Document No. 1028974; granting an easement to construct, reconstruct, etc., pole and wire lines, etc., for utility purposes over said Easements "4" and "13", as shown on said Map 2, filed with Land Court Application No. 1760.

7. Right-of-way in favor of lots owners of the adjoining unregistered parcel of owned by Spalding Realty, Inc. and McMahon Realty, Inc. over Easements "3", "4" and "5" of Land Court Application No. 1760, as set forth by Land Court Order No. 57501, filed August 20, 1980.

8. MORTGAGE

MORTGAGOR : HENRY JOHN SILVA and REBA-MAE SILVA, husband and wife

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : September 12, 1983
FILED : Land Court Document No. 1190967
AMOUNT : \$112,900.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : January 23, 1987
FILED : Land Court Document No. 1609857

9. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : HENRY JOHN SILVA, also known as HENRY J. SILVA, and REBA-MAE SILVA, also known as REBA MAE H. SILVA, husband and wife

MORTGAGEE : FIRST INTERSTATE BANK OF HAWAII, a Hawaii banking corporation

DATED : May 31, 1990
FILED : Land Court Document No. 1736258
AMOUNT : Advanceline Variable-Rate Line of Credit Agreement in the sum of \$170,000.00

ABOVE MORTGAGE ASSIGNED

TO : CENTRAL PACIFIC BANK, a Hawaii corporation

DATED : October 11, 1991
FILED : Land Court Document No. 1857086

*10. AGREEMENT

DATED : January 22, 1990
RECORDED : Document No. 90-018719
BY : HENRY J. SILVA and REBA MAE SILVA
WITH : PLANNING DEPARTMENT of the County of Hawaii
RE : IMPROVEMENTS

(Not noted on Transfer Certificate(s) of Title referred to herein)

11. Declaration of Condominium Property Regime of R & H CONDOMINIUMS dated December 23, 1993, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 2104777. (Project covered by Condominium Map No. 1013).

12. By-Laws of the Association of Apartment Owners of the Condominium Project known as "R & H CONDOMINIUMS" dated December 23, 1993, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 2104778.

13. Real property taxes as may be due and owing. Check with the County Tax Assessor.

***NOTE:** With respect to items 4 and 10 above, the Developer represents there is nothing in the documents that will materially affect purchaser's interest in an adverse manner. The Documents are available for inspection either upon request of the Developer or at the Real Estate Commission.

END OF EXHIBIT D

EXHIBIT E

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee X 12 months	=	Yearly Total
A	\$121.60 X 12	=	\$1,459.20
B	\$309.40 X 12	=	\$3,712.80

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

Maintenance Fees and Maintenance Fee Disbursements:

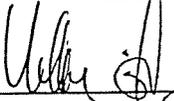
Estimate of Maintenance Fee Disbursements:

Monthly X 12 months = Yearly Total

Utilities and Services		
Air Conditioning		
Electricity		
Gas		
Refuse Collection		
Telephone		
Water		
(X) common elements and apartments	118 x 12 =	1,416.00
 Maintenance, Repairs and Supplies		
Pool		
Building		
Grounds		
Pest		
Reserves-Long term maintenance	25 X 12 =	300.00
Management		
On-site Manager		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	100 X 12 =	1,200.00
Taxes and Government Assessments (Real Property Taxes)	188 X 12 =	2,256.00
Audit Fees		
Other		
Master Association Fees	40 X 12 =	480.00
TOTAL:		\$5,172.00

I/We, REBA-MAE SILVA, as owner/developer for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Date: 1-10-94


REBA-MAE SILVA

END OF EXHIBIT E

EXHIBIT F

SUMMARY OF SALES CONTRACT AND RECEIPT:

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

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

1. That said Sales Contract is not binding upon the Purchaser unless (a) a true copy of the Final Public Report (with all then issued Supplementary Public Reports, if any) is delivered to the Purchaser and the Purchaser has an opportunity to read the report(s) and executes and gives the Developer a receipt/notice for the report(s) waiving Purchaser's right to cancel, provided that if Purchaser does not execute and return the receipt/notice within thirty (30) days from the date of delivery of the report(s) and receipt/notice, or if Purchaser's Apartment is conveyed to Purchaser prior to the expiration of said thirty (30) day period, then Purchaser shall be deemed to have receipted for the report(s) and waived his right to cancel, and (b) if, and only if, there is a material change affecting (i) Purchaser's apartment or appurtenant limited common elements, or (ii) amenities of the Project available for Purchaser's use, the Purchaser executes and returns to Developer the written approval or acceptance of material change, provided that if Purchaser does not execute and return such written approval or acceptance of material change within thirty (30) days of delivery of such written approval or acceptance, or if Purchaser's apartment is conveyed to Purchaser prior to the expiration of said thirty (30) day period, then Purchaser shall be deemed to have accepted and approved such material change. Until the Sales Contract becomes binding and effective as described above, and in accordance with Chapter 514-A, Hawaii Revised Statutes, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the Purchaser. Upon such cancellation by Developer, Developer shall direct Escrow Agent to refund to Purchaser, without interest earned, all deposits paid by Purchaser; upon cancellation by Purchaser, Developer shall direct Escrow Agent to refund to Purchaser, without interest earned, a full refund of all deposits paid, less any escrow

cancellation fee and other costs associated with the purchase of Purchaser's Apartment, up to a maximum of \$250.00.

2. In the event Purchaser fails to pay the balance of the purchase price or complete the purchase as provided in the Sales Contract, Developer may (a) bring an action for damages for breach of contract, (b) retain the initial deposit and all additional deposits provided for in the Sales Contract, as liquidated damages and (c) Purchaser shall be responsible for any costs incurred in accordance with the Sales Contract.

