

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: ROBERT SETH SHAPIRO
Address: 346 Waiianuenu Avenue, Hilo, Hawaii 96720

Project Name (*): "KALOLI HOMES"
Project Address: 15-1576 and 15-1580 30th Street, Hawaiian Paradise Park, Keaau, HI 96749

Registration No. 3383 (Conversion)

Effective date: August 25, 1995
Expiration date: September 25, 1996

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes. 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
FORM: RECO-30 286/986/189/1190/892

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 ATTENTION

"Kaloli Homes" is a CONDOMINIUM PROJECT, **not** a subdivision. The private land area immediately appurtenant to each unit is a LIMITED COMMON ELEMENT appurtenant to the and is **not** a legally subdivided lot. The boundaries of each limited common element land area, as shown on the Condominium Map, are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/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 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 they 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 a 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 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: Robert Seth Shapiro Phone: (808) 961-9040
Name (Business)
346 Waianuenue Avenue
Hilo, Hawaii 96720
Business Address

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

N/A

Real Estate Broker: Prudential Tracy Lewis Realtors Phone: (808) 935-7119
Name (Business)
586 Kanoelehua Avenue
Business Address
Hilo, Hawaii 96720

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813

General Contractor: N/A Phone: _____
Name (Business)

Business Address

Condominium Managing Agent: Self-managed by association of unit owners Phone: _____
Name (Business)

Attorney for Developer: Case Myrdal Bigelow & Lombardi (Scott D. Radovich) Phone: (808) 547-5400
Name (Business)
737 Bishop Street, Suite 2600, Mauka Tower
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. _____
Book _____ Page _____
 Recorded - Land Court Document Number 2249916

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Recorded - Land Court Condo Map No. 1094

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances Document No. _____
Book _____ Page _____
 Recorded - Land Court Document No. 2249917

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:

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

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

2. **Developer:**

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

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

a. Any time prior to the first recording in the Land Court of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory to the Declaration, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map in any manner without approval or consent of any unit purchaser.

b. Until all of the units have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to a unit or substantially change the design, location or size of a unit.

c. Until all of the units have been sold, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any unit which has not been sold; and (ii) reflect minor changes in any unit or in the common elements which do not affect the physical location, design or size of any unit which has been sold.

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: 15-1576 and 15-1580 30th Street Tax Map Key: (3) 1-5-34:172
Hawaiian Paradise Park, Keaau, HI 96749 (TMK)

Address TMK is expected to change because N/A

Land Area: 1.0 square feet acre(s) Zoning: A-1A

Fee Owner: ROBERT SETH SHAPIRO
Name

346 Waianuenu Avenue
Address

Hilo, Hawaii 96720

Sublessor: _____
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass and other building materials

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input 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 No animals other than common household pets (dogs, cats and aquarium fish) in such number as not to cause an unreasonable disturbance to any unit owner (see section 12.1 of the Bylaws)
- Number of Occupants: _____
- Other: See use restrictions contained in section G of the Declaration
- 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>Deck (sf)</u>
<u>A</u>	<u>1</u>	<u>3/2</u>	<u>1,075</u>	<u>78</u>
<u>B</u>	<u>1</u>	<u>3/2</u>	<u>1,075</u>	<u>78</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<u>Total Apartments</u>	<u>2</u>			

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

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

BOUNDARIES OF EACH APARTMENT: Each unit includes, but is not limited to, the footings or slab on which it is constructed, the carport and deck area, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the unit, and all fixtures originally installed in the unit. Each unit shall not include any pipes, shafts, wires, conduits or other utility or service lines running through such unit which are utilized for or serve more than one unit, the same being deemed common elements as hereinafter provided.

PERMITTED ALTERATIONS TO APARTMENTS:

See EXHIBIT "A"

7. Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	<u>2</u>	<u>0</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>4</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 parking stall(s)
(located in the carport for each unit as shown on the Condominium Map).

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):

N/A

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:
 described in Exhibit "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 may use them, as described in the Declaration are:

described in Exhibit "C".

