CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by: Developer Boyd Taylor, Trustee
Address 611 Metals Bank Building
Butte, Montana 59701
Project Name(*): KAHIKO OHIA KALOKO
Address: Lot 2E, Kaloko Plantations Subdivision, Increment II
Hao Street, Kailua-Kona, Hawaii
Registration No. 3289 (conversion)

Effective date: August 4, 1995
Expiration date: September 4, 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.

x **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 [x] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

[x] No prior reports have been issued by the 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.

UNEQUAL COMMON INTEREST. The common interest appurtenant to the two units are not on an equal 50/50 basis. Therefore, purchasers should be aware that the unit owner of Unit B which has an appurtenant 65% interest will always be able to cast the majority vote in Apartment Owners Association matters, as well as unilaterally amend the By-Laws.

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:

Boyd Taylor, Trustee
Name

611 Metals Bank Building
Business Address

Butte, Montana 59701

Phone: (406) 723-4335 **(Business)**

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

_____

_____

_____

_____

Real Estate Broker:

Tom Schmidt, dba
Tom Schmidt Realtors
Name

P. O. Box 398
Business Address

Kailua-Kona, Hawaii 96745

Phone: (808) 955-5515 **(Business)**

Escrow:

Fidelity Escrow Services Corp.
Name

700 Bishop Street, Suite 1010
Business Address

Honolulu, Hawaii 96813

Phone: (808) 537-6799 **(Business)**

General Contractor:

_____
Name

_____
Business Address

_____

Phone: _____ **(Business)**

Condominium Managing Agent:

Self managed by Association
of Unit Owners
Name

P. O. Box 2267
Business Address

Kealakekua, Hawaii 96750

Phone: _____ **(Business)**

Attorney for Developer:

Michael H. Sakai, Esq.
Name

201 Merchant Street, Suite 902
Business Address

Honolulu, Hawaii 96813

Phone: (808) 531-4171 **(Business)**

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
[x] Recorded - Bureau of Conveyances: Document No. 94-204080
Book_____ Page _____
[ ] Filed - Land Court: Document No._____

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

B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[x] Recorded - Bureau of Conveyances Condo Map No. 2167
[ ] 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
[x] Recorded - Bureau of Conveyances: Document No. 94-204081
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 [x] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	Majority of Board

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

2. Developer:

[x] 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:

[x] 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 2E, Kaloko Plantation Subdivision Increment II Hao Street, Kailua-Kona, Hawaii

Tax Map Key: (3) 7-3-25-23 (TMK)

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

Land Area: 3.100 [ ] square feet [x] acre(s) Zoning: A-3a

Fee Owner : Boyd Taylor, Trustee of that certain unrecorded Boyd Taylor, C.P.A., P.C. Profit Sharing Trust

Name

611 Metals Bank Building

Address

Butte, Montana 59701

Sublessor: _____

Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 1

[x] Exhibit A contains further explanations.

3. Principal Construction Material:

[x] Concrete [ ] Hollow Tile [x] Wood

[x] Other and other allied materials.

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning			No. of Apts.	Use Determined By Zoning	
[ ] Residential	____	[ ] Yes	[ ] No	[ ] Ohana	____	[ ] Yes	[ ] No
[ ] Commercial	____	[ ] Yes	[ ] No	[ ] Industrial	____	[ ] Yes	[ ] No
[ ] Mix Res/Comm	____	[ ] Yes	[ ] No	[x] Agricultural	2	[x] Yes	[ ] No
[ ] Hotel	____	[ ] Yes	[ ] No	[ ] Recreational	____	[ ] Yes	[ ] No
[ ] Timeshare	____	[ ] Yes	[ ] No	[ ] Other: _____	____	[ ] Yes	[ ] No

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

[x] Pets: Only two domestic pets permitted per apartment

[ ] Number of Occupants:

[x] Other: Declaration, dated October 29, 1981, recorded in Book 15975, Page 75 in the Bureau of Conveyances, State of Hawaii

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net (Living) Area (sf)*	Lanai/Patio (sf)
A	1	0/0	100	
B	1	0/0	100	

Total Apartments: 2

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

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

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

Each apartment owner may alter the interior of the apartment and the exterior of the apartment provided that such alteration is permitted by all applicable building codes and zoning ordinances.

7. Parking Stalls:

Total Parking Stalls: 0

Each unit has ample area within its respective limited common element land area for parking purposes.

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
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.

[x] Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[x] 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

[x] 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):

Not Applicable.

11. Conformance to Present Zoning Code

a. [x] 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.

