

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Address Glenn I. Kobayashi & Rumi G. Kobayashi, Wayne O. Tanji, Wayne M. Nakamura & Carolyn H. Nakamura

Project Name(*): Address: KAHILI NANI Lot 5 of Kahili Makai, Kilauea, Hanalei, Kauai, Hawaii

Registration No. 3240 Effective date: January 27, 1995 Expiration date: February 27, 1996

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: (yellow) 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.

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

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

And [] Supersedes all prior public reports [] Must be read together with [] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS 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, UPON THE PROPERTY.

1. This Public Report does not constitute an approval of the project, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.

2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.

3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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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: Glenn I. Kobayashi, Rumi G. Kobayashi
Wayne O. Tanji, Wayne M. Nakamura
and Carolyn H. Nakamura **Phone:** (808) 822-9000
Name **(Business)**
c/o P. O.Box 589
Business Address
Kapaa, Kauai, Hawaii 96746

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

Real Estate Broker: James Brunson Edmonds, dba
Emerald Isle Properties **Phone:** (808) 828-1111
Name **(Business)**
P. O. Box 712
Business Address
Kilauea, Hawaii 96754

Escrow: First Hawaii Title Corp. **Phone:** (808) 826-6812
Name **(Business)**
5-4280 Kuhio Highway, #B205
Business Address
Princeville, Kauai Hawaii 96722

General Contractor: A. J. West **Phone:** (808) 828-1086
Name **(Business)**
P. O. Box 17
Business Address
Kilauea, Hawaii 96754

Condominium Managing Agent: self managed by
Association of Apartment Owners **Phone:** (808) 822-9000
Name **(Business)**
Business Address

Attorney for Developer: Michael H. Sakai **Phone:** (808) 531-4171
Name **(Business)**
201 Merchant Street, #902
Business Address
Honolulu, Hawaii 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. 94-152264
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]: First Amendment to Declaration dated December 13, 1994 and filed on December 27, 1994, in the Bureau of Conveyances, as Document No. 94-209490.

- 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. 2103
 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]: The Condominium Map was amended as a result of the Declaration being amended. See Item A above.

- 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. 94-152265
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>100%</u>

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

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

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: Lot 5 of Kahili Makai Tax Map Key: (4) 5-2-21:5
Kilauea, Hanalei, Kauai, Hawaii (TMK)

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

Land Area: 24.87 [] square feet [x] acre(s) Zoning: Ag/Open

Lessor Glenn I. Kobayashi & Rumi G. Kobayashi
 Wayne O. Tanji
 (Fee Owner): Wayne M. Nakamura & Carolyn H. Nakamura
 Name
 c/o P. O. Box 589
 Address
 Kapaa, Kauai, Hawaii 96746

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: five Floors Per Building one

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other wood siding, with a composition shingle roofs

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Residential	___	<input 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 checked="" type="checkbox"/> Agricultural	<u>5</u>	<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: _____
- [] Number of Occupants: _____
- [] Other: _____
- [x] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
A	1	0	24	_____
B	1	0	24	_____
C	1	0	24	_____
D	1	0	24	_____
E	1	0	24	_____

Total Apartments: 5

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

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

Boundaries of Each Apartment:

The boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs, foundations, windows and frames, doors, beams, and post.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area with the approval of the Developer.

7. Parking Stalls:

Total Parking Stalls: 0 (Owners may park their cars anywhere within their limited common land areas)

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

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

- Commercial parking garage permitted in condominium project.
- Exhibit _____ 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

- 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):

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	x	_____	_____
Structures	x	_____	_____
Lot	x	_____	_____

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 B .

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	-	20%
Unit C	-	20%
Unit D	-	20%
Unit E	-	20%
		<u>100%</u>

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 C describes the encumbrances against the title contained in the title report dated October 28, 1994 and issued by First Hawaii Title Corp.

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	If a foreclosure occurs, purchaser's interest in a sales contract may be terminated. Purchaser's deposits will be refunded, 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:

None. There are no warranties, express or implied.