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. 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:

<u>UNIT NO.</u>	<u>UNDIVIDED COMMON INTEREST</u>
A	0.500 (50.0%)
B	0.500 (50.0%)

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 June 5, 1995 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only 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 in favor of American Savings Bank	Buyer's interest is subordinate to the mortgage (Buyer's interest can be terminated and deposit refunded)

Note: At the time of the first conveyance of each apartment unit, the mortgage will be released of record from the apartment and common interest being conveyed.

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

2. Appliances:

The Developer makes no warranty as to appliances or other consumer products installed in any unit or in the common elements. If there are any applicable manufacturer's or dealer's warranties relating to such appliances or other consumer products, the Developer will cooperate as necessary to assign and pass on to each unit owner the benefit of such warranties.

G. Status of Construction and Estimated Completion Date:

Construction of Unit A and Unit B was completed in 1991.

H. Project Phases:

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

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

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 [] the Developer or the Developer's affiliate.
[X] self-managed by the Association of Apartment Owners [] 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:

[X] None [] Electricity [] Gas [] Water
[] Sewer [] Television Cable [] Other _____

NOTE: Each apartment unit in the project is serviced by an individual water catchment system and a cesspool, located within the private land area appurtenant to the unit as shown on the Condominium Map. Neither unit is connected to or served by a public water system or a public sewer system.

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 _____ "F" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated _____
Exhibit _____ "G" contains a summary of the pertinent provisions of the escrow contract.
- Other Specimen Deed _____.

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 buyers. 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, 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 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 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 3383 filed with the Real Estate Commission on July 26, 1995.

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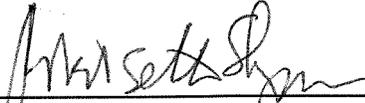
C. Additional Information Not Covered Above

Roadway Maintenance. The project includes, as a common element, an undivided 1/5750 interest in certain private roadway lots, more particularly described in Exhibit "A" to the condominium declaration. In accordance with the Circuit Court judgment referenced in Exhibit "A" to the condominium declaration, the owners of the project are required to contribute to maintenance of the roadway lots. Maintenance of the private roadways is managed by Paradise Hui Hanalike. The current annual fee assessed to the project for roadway maintenance is \$105.20 (or \$52.60 per unit). Each unit owner will be required to pay its portion of the roadway maintenance assessments, and any increases in the assessments.

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.

ROBERT SETH SHAPIRO

Name of Developer

By: 
ROBERT SETH SHAPIRO

Date 5/28/05

Distribution:

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

EXHIBIT "A"

PERMITTED ALTERATIONS TO APARTMENTS

Section M of the condominium declaration provides as follows:

M. ALTERATION OF PROJECT.

1. **By Association.** Repair, reconstruction, restoration, replacement of the project or any building or other structure or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the condominium map shall be undertaken by the association or any unit owner only pursuant to an amendment of this declaration. Except as expressly provided in subsections M.2 and M.3 below or otherwise in this declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of one hundred percent of the unit owners, and in accordance with complete plans and specifications therefor first approved in writing by the board. If required by the Act, promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the association shall duly record and file of record such amendment together with a complete set of floor plans of the project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. **By Unit Owner.**

(a) Each unit owner shall have the right at such owner's sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of the other unit or any other persons or entity (except the holders of first mortgage liens affecting the unit to be altered, if the lienholders so require), to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in such owner's unit or portions thereof or upon and within the private land area appurtenant to such owner's unit (collectively, the foregoing are referred to in this subsection M.2 as "alterations"). Each unit owner shall have the right without the consent or joinder of any other person to amend this declaration and the condominium map to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the owner of the altered unit shall duly record and file of record an amendment to this declaration, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. If required by the Act, the board shall be deemed to approve of all such alterations. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered unit a power of attorney to execute an amendment to the declaration solely for the purpose of describing the alterations to such unit in the declaration so that the owner of the altered unit shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the declaration. This power of attorney shall be deemed coupled with each owner's interest in the unit (including the common interest) and shall be irrevocable.