	Conforming	Non-Conforming	Illegal
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:

[x] described in Exhibit C.

[ ] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[ ] There are no limited common elements in this project.

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

[x] described in Exhibit C.

[ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[ ] described in Exhibit _____.

[x] as follows:

UNIT	PERCENTAGE INTEREST
A	35%
B	65%
Total	100%

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit D describes the encumbrances against the title contained in the title report dated 12-15-94 and issued by Old Republic Title & Escrow of Hawaii.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[x] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If Developer defaults, the mortgage may be foreclosed upon. If a foreclosure occurs, a purchase contract would be terminated and the buyer's deposit(s) returned to buyer. However, in the event that the buyer's deposit(s) have been disbursed by escrow, it may not be possible for buyer to get his/her deposit(s) returned.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

There are no warranties, either expressed or implied.

2. Appliances: None

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

Units were completed in August, 1993.

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):

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

[ ] not affiliated with the Developer
[x] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] other _____

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

[ ] None [ ] Electricity [ ] Gas [x] Water

[x] Sewer [ ] Television Cable [ ] Other_____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ ] Notice to Owner Occupants

[x] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.

[x] Escrow Agreement dated November 28, 1994
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other_____

B. Buyer's Right to Cancel Sales Contract:

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

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
   AND
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); AND
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime.
C) Bylaws of the Association of Apartment Owners.
D) House Rules.
E) Condominium Map.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other_____

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. 3289 filed with the Real Estate Commission on Feb. 13, 1995.

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

[ ] yellow paper stock [x] white paper stock [ ] pink paper stock

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 $ 300.00 year for Unit A and for Unit B. This estimate was prepared in accordance with generally accepted accounting principles.

UNEQUAL COMMON INTEREST. The common interest appurtenant to the two units are not on an equal 50/50 basis. Therefore, purchasers should be aware that the unit owner of Unit B which has an appurtenant 65% interest will always be able to cast the majority vote in Apartment Owners Association matters as well as unilaterally amend the Bylaws. Additionally, this also means that the owner of Unit B will be liable and responsible for 65% of all of the maintenance fees for the Project.

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.

BOYD TAYLOR, Trustee of that certain unrecorded Boyd Taylor, C.P.A., P. C. Profit Sharing Trust

Name of Developer

By: Boyd Taylor
Duly Authorized Signatory

1-25-9
Date

BOYD TAYLOR, Trustee
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

DESCRIPTION OF APARTMENTS

The Project has the following two units:

a. Unit A. Unit A consist of one freehold estate consisting of one agricultural storage structure. The net area of the structure is approximately 100 square feet. Parking is available anywhere within the limited common land area.

b. Unit B. Unit B consists of one freehold estate consisting of one agricultural storage structure. The net area of the structure is approximately 100 square feet. Parking is available anywhere within the limited common land area.

EXHIBIT "B"

ALTERATIONS OF APARTMENTS

Each unit owner may alter the interior of the unit and the exterior of the unit provided that such alteration is permitted by all applicable building codes and zoning ordinances.

If an owner makes an addition, alteration or rebuilds the unit, the following additional restrictions shall apply:

a. The limited common element land area boundary shall be a boundary line for determining any set-back requirements for the addition, new construction and any addition shall further comply with any set-backs delineated and described in the Condominium Map.

b. The total area of the unit being renovated or constructed including the new addition shall not exceed one-half (1/2) of the total living area and total building area permitted for the property and Project as established by the Island and County of Hawaii.

c. The Declaration and Condominium Map shall be amended to reflect and describe any additions, new construction, or renovations which amendments shall be at the sole cost and expense of the owner undertaking such addition or construction.

EXHIBIT "C"

COMMON AND LIMITED COMMON ELEMENTS

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 common driveway for ingress and egress and for utility purposes.

c. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage (including drainage from the roof), hot and cold water and like utilities which services more than one unit and any easements for such utility services.

d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project, including any common sewer facilities.

Limited Common Elements. The limited common elements for the units in the Project are as follows:

a. Unit A. The land area around and under Unit A which is delineated in the condominium map as Limited Common Element land area is a limited common element of Unit A and is for the exclusive use of Unit A and consists of approximately 1.033 acres.

b. Unit B. The land area around and under Unit B which is delineated in the condominium map as Limited Common Land Area is a limited common element of Unit B and is for the exclusive use of Unit B and consists of approximately 1.917 acres.

NOTE: Land areas herein described are not legally subdivided lots.

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

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

2. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the instrument dated December 29, 1966, recorded in the Bureau of Conveyances, State of Hawaii, in Book 5543, Page 247.

