



**closure Abstract:** Separate Disclosure Abstract on this condominium project:

- Required and attached to this report as Exhibit I
- Not Required - disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

### SPECIAL ATTENTION

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

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, **THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE.** The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

There is presently only one (1) residential unit on the property (Unit 5). The other nine (9) buildings on the property are storage sheds, each of which may be defined as an "apartment" under the Condominium Property Act.

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

3. The project is being developed pursuant to an unrecorded development agreement between the fee owners and the developer, Abe Lee Development, Inc. The developer with the consent of the fee owners has assigned its interest in the development agreement to Makaleha Development, Inc.

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

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.**

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers or 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: Makaleha Development, Inc. Phone: (808) 988-8077  
Name (Business)  
2752 Woodlawn Dr., Ste. 5-205  
Business Address  
Honolulu, HI 96822

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

Abraham Lee, President  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Kauai Realty, Inc. Phone: (808) 245-1651  
Name (Business)  
P.O. Box 1246  
Business Address  
Lihue, HI 96766

Escrow: First American Title Co. Phone: (808) 245-8877  
Name (Business)  
4374 Kukui Grove, Ste. 201  
Business Address  
Lihue, HI 96766

General Contractor: Daniel A. Eckland (Units 1-4, 6-10) Phone: (808) 326-1167  
Name (Business)  
P.O. Box 4396  
Business Address  
Kailua-Kona, HI 96745

Condominium Managing Agent: Self-managed by the Association of Apartment Owners Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Attorney for Developer: Glenn M. Adachi Phone: (808) 526-3880  
Name (Business)  
841 Bishop St., Ste. 1601  
Business Address  
Honolulu, HI 96813

**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. 94-101222  
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]: **Amendment No. 1 dated Aug. 5, 1994 recorded as Doc. No. 94-149206 on Sept. 9, 1994. Amendment No. 2 dated Dec. 23, 1994 recorded as Doc. No. 94-211699 on Dec. 27, 1994**

- 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, dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 2047  
 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. 94-101223  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, dated and recording/filing information]:

**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

**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%*	75% _____
Bylaws	65%	65% _____
House Rules	---	<u>Bd. 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:

See Exhibit A

III. THE CONDOMINIUM PROJECT

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: \_\_\_\_\_

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: Kaehulua Road and Kawaihau Road Tax Map Key: (4) 4-06-12: 82  
Kapaa, Hawaii (TMK)

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

Land Area: 30.900 [ ] square feet [X] acre(s) Zoning: Agricultural

Lessor  
 (Fee Owner): Stephen T. Miyashiro and Florence K. Miyashiro, Trustees, etal. (See Exhibit B)

Name  
5782 Kaehulua Road  
 Address  
Kapaa, HI 96746

Sublessor:  
 Name  
 Address

**Buildings and Other Improvements:**

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

2. Number of Buildings: 11 Floors Per Building 1

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

3. Principal Construction Material:

Concrete       Hollow Tile                       Wood

Other Aluminum shingle roofing

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Accessory shed</u>	<u>9</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
 Yes                       No

5. Special Use Restrictions:

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

Pets: No livestock, poultry or other animals except those customarily kept as pets; provided no bees or pigs

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

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

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: \_\_\_\_\_ Stairways: \_\_\_\_\_ Trash Chutes: \_\_\_\_\_

Apt. Nos.		BR/Bath	Net	Lanai/Patio (sf)	Net
Type	Quantity		Living Area (sf)*		Shed Area (sf)
1-4;6-10	9	0	_____	0	32
5	1	3/1	1,528	0	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Apartments: 10\*\*

**\*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 the those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment:

1. All perimeter walls, floors, foundations and roofs of each building.
2. All pipes, wires, conduits, or other utility and service lines in such building, or outside such building if utilized and/or serve only one apartment.
3. Garage adjacent to Unit 5.

Permitted Alterations to Apartments:

Apartment owner may renovate, remodel, make additions to, remove or restore unit.