(b) Any alterations to a unit pursuant to this subsection M.2 shall be subject to the following conditions:

(i) All building plans for any such alterations shall conform with State and County of Hawaii land use, building and zoning laws and other applicable County of Hawaii ordinances and regulations;

(ii) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit closer than five feet from any boundary limits of the private land area appurtenant to such unit;

(iii) All such alterations shall be at the sole expense of the unit owner making the alterations and shall be completed within one year of the commencement thereof and in a manner that will not unreasonably interfere with use and enjoyment of the other unit or the private land area appurtenant to the other unit;

(iv) The owner of the altered unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the

service of such utilities to any other part of the project, nor shall it unreasonably interfere with use and enjoyment of the other unit or the private land area appurtenant to the other unit;

(v) Before commencing or permitting construction on any alteration of a unit pursuant to this subsection M.2, the costs of which will exceed \$10,000, the owner making the alterations, at such owner's sole expense, shall obtain and provide the other unit owner and the association with evidence of a bond or certificate, or an irrevocable letter of credit issued by a bank authorized to do business in the State of Hawaii, in an amount of not less than one hundred percent (100%) of the cost of such construction, or, in lieu thereof, a guarantee against mechanics' and materialmen's liens satisfactory to the other unit owner.

3. **By Declarant.** Any other provision in this declaration to the contrary notwithstanding, prior to the time that all units in the project have been sold and the conveyance thereof recorded, Declarant shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the association, any unit owner or any mortgagee, lienholder, unit purchaser or any other person who may have an interest in the project, to do the following:

(a) To make alterations in the project (and to amend this declaration and the condominium map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any unit (and the limited common elements appurtenant thereto) in the project which is not sold and the conveyance thereof recorded; and

(b) To make other alterations in the project (and to amend this declaration and the condominium map accordingly) which make minor changes in any unit in the project or in the common elements which do not affect the physical location, design or size of any unit which has been sold and the conveyance thereof recorded.

EXHIBIT "B"

COMMON ELEMENTS

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" attached to the Declaration, in fee simple.
2. All sewer lines, drainage facilities, electrical equipment, wiring, pipes and other central and appurtenant facilities and installations over, under and across the project which serve more than one unit for services such as power, light, water, gas, telephone, sewer and radio and television signal distribution, if any.
3. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "C"

LIMITED COMMON ELEMENTS

The units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. **PRIVATE LAND AREA.** Certain land area ("private land area") of the project, located as shown on the condominium map and designated thereon as limited common element, is appurtenant to and for the exclusive use of each unit as designated on the condominium map.

<u>Unit No.</u>	<u>Private land area (approx. land area)</u>
A	21,780 square feet
B	21,780 square feet

NOTE: The boundaries of the private land area appurtenant to each unit, as shown on the condominium map, do not represent County-approved subdivided lots. Such boundaries serve only to delineate the limited common element private land area appurtenant to each unit.

2. **WATER CATCHMENT TANKS, CESSPOOLS, RELATED FACILITIES.** The water catchment tank, cesspool and related facilities utilized for or serving only one unit and located within the private land area appurtenant to such unit, as shown on the condominium map, is appurtenant to and for the exclusive use of such unit.