3. "Excepting and reserving also to Grantors and their successors and assigns, an easement and right-of-way ten (10) feet in width along each boundary of said Lot 2 of Block 5 (except any boundary abutting on any road shown on said File Plan No. 994) for the purpose of constructing, installing, operating, maintaining, repairing and replacing lines and other transmission facilities and appurtenances for water, gas, electricity, sewers, drainage, telephone, television and other public services and utilities, and the right to enter for such purposes and to trim and remove any trees in the way of such lines and facilities"; as excepted and reserved in said Deed, recorded in said Bureau, in Book 5543, Page 247.

4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration, dated October 29, 1981, recorded in said Bureau, in Book 15975, Page 74.

5. Mortgage dated July 3, 1990, in favor of Thomas Schmidt, doing business as Tom Schmidt Realtors, recorded in said Bureau, as Document No. 90-101066.

6. State Tax Lien dated April 15, 1992, against Boyd Taylor, in favor of State of Hawaii Department of Taxation, recorded in said Bureau, as Document No. 92-063014.

7. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime of Kahiko Ohia Kaloko, dated September 20, 1994, recorded in said Bureau, as Document No. 94-204080 and Condominium Map No. 2167 to which reference is hereby made.

8. By-Laws of the Association of Unit Owners of Kahiko Ohia Kaloko, dated September 15, 1994, recorded in said Bureau, as Document No. 94-204081.

9. Terms, provisions, conditions, covenants and reservations as contained in that certain unrecorded Boyd Taylor, C.P.A., P.C. Profit Sharing Trust herein referred to and the effect of any failure to comply with such terms, provisions and conditions.

10. For real property taxes, your attention is directed to the Tax Assessor, County of Hawaii.

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months =	Yearly Total
A	113.75	1,365.00
B	211.25	2,535.00

NOTE: The insurance premium for the project is only for liability coverage. Each unit owner will have to determine the amount of coverage that is necessary or desired for its shed and any other improvements built or constructed on the limited common area of each unit.

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

Estimate of Maintenance Fee Disbursements:

	Monthly x 12 months =	Yearly Total
Utilities and Services		
Air Conditioning		
Electricity		
[ ] common elements only		
[ ] common elements and apartments		
Elevator		
Gas		
Refuse Collection		
Telephone		
Water and Sewer	100	1200
Maintenance, Repairs and Supplies (Road)	200	2400
Building		
Grounds		
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance (Liability)	25	300
Reserves(*)		
Taxes and Government Assessments		
Audit Fees		
Other		
TOTAL	325	3900

I, Boyd Taylor, as agent and employed by xxxxxxxxxxxxxxxx, the condominium managing agent or the developer, for the condominium project Kahiko Ohia Kaloko, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Boyd Taylor

(*) Mandatory reserves in effect January 1, 1993

Date: 1-25-95

EXHIBIT "F"

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. If Buyer finances the purchase, he must apply for a loan within 5 days of the acceptance of the contract; obtain a pre-qualification letter from a lender within 15 days; and obtain loan approval within 45 days of submitting the loan application. Seller may retain any deposits as liquidated damages if Buyer fails to comply with the 5 and 15 day time limitations.

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 deposits;
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 "G"

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 Fidelity Escrow Services, Corp. 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.

EXHIBIT "H"

Stephen K. Yamashiro
Mayor

Virginia Goldstein
Director

Norman Olsen
Deputy Director

County of Hawaii
PLANNING DEPARTMENT
25 Aupuni Street, Room 109 • Hilo, Hawaii 96720-4252
(808) 961-8288 • Fax (808) 961-9615

March 6, 1995

Michael H. Sakai, Esq.
902 City Financial Tower
201 Merchant Street
Honolulu, HI 96813-2923

Dear Mr. Sakai:

Condominium Public Report
Kahiko Ohia Kaloko Condominium Project
Tax Map Key: 7-3-25:23

In response to your letter dated February 13, 1995, we have the following to offer:

1. The County zoning designation on page 9 of the Condominium Public Report should be A-3a.

2. Our records indicate that building permits were taken out for a dwelling, two agricultural sheds and an ohana dwelling. Both agricultural sheds were completed and final inspection given by the Department of Public Works, Building Division. However, building permits for the dwelling and ohana dwelling are still open and active as no final inspections were recorded for these structures.

3. Variances were not required to achieve compliance with the zoning and building ordinances and codes.

Should you have any further questions, please feel free to contact this office.

Sincerely,

Rodney K. Nakano
for VIRGINIA GOLDSTEIN
Planning Director

ETI:mjs
6156D-4