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

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

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

END OF EXHIBIT F

EXHIBIT G

SUMMARY OF EXECUTED ESCROW AGREEMENTS

A copy of the executed Escrow Agreement dated December 23, 1993 between Title Guaranty Escrow Services, Inc., as Escrow Agent, and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of Purchaser's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides, in part, that any interest earned on money on deposit may be retained by the Developer unless the Sales Contract directs otherwise. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a Purchaser to a refund of Purchaser's Deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund Purchaser's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

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

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

END OF EXHIBIT G

CARLSMITH BALL WICHMAN MURRAY C. J. & ICHIKI

ATTORNEYS AT LAW

A PARTNERSHIP INCLUDING LAW CORPORATIONS

75-5742 J HUALALAI ROAD

BANK OF HAWAII ANNEX BUILDING, SECOND FLOOR

POST OFFICE BOX 1720

KAILUA-KONA, HAWAII 96745-1720

TELEPHONE (808) 329-6464

FAX (808) 329-9450

January 31, 1994

HONOLULU OFFICE
TELEPHONE (808) 523-2500
FAX (808) 523-0842

LOS ANGELES OFFICE
TELEPHONE (213) 955-1200
FAX (213) 623-0032

LONG BEACH OFFICE
TELEPHONE (310) 435-5631
FAX (310) 437-3760

MEXICO CITY OFFICE
TELEPHONE (52-5) 281-2428
FAX (52-5) 281-2196

WASHINGTON, D.C. OFFICE
TELEPHONE (202) 508-1025
FAX (202) 508-1026

GUAM OFFICE
TELEPHONE (671) 472-6813
FAX (671) 477-4375

SAIPAN OFFICE
TELEPHONE (670) 322-3455
FAX (670) 322-3368

HILO OFFICE
TELEPHONE (808) 935-6644
FAX (808) 935-7975

MAUI OFFICE
TELEPHONE (808) 242-4535
FAX (808) 244-4974

KAPOLEI OFFICE
TELEPHONE (808) 523-2500
FAX (808) 674-0850

Ref#03-6480-1
Silva/Gen.Adv.

Ms. Virginia Goldstein
Planning Director
County of Hawaii
Planning Department
25 Aupuni Street, Suite 109
Hilo, Hawaii 96720-4252

Re: Condominium Public Report, R & H Condominiums
Tax Map Key: (3) 7-5-13:40

Dear Ms. Goldstein:

We are in receipt of your letter dated January 21, 1994 to Mr. Calvin Kimura, Supervising Executive Secretary of the Real Estate Commission, relating to the proposed Condominium Public Report and other documents submitted to your office in regard to the R & H Condominiums situate on Tax Map Key (3) 7-5-13:40.

While we appreciate your Department's prompt review and comment with regard to the R & H Condominiums' documents, as to your comments we would note the following:

1. While it is true that the Condominium Map contains a dashed line designating the demarcation of the Unit Limited Common Elements, the Map, in describing the demarcated areas, specifically uses the correct description consistent with the Declaration of Condominium Property Regime, i.e., "Unit A Limited Common Element" and "Unit B Limited Common Element." The designation of the Limited Common Elements does not and should not be read to describe the Units as containing the entire land area demarcated by the dashed lines. As noted in the Condominium Public Report (see Exhibit "C"), the land areas demarcated by the dashed lines (i.e., "Yards") are Limited Common Elements appurtenant to the Units -- the Units being the residential structures. In addition, Exhibit "C" to the

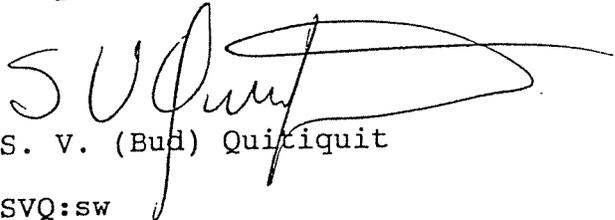
Ms. Virginia Goldstein
January 31, 1994
Page 2

Condominium Public Report specifically states that "the yards do not represent County approved subdivided lots." (See also Paragraph B.4.b of the Declaration of Condominium Property Regime.)

2. It is true that Paragraph 5 on Page 11 of the Condominium Public Report contains a limitation of six adults per Unit but that limitation relates to the number of "occupants" of the Units, rather than to the use of the Units. The occupancy limit of six adults is not related to nor does it define the "use" of the Units or the Land with respect to the Hawaii County Zoning Code requirements. While the Zoning Code does define a "family" as a group of not more than five persons who need not be related by blood or marriage, it also defines a "family" as one or more persons related by blood or marriage. The occupancy limitation in the R & H Condominiums documentation (of six persons) is not tied to family status and thus the limitation applies without regard to whether the occupants are related by blood or marriage. The Declaration of Condominium Property Regime of the R & H Condominiums specifically requires (at Paragraph F.1) that the use of the apartments (Units) conform to the requirements of the County of Hawaii Zoning Code and to the extent there may be restrictions on the use of the Units or Land under the Zoning Code, those restrictions are not affected or modified by the six person occupancy limit contained in Section 2.h of Article V of the R & H Condominiums' Bylaws. Thus, to the extent the occupancy limitation in the R & H Condominiums documentation may apply to a "family," it is a restriction in addition to the restrictions contained in the County of Hawaii Zoning Code and not a modification or enlargement of those restrictions.

I hope the above comments and clarifications resolve your concerns with regard to the R & H Condominiums' documentation. Should you have any questions or comments concerning the above, please do not hesitate to contact me at your convenience.

Very truly yours,



S. V. (Bud) Quitiquit

SVQ:sw

cc: Ms. Reba-Mae Silva
Mr. Kenneth D.H. Chong (Condominium Consultant)