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes that may be due and owing, reference is made to the Director of Finance, County of Hawaii.
2. As to the undivided interest in Lots 60 and 62, a right of way in favor of Lot 58, as granted by Deed dated September 24, 1945, filed as Land Court Document No. 104733.
3. As to the undivided interest in Lot 62, Easement 29 for utility purposes, as shown on Map 10, as set forth by Land Court Order No. 17102, filed April 24, 1959.
4. As to the undivided interest in Lot 8387, Easement 30 for utility purposes, as shown on Map 57, as set forth by Land Court Order No. 17102, filed April 24, 1959.
5. Grant in favor of Hawaii Electric Light Company, Inc., dated April 24, 1959, filed as Land Court Document No. 236028, granting easements over said Easements 29 and 30.
6. As to the undivided interest in Lot 4-B:
 - (a) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
 - (b) Lease of right of way for utility purposes in favor of Hawaiian Telephone Company, now known as GTE Hawaiian Telephone Company Incorporated, dated May 6, 1955, filed as Land Court Document No. 181820, for a term of 30 years from May 6, 1955, etc.
 - (c) Unrecorded right of way in favor of OIaa Sugar Company, Limited.
7. As to the undivided interest in Lots 60, 62, 8297, 8363, 8385, 8387, 3115, 1 and 4-B:
 - (a) Exception, reservation and power in favor of Hawaiian Paradise Park Corp., its successors and assigns, to grant licenses, easements and privileges to others in, over, across and through said roadway lots for utilities, access and other service purposes, as set forth in Deed dated January 5, 1973, filed as Land Court Document No. 622207.

Said exception, reservation and power was assigned to Paradise Hui Hanalike, a Hawaii nonprofit corporation, by that certain Quitclaim Assignment of Reservation of Rights dated December 18, 1985, as referenced in Land Court Order No. 77755, filed April 2, 1986.
 - (b) Various waterline easements and grants appurtenant to all lots entitled thereto.
 - (c) The effects, if any, of the Judgment dated and filed in the Circuit Court of the Third Circuit, State of Hawaii, Civil No. 6595 on January 25, 1984, pursuant to the opinion of the Supreme Court of the State of Hawaii, Case No. 8699, dated April 25, 1983, to-wit:

"In accordance with the opinion of the Supreme Court of the State of Hawaii, where a subdivision is created consisting of lots and private roadways servicing them, and the deeds to the lots are silent as to any duty to contribute to the maintenance of the roads, owners of lots abutting the roads have a legal duty to contribute to necessary road maintenance. Specifically, all lot owners in Increment I, Hawaiian Paradise Park Subdivision, in Puna, Hawaii, whose deeds are silent as to any duty to contribute to road maintenance within the subdivision, shall be required to contribute to the maintenance of the roads. This mandate shall not affect those lot owners within the subdivision whose lots do not abut a subdivision roadway and/or have previously been exempted by the Court from contributing toward road maintenance."
7. As to the Undivided Interest in Lots 8297 and 8387: Final Order of Condemnation filed in Civil No. 89-212 in the Circuit Court of the Third Circuit, State of Hawaii, on August 20, 1990, in favor of the State of Hawaii, condemning a portion of Lots 8297 and 8387 more particularly described therein. (Not noted on Transfer Certificate of Title referred to herein.)

8. Grant in favor of Hawaii Electric Light Company, Inc. and GTE Hawaiian Telephone Company Incorporated, dated February 25, 1991, filed as Document No. 1811315, granting a perpetual right and easement to construct, reconstruct, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity.

9. Mortgage dated December 14, 1993, in favor of American Savings Bank, F.S.B., a federal savings bank, as mortgagee, recorded as Document No. 2098532.

10. Declaration of Condominium Property Regime of "Kaloli Homes" dated May 31, 1995, recorded as Document No. 2249916.

Condominium Map No. 1094.

11. Bylaws of the Association of Unit Owners of "Kaloli Homes" adopted as of May 31, 1995, recorded as Document No. 2249917.

Condominium Map No. 1094.

EXHIBIT "E"

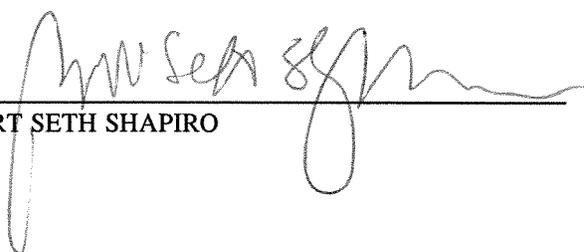
ESTIMATED MAINTENANCE FEES

The regular maintenance and repair of each unit and appurtenant limited common elements shall be the sole responsibility of each respective unit owner.

Article 7 of the Bylaws