2. Appliances:

None. There are no appliances included with any unit.

G. Status of Construction and Estimated Completion Date:

Units were completed in April, 1994.

H. Project Phases:

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated 11-1-94

Exhibit F 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 Right of Use; Declaration Regarding Easements; Waiver and Release

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. 3240 filed with the Real Estate Commission on 11/29/94.

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C. Additional Information Not Covered Above

NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element.

MAINTENANCE FEES. All costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Developer estimates such annual premium expense to be about \$ 480.00 year for Units A, B, C, D and E. This estimate was prepared in accordance with generally accepted accounting principles.

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.

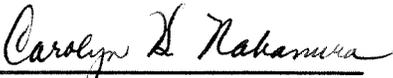

Name of Developer
GLENN I. KOBAYASHI


RUMI G. KOBAYASHI

By: 
Duly Authorized Signatory
WAYNE O. TANJI

11-29-94
Date


print name & title of person signing above
WAYNE M. NAKAMURA


CAROLYN H. NAKAMURA

Distribution:

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

EXHIBIT "A"

Description of Apartments

The Project is hereby divided into the following five (5) freehold estates:

a. Unit A. Unit A consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit A. This unit is constructed principally of wood. The land area surrounding Unit A as delineated and described in the Condominium Map is a limited common element for Unit A and is for the exclusive use of Unit A. Pursuant to the terms of paragraph 4.4, the limited common land area may be increased by the addition of Areas D and E.

b. Unit B. Unit B consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit B. This unit is constructed principally of wood. The land area surrounding Unit B as delineated and described in the Condominium Map is a limited common element for Unit B and is for the exclusive use of Unit B.

c. Unit C. Unit C consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit C. This unit is constructed principally of wood. The land area surrounding Unit C as delineated and described in the Condominium Map is a limited common element for Unit C and is for the exclusive use of Unit C.

d. Unit D. Unit D consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit D and the area delineated as Limited Common Element for Unit D. This unit is constructed principally of wood. The land area surrounding Unit D and the area delineated as Limited Common Element for Unit D as delineated and described in the Condominium Map is a limited common element for Unit D (0.009 acres) and is for the exclusive use of Unit D. The area delineated as Area D is subject to being reclassified as a part of the limited common element of Unit A.

e. Unit E. Unit E consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit E and the area delineated as Limited Common Element for Unit

E. This unit is constructed principally of wood. The land area surrounding Unit E and the area delineated as Limited Common Element for Unit E as delineated and described in the Condominium Map is a limited common element for Unit E and is for the exclusive use of Unit E. The area delineated as Area E (0.009 acres) is subject to being reclassified as a part of the limited common element of Unit A.

EXHIBIT "B"

Common Elements

The common elements of the Project and which the units have immediate access to include:

- a. The land in fee simple.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services.
- c. The common driveway and any common easements for ingress and egress and all installations for underground utilities including electricity, water, telephone, and cable television which run upon or under the common driveway.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

Limited Common Elements

The land area delineated and designated in the Condominium Map are limited common elements of a unit and consist of the following:

- A. Unit A. The land area surrounding and under Unit A is a limited common element of Unit A and is for the exclusive use of Unit A and consist of approximately 1.764 acres. The land area of Unit A is subject to increase as described in the paragraph below.
- B. Unit B. The land area surrounding and under Unit B is a limited common element of Unit B and is for the exclusive use of Unit B and consist of approximately 1.799 acres.
- C. Unit C. The land area surrounding and under Unit C is a limited common element of Unit C and is for the exclusive use of Unit C and consist of approximately 2.346 acres.
- D. Unit D. The land area surrounding and under Unit D delineated as Area D and the area delineated as limited common element of Unit D on the Condominium Map are limited common elements of Unit D and are for the exclusive use of Unit D and consist of approximately 0.009 and 6.917 acres, respectively. The

land area is subject to decrease as identified in the paragraph below.