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\*\*Additional apartments may be constructed in accordance with the developer's reserved rights to phase the project or delete land from the project. See Exhibit A of the public report, the Declaration of Condominium Property Regime, as amended, and the project documents for further information.

11. Conformance to Present Zoning Code (See Exhibit J)

- 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>	_____	_____
Structures	<u>  X  </u>	_____	_____
Lot	<u>  X  </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   C  .

as follows:

7. Parking Stalls:

Total Parking Stalls: 2 (Unit 5)

	<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 units)	<u>2</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>2</u>
Guest Unassigned	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Extra for Purchase	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Other:	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Total Covered & Open	<u>2</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>

Unit 5

~~Each apartment~~ will have the exclusive use of at least 2 parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

All other units have ample area within their appurtenant limited common areas for parking purposes.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool                       Storage Area                       Recreation Area

Laundry Area                       Tennis Court                       Trash Chute

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

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations Unit 5: (See Exhibit J)

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): Unit 5: (See Exhibit K)

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 \_\_\_\_\_.

as follows:

- 1. Limited common area consisting of the land beneath and adjacent to each unit as shown on the Condominium Map.
- 2. The area designated as Reserved Land on the Condominium Map shall be a limited common element appurtenant to Unit 5.

**NOTE:** Land areas referenced herein are not legally subdivided lots.

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 D \_\_\_\_\_.

as follows:

**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 E describes the encumbrances against the title contained in the title report dated September 15, 1994 and issued by First American Title Co.**

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 may have to sue Developer for breach of contract and for return of any deposits paid, less Escrow cancellation fees.

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: There are no warranties. Units will be sold in "as-is" condition.

2. Appliances: There are no warranties.

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

Units 1 through 4 and Units 6 through 10 were constructed in March 1994. Residential Unit 5 was constructed in 1955.

H. **Project Phases:**

The developer [X] 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):

See Exhibit A

**IV. CONDOMINIUM MANAGEMENT**

**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 \_\_\_\_\_

**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 F contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

**Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None
- Electricity
- Gas
- Water
- Sewer
- Television Cable
- Other \_\_\_\_\_

V. MISCELLANEOUS

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

Escrow Agreement dated August 10, 1993

Exhibit H contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

Buyer's Right to Cancel Sales Contract:

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

Preliminary Report: Sales made by 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, as amended.
  - 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 Farm Dwelling Agreements
- 

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. 3216 filed with the Real Estate Commission on November 4, 1994.

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

yellow paper stock

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Additional Information Not Covered Above

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.

MAKALEHA DEVELOPMENT, INC.  
Name of Developer

By: Abraham Lee 1-6-95  
Duly Authorized Signatory Date

ABRAHAM LEE - PRES.  
print name & title of person signing above

Distribution:

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

The layout of Phase II will be similar to Phase I. The Developer and Owners plan to have residential dwellings with limited common areas appurtenant to each dwelling. There will be roadways to connect the individual dwellings to a public roadway. The exact layout of the units in Phase II will not be done until such time as the the Developer and Owners obtain the redesignation and rezoning approvals. The Developer and Owners do not plan to have any amenities available to the Project.

The Developer and Owners have not placed any time limitations to the development of Phase II.

Subdivision. The Developer and Owners have also reserved the right to subdivide all or a portion of the property in the Project. The conditions for the subdivision of the property are set forth in paragraph 25 of the Declaration, as amended. n The Developer and Owners plan to apply for a subdivision of the property if the redesignation and rezoning of the property is approved. The subdivision would include the units in Phase I of the Project and all of the units (up to 73 units) in Phase II of the Project. If the subdivision application is approved by the County of Kauai then the Developer and Owners plan to remove the property from the condominium property regime and cancel the declaration of condominium property regime. In the event only a portion of the property is granted subdivision approval only the portion of the property so approved will be removed from the condominium property regime. In the event any of the apartment owners, mortgagees or lienholders of Units 1 through 4 and 6 through 10 in Phase I oppose the cancellation and removal of all the land from the condominium property regime then the Developer and Owners will only remove the "Limited Common Element - Reserved Land" and Unit 5 from the condominium property regime.

## EXHIBIT A

### SUMMARY OF THE PROJECT DEVELOPMENT

Development in Two Phases. The Developer and Owners have reserved the right, at their option and expenses to construct additional apartments by dividing the Project into two phases. Phase I consists of ten (10) units and Phase II will consist of seventy-three (73) units. The conditions for the reservation to add apartments are set forth in paragraph 24 of the Declaration of Condominium Property Regime, as amended.

In Phase I, the ten (10) units are one existing residential dwelling and nine (9) completed storage sheds. The Developer and Owners do not intend to sell Unit 5 which is the existing residential dwelling. The limited common area appurtenant to Unit 5 consists of the land reserved for Phase II of the Project. The Developer and Owners intend to sell the nine (9) storage sheds in Phase I and allow the purchasers to alter, rebuild, renovate and construct the units in accordance with the provisions of the declaration of condominium property regime.

The development of Phase II is contingent upon the approval of the redesignation of subject property from Agricultural to Urban by the State Land Use Commission ("LUC") and the rezoning of the subject property by the County of Kauai ("County") from Agricultural to Residential. The Developer and Owners have submitted applications for redesignation and rezoning to the State Land Use Commission and the County of Kauai, respectively. The application to the LUC is pending. The County will not take action on the rezoning application pending the determination of the application to the LUC. At this time, the Developer and Owners have no estimate of the length of time to obtain the redesignation and rezoning approvals.

In the event the redesignation and rezoning of the subject property is approved, the Developer and Owners will commence Phase II. Phase II will consist of up to seventy-three (73) residential dwellings.

The site work for Phase II will not be done as part of Phase I. At this time, the Developer and Owners plan to do the sitework for Phase II upon obtaining the redesignation and rezoning approvals and securing financing for same. Until such time as the necessary approvals are obtained, the land reserved for Phase II as shown on the Condominium Map as "Limited Common Element - Reserved for Land" has been designated a limited common element of Unit 5. The Owners are using the land reserved for Phase II as pasture land and will be responsible for the expenses of said land until such time as Phase II is developed.

The utilities for Phase I are available to the purchasers of the units in Phase I of the Project. For Phase II, the Developer and Owners intend to run utility lines to have utility service available to the purchasers of units in Phase II.

EXHIBIT B

FEE OWNERS

**STEPHEN T. MIYASHIRO, Trustee**

under that certain Stephen T. Miyashiro Revocable Living Trust Agreement dated May 15, 1992, with full powers to sell, lease, convey, mortgage and other powers more fully set forth therein,

5782 Kaehulua Road, Kapaa, HI 96746

AS TO AN UNDIVIDED 20% INTEREST

**FLORENCE K. MIYASHIRO, Trustee**

under that certain FLORENCE K. Miyashiro Revocable Living Trust Agreement dated May 15, 1992, with full powers to sell, lease, convey, mortgage and other powers more fully set forth therein,

5782 Kaehulua Road, Kapaa, HI 96746

AS TO AN UNDIVIDED 20% INTEREST

**GARY HACHIRO MIYASHIRO, married,**

5782 Kaehulua Road, Kapaa, HI 96746

AS TO AN UNDIVIDED 20% INTEREST

**STEPHANIE K. MIYASHIRO, unmarried,**

1135 Delaware Street, Berkeley, CA 94702

AS TO AN UNDIVIDED 20% INTEREST

**STEPHEN T. MIYASHIRO and FLORENCE K. MIYASHIRO, Trustees**

under that certain Laura L. Miyashiro Irrevocable Trust dated October 5, 1993, with full powers to sell, lease, convey, mortgage and other powers more fully set forth therein,

AS TO AN UNDIVIDED 20% INTEREST

EXHIBIT C

DESCRIPTION OF COMMON ELEMENTS

a. The land in fee simple as described in Exhibit "A" of the Declaration.

b. All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which will serve both apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution.