E. Unit E. The land area surrounding and under Unit E delineated as Area D and the area delineated as limited common element of Unit E on the Condominium Map are limited common elements of Unit E and are for the exclusive use of Unit E and consist of approximately 0.009 and 5.001 acres, respectively. The land area is subject to decrease as identified in the paragraph below.

Realignment of Limited Common Elements

The limited common elements land areas for Units D and E delineated as "Area D" and "Area E", respectively, on the condominium map, shall be extinguished and merged into and become a part of the Limited Common Element A, in accordance with the following:

a. The limited common element area being Area D (0.009 acres) surrounding the Shed for Unit D shall be extinguished and be a part of the limited common element land area of Unit A upon an improvement being constructed on or within limited common element land area D (6.917 acres) and such improvement being reflected in an amendment to the condominium map and amendment to this Declaration.

b. The limited common element area being Area E (0.009 acres) surrounding the Shed for Unit E shall be extinguished and be a part of the limited common element land area of Unit A upon an improvement being constructed on or within limited common element land area E (5.001 acres) and such improvement being reflected in an amendment to the condominium map and amendment to this Declaration. Such amendment shall also reflect the increased land area of the limited common element of Unit A.

c. The Association of Unit Owners shall join in the Amendment to Declaration and/or Condominium Map if required or necessary for recording at the Bureau of Conveyances, State of Hawaii provided that such joinder shall only be for recording purposes and no liability shall be assumed or asserted against the Association for the contents of such instrument.

d. An irrevocable power of attorney, coupled with an interest, is granted to the owner or owners of units D and E in order to execute and deliver such amendment documents and instruments on behalf of the Association that may be reasonably

necessary or required in order to carry out the provisions of this paragraph.

e. The cost and expenses associated with the amendment to this Declaration and the condominium map including attorneys' fees, recording fees, any architectural or engineering fees, and the reasonable fees incurred by the Association for the review of the amendment to Declaration or condominium map, shall be borne by the party seeking to make such amendment. By way of example, if the owner of Unit D completes an improvement on the limited common element land area of Unit D whereby Land Area D would be extinguished and reclassified as a part of the limited common element land area of Unit B, the cost of such amendment and other fees shall be paid by the owner of Unit D.

f. At or prior to the time an amendment to the Declaration and/or Condominium Map are recorded at the Bureau of Conveyances, the improvements (shed) existing on Area D shall be removed by the owner of Unit D and the improvements on Area E shall be removed by the owner of Unit E, respectively.

G. THE FOREGOING REALIGNMENT AND AMENDMENT SHALL OCCUR NO LATER THAN FIVE (5) YEARS FROM THE DATE OF RECORDATION OF THE DECLARATION (September 15, 1999). IF THE OWNER OF UNIT D OR E FAILS TO CAUSE SUCH REALIGNMENT TO OCCUR, THE OWNER OF A SHALL HAVE THE RIGHT TO IMPROVE THE SHEDS PRESENTLY IN AREA D AND E AT THE COST AND EXPENSE OF THE OWNERS OF UNITS D AND E.

EXHIBIT "C"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. Flood setback lines as shown on the map of the "Kahili Makai Subdivision" prepared by Cesar C. Portugal, Registered Land Surveyor, Certificate No. 2225-SE, dated October 27, 1981.

3. Irrigation Easement "D-7" running along the southeasterly side of Lot 5 as shown on the map of the "Kahili Makai Subdivision", prepared by Cesar C. Portugal, Registered Land Surveyor, Certificate NO. 2225-SE, dated October 27, 1981.

4. Easement "SD-1" for drainage purposes, as shown on the map of the "Kahili Makai Subdivision", prepared by Cesar C. Portugal, Registered Land Surveyor, Certificate NO. 2225-SE, dated October 27, 1981.

5. Agreement to Incorporate Agricultural Restrictions Into Instruments of Conveyance by and between Beta Pacific, Inc., a Hawaii corporation, and the County of Kauai Planning Department, dated February 18, 1982, recorded in said Bureau, in Book 16378, Page 307.

6. Declaration of Right of Use dated April 6, 1982, granting limited public use of those portions of the Kilauea Steam which are included in the lots of the "Kahili Makai Subdivision", recorded in said Bureau, in Book 16378, Page 358.

7. "Reserving unto Beta Pacific, Inc., a Hawaii corporation, its successor and assigns, the right to grant to any other owner of any property within the "Kahili Makai Subdivision", easements over, under and across Easement "D-7", as reserved in Warranty Deed dated May 25, 1982, recorded in said Bureau, in Book 16378, Page 369.

8. Reservation in favor of the owner of Lot 11 (Roadway), Kahili Makai Subdivision described herein to grant, in the event and at the same time said owner transfers, conveys and/or dedicates Lot 11 (Roadway) to a governmental agency or body for public roadway, Easement SD-1 to said governmental agency or body for drainage purposes if so required by the governmental agency or body and the owner of Lot 5 shall, if deemed necessary by the governmental agency or body, join in the Grant of Easement SD-1, as reserved in Deed dated May 25, 1982, recorded in said Bureau, in Book 16379, Page 369.

9. The restrictive covenants and conditions in Deed dated May 25, 1982, recorded on June 2, 1982, in Book 16378, Page 369.

NOTE: These deals with Lot 5 and a non-exclusive easement over Lot 11 for roadway purposes and are deemed non-material by the Developer.

10. Right-of-Entry dated April 27, 1982, in favor of Citizens Utilities Company and Hawaiian Telephone Company, granting a right-of-entry and easement for utility purposes recorded in said Bureau, in Book 17511, Page 488.

11. Declaration Regarding Easements, dated April 8, 1993, granting Easement A-5 for ingress and egress purposes in favor of Lot 6 and 7 of the Kahili Makai Subdivision, subject to the terms contained therein, recorded in said Bureau, as Document No. 93-036508.

The foregoing instrument was amended by Amendment to Declaration Regarding Easements, dated December 14, 1993, recorded in said Bureau, as Document No. 93-213173.

12. Mortgage, Security Agreement and Financing Statement dated December 14, 1993, in favor of Jacob A. Bloom, Trustee of Sweet Rain Investment Trust under that certain unrecorded Trust Agreement dated December 13, 1984, as amended by that certain Amended and Restated Declaration of Revocable Holding Trust of Sweet Rain Investment Trust, dated November 7, 1990, recorded in said Bureau, as Document No. 93-213175.

13. Waiver and Release dated February 17, 1994, recorded in said Bureau, as Document No. 94-038994.

14. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration of Horizontal Property Regime of "Kahili Nani", dated August 23, 1994, recorded in said Bureau, as Document No. 94-152264, and amended on December 13, 1994, recorded in said Bureau, as Document No. 94-209490.

15. Condominium Map No. 2103 recorded in the Bureau of Conveyances, State of Hawaii, as amended.

16. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the By-laws of the Association of Unit Owners of Kahili Nani dated August 23, 1994, recorded in said Bureau, as Document No. 94-152265.

17. For information regarding real property taxes, your attention is directed to Tax Assessor, County of Kauai.

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee x 12 months = Yearly Total</u>
A	43 x 12 =	\$516.00
B	43 x 12 =	\$516.00
C	43 x 12 =	\$516.00
D	43 x 12 =	\$516.00
E	43 x 12 =	<u>\$516.00</u>
		\$2,580.00

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

EXHIBIT "E"

Summary of Sales Contract

The sales contract contains the purchase price, description and location of the 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:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or canceled.

3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Provides the following remedies, in the event of default under the sales contract:

by Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

by Seller:

- a. Buyer may bring an action against Seller for breach of Contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

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

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

EXHIBIT "F"

Summary of Escrow Agreement

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

(a) Developer or Escrow will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the receipt for the Final Public Report;

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

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