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

EXHIBIT D

COMMON INTEREST

<u>Unit No.</u>	<u>Common Interest Percentage</u>
1	10%
2	10%
3	10%
4	10%
5	10%
6	10%
7	10%
8	10%
9	10%
10	10%

If the Declarant adds additional apartments the common interest percentage shall be determined in the following manner.

The number of apartments in the additional increment shall be added to the total number of apartments in the Project prior to the additional increment. The number of apartments so calculated shall be used to divide 100%. The percentage so determined shall be the common interest appurtenant to each apartment. The Declarant shall amend the Declaration to reflect the new common interest appurtenant to each apartment.

Exhibit E

LIST OF ENCUMBRANCES

1. Reservation of title to all minerals and metallic mines in favor of the State of Hawaii.

2. AS TO LOT 217-C-1-A ONLY:

a. A 2-foot setback line along Kaehulua Road, as shown on map dated September 21, 1981 prepared by Dennis M. Esaki, Registered Professional Land Surveyor No. 4383.

b. A 5-foot setback line along Kaehulua Road, as shown on map dated September 21, 1981 prepared by Dennis M. Esaki, Registered Professional Land Surveyor No. 4383.

c. The following provision noted on map dated September 21, 1981 prepared by Dennis M. Esaki, Registered Professional Land Surveyor No. 4383, to-wit:

"The setback areas shown above shall be dedicated to the County of Kauai, should either:

1. The County wish to provide improvements
2. The parcels be subdivided, and/or
3. Construction or reconstruction of existing dwelling units occur."

3. Terms and provisions of that certain unrecorded Stephen T. Miyashiro Revocable Living Trust Agreement dated May 15, 1992, to which reference is hereby made.

4. Terms and provisions of that certain unrecorded Florence K. Miyashiro Revocable Living Trust Agreement dated May 15, 1992, to which reference is hereby made.

5. Terms and provisions of that certain Laura L. Miyashiro Irrevocable Trust dated October 5, 1992, to which reference is hereby made.

6. Any facts or findings a modern metes and bounds survey may reveal.

7. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003921.

8. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai

Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003922.

9. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003923.

10. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003924.

11. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003925.

12. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003926.

13. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003927.

14. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003928.

15. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003929.

16. Terms and provisions of that certain Farm Dwelling Agreement made by and between the owners and the County of Kauai Planning Department dated October 18, 1993, recorded in the Bureau of Conveyances as Document No. 94-003930.

17. Covenants and agreements as contained in that certain Waiver and Release dated February 10, 1994, recorded in said Bureau of Conveyances as Document No. 94-028072.

18. Accomodation Mortgage, Security Agreement and Financing Statement dated February 15, 1994 in favor of GECC Financial Corporation, a Hawaii corporation, recorded in said Bureau of Conveyances as Document No. 94-031167.

19. Financing Statement in favor of GECC Financial Corporation, a Hawaii corporation, recorded on February 23, 1994 in said Bureau of Conveyances as Document No. 94-031168.

20. Condominium Map No. 2047 filed in said Bureau of Conveyances.

21. Restrictions, covenants, agreements obligations, conditions, easements and other provisions set forth in Declaration of Condominium Property Regime dated June 10, 1994, recorded in said Bureau of Conveyances as Document No. 94-101222. Said Declaration as amended by instruments recorded as Document No. 94-149206 and 94-211699.

22. Restrictions, covenants, agreements, obligations, conditions and other provisions set forth in By-Laws of the Association of Apartment Owners of Makaleha, Phase I dated June 10, 1994, recorded in said Bureau as Document No. 94-101223.

23. All exclusive and non-exclusive easements mentioned in said Declaration, and/or as shown on Condominium Map No. 2047.

24. Any invalidity of the condominium property regime described herein by reason of the fact the mortgagee in item 18, above, did not join or consent to the condominium property regime nor partially release said mortgage at the time the first conveyance was recorded.

25. Stephanie K. Miyashiro appoints Stephen T. Miyashiro and Florence K. Miyashiro, or either of them, her attorney-in-fact by instrument dated March 19, 1993, recorded as Document No. 93-059942.

26. Gary Hachiro Miyashiro appoints Stephen T. Miyashiro and Florence K. Miyashiro, or either of them, her attorney-in-fact by instrument dated March 29, 1993, recorded as Document No. 93-059943.

27. Real Property taxes due and owing. For more information contact Real Property Assessment Division, County of Kauai.

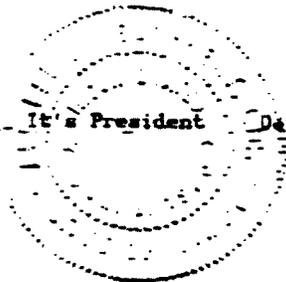
EXHIBIT F

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS FOR "MAKALEHA - PHASE I"

Is Item Individually Metered for Each Unit?	THESE ARE THE MONTHLY COSTS FOR EACH UNIT										Annual Total Entire AOAO	
	NO. 1	NO. 2	NO. 3	NO. 4	NO. 5	NO. 6	NO. 7	NO. 8	NO. 9	NO. 10		
<b>UTILITIES AND SERVICES</b>												
Air Conditioning.....	YES											
Electricity.....	YES											
( ) common elements	N/A											
( ) common elements and apartments	N/A											
Gas.....	YES											
Refuse Collection.....	YES											
Telephone.....	YES											
Water and Sewer.....	YES											
<b>MAINTENANCE, REPAIRS, ETC.</b>												
Buildings.....	YES											
Grounds.....	YES											
<b>MANAGEMENT</b>												
Management Fee.....	N/A											
Payroll & Payroll Taxes.....	N/A											
Office Expenses.....	N/A											
ASSOC. COMMON INSURANCE.....		\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	
HOMEOWNER'S INSURANCE.....	YES											
RESERVES.....		\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	
TAXES & GOVERNMENT ASSESS.....	N/A											
AUDIT FEE.....	N/A											
<b>TOTAL.....</b>		<b>\$35</b>	<b>\$4200</b>									

I/We, the ASSOCIATION OF APARTMENT OWNERS OF "MAKALEHA - PHASE I", as the managing agent 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.

ABE LEE DEVELOPMENT, INC. By: Abrah Lee It's President Date: July 8, 1994



## EXHIBIT G

### Summary of Condominium Deposit Receipt and Sales Contract

The Condominium Deposit Receipt and Sales Contract ("sales contract") contains the price, description and apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

1. A breakdown of the schedule of payments buyer will make.
2. Buyer to purchase an additional parking stall, if available.
3. Additional charges buyer will pay at closing.
4. A seller's disclosure statement as to the condition of the building.
5. Acknowledgement by buyer concerning representations made by Seller and Seller's agent about the rental of the apartment, condition of the unit, the building or the property, compliance with building, zoning, land use, subdivision or other applicable law, ordinance, rule or regulation, condition of the soil, improvements under the land or on or under adjoining land, matters concerning utility systems, drainage systems, or survey.
6. The buyer is buying the unit in "AS IS" condition.
7. Buyer's right to cancel the sales contract.
8. Subordination of the sales contract to any interim loan to finance the acquisition of the property.
9. Buyer's deposits will be held in escrow until the sales contract is closed or cancelled.
10. Proration of taxes, assessments and other charges at date of closing.
11. Buyer agrees to the appointment of the initial management agent.
12. If Seller elects, buyer agrees to preclose by signing all documents prior to closing date.
13. What will happen if there is a default under the sales contract.

14. If buyer is financing a portion of the sales price, buyer will apply for a loan within 5 days after notification by Seller. Buyer will be in breach of the sales contract if buyer fails to apply for the loan after notification by Seller. Seller may keep down payment as liquidated damages or terminate the sales contract.

15. If buyer fails to qualify for a loan, Seller at its option, may terminate the sales contract and have escrow refund buyer's deposit less any fees for credit reports or escrow charges.

16. If the project is not feasible Seller may elect to cancel the project.

17. Inspection of the property by buyer.

The sales contract contains various other provisions which the buyer should become acquainted.

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT

The escrow agreement sets up an arrangement under which the deposits a buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

(a) Escrow will collect and hold payments due pursuant to the sales contract.

(b) Upon receipt of notice from Seller that a payment(s) is/are due, Escrow will notify buyer that payment(s) are due. Escrow will not enforce payment of any sums due.

(c) Unless otherwise provided for in the sales contract, Escrow will disburse funds:

(1) to pay for construction costs in proportion to the value of the work completed;

(2) to pay for architectural, engineering, finance and legal fees and other incidental expenses;

(d) Escrow will not disburse any remaining funds until such time it receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared for sufficient funds have been set aside to cover claims; otherwise Escrow will not disburse any remaining funds until 46 days after the publication of a Notice of Completion.

(e) Escrow will arrange for and supervise the signing of all necessary documents.

(f) Escrow is relieved from all liability if it acts according to the terms of the escrow agreement.

(g) Purchaser and Seller agree to indemnify Escrow from and against all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities incurred by Escrow.

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

EXHIBIT I  
DISCLOSURE ABSTRACT

1. a. PROJECT: MAKALEHA, PHASE I  
Kapaa, HI
- b. DEVELOPER: Makaleha Development, Inc.  
2752 Woodlawn Dr., Ste. 5-205  
Honolulu, HI 96822
- c. MANAGING AGENT: Self-managed by the Association of  
Apartment Owners.

2. Estimated Maintenance Fee Assessments and Disbursements

**Maintenance Fees:** The routine maintenance and repair of each apartment unit, including all utility charges, is the sole responsibility of each owner. The breakdown of annual maintenance fees and monthly estimate for each apartment has been based on generally accepted accounting principles and is attached as Exhibit F.

**Individual Insurance:** Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the Project's improvements. It is contemplated that each apartment owner will purchase and maintain his own homeowner's insurance policy which will include fire and liability coverage, and name the Association as an additional insured. As such, the premiums on said policies will be the individual responsibility of each apartment owner rather than a common expense of the Association. Purchasers should be aware that the premiums for said fire insurance will vary depending upon the insurance company and the coverage. If it is necessary for the Association to have its own public liability coverage (which could occur), this will become a common expense of the Association shared by the apartment owners.

3. Description of All Warranties Covering the Apartments. There are no warranties of any kind covering the apartments. The apartments are being sold in "as-is" condition.

4. Use of Apartments. The MAKALEHA, PHASE I condominium project will consist of ten (10) apartments which will be used for for storage and residential purposes by the owners, their tenants, servants, guests and invitees and for no other purpose.

5. Structural Components and Mechanical and Electrical Installations RE: Unit 5.

Based on a visual inspection report prepared by a licensed architect (a copy of said report is attached as Exhibit K to this public report), it is the Developer's opinion that all structural components and electrical and plumbing systems material to the use and enjoyment of the apartments appear to be functioning and in satisfactory working condition. However, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IF ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE APARTMENTS.

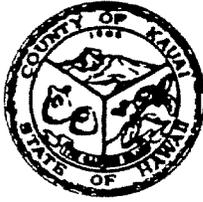
6. Code Violations. To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or municipal regulations of the County of Kauai. (See Exhibit J)

DATE: Jan. 9, 1995

MAKALEHA DEVELOPMENT, INC.

By *Gerald Lee*

EXHIBIT J



COUNTY OF KAUAI  
PLANNING DEPARTMENT  
4444 RICE STREET, SUITE 473  
LIHUE, KAUAI, HAWAII 96766

DEE M. CROWELL  
PLANNING DIRECTOR

NEIL L. AALAND  
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 241-6677  
FAX (808) 241-6699

OANN A. YUKIMURA  
MAYOR

November 1, 1994

COPY

Mr. Calvin Kimura, Executive Secretary  
Real Estate Commission, Real Estate Branch  
250 South King Street, Suite 702  
Honolulu, Hawaii 96813

Subject: Certification of Inspection of Existing Buildings for  
Unit 5 of Makaleha I Condominium at Kapaa Homesteads,  
Kauai, TMK:4-6-12:82

The developer of the above-mentioned condominium project ("project") has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai (Section 514A-40 (b)(1), HRS). Subject to the disclosures and waiver (item "c" below) specified herein, we certify the following:

- a. The developer has contracted an architect to certify that an existing building on the proposed project referred to as Unit 5 is in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the condition of waiver herein, the Planning Department adopts that certification as it pertains to our requirements.
- b. We have no record of any zoning variances that have been granted on the subject property.
- c. WAIVER

The foregoing certification is not a warranty as to any aforementioned compliance, nor a representation as to the condition of the property in question. No rights against the County of Kauai shall arise as a result of

Mr. Calvin Kimura, Executive Secretary  
November 1, 1994  
Page 2

this certification. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514(A), HRS. This certification shall not be construed to guarantee that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply to all applicable County Codes and Ordinances. It should also be noted that the Condominium Property Regime (CPR) does not mean that all County requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., will not be provided. Further, such services as County street maintenance and trash collection will not be available for interior roads and driveways, if any.

The number of limited common elements or CPR units proposed for this parcel should not exceed the number of dwelling units, including Additional Dwelling Units (ADU), permitted by the respective zoning district. It is recommended that the developer resolve the allowable density with the Planning Department prior to the filing of the Notice of Intention for the proposed condominium with the Real Estate Commission.

If you have any questions, please contact Bryan Mamaclay of my staff at 241-6677.

  
DEE M. CROWELL  
for Planning Director

cc: Glenn M. Adachi  
Tad T. Miura

EXHIBIT K

May 17, 1981

Abe Lee Development, Inc.  
2752 Woodlawn Drive, Suite 5-205  
Honolulu, Hawaii 96822

ARCHITECT'S CERTIFICATION

I certify that Dwelling Unit Number 4612 on the County of Kauai tax records, which corresponds with Unit 5 on the CPR map for the project named "Makaleha Condominium" located at 5807 Kawaihau Road, Kapaa, Kauai, Hawaii, conforms to the Building Codes in force at the time of their construction.

Signed:



---

Ron Agor  
Licensed Professional Architect  
Hawaii Registration No. 5921

June 1, 1994

Abe Lee Development, Inc.  
2752 Woodlawn Drive, Suite 5-205  
Honolulu, Hi. 96822

**SUBJECT: Visual Inspection  
Unit 5**

Gentlemen:

As per your instructions, a visual inspection was made of the property located at 5807 Kawaihau Road, Kapaa, Kauai, Hawaii, TMK: 4-6-12:82.

The purpose of the inspection was to examine and comment on the present state of the building.

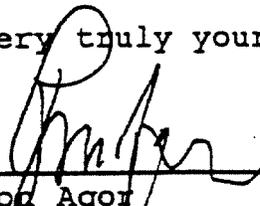
The following describes my assessment of the present condition of the building:

1. The structure appears in good condition. The unit is habitable and appears to be free from major structural defects.
2. The electrical system and plumbing system appears to be functioning properly and seem to be in good condition.
3. The expected useful life is estimated to be between 25 and 30 years.

**CONCLUSION:** The building at present is in good condition with no major structural defects.



Very truly yours

  
\_\_\_\_\_  
Ron Agor  
Licensed Professional Architect  
Hawaii Registration No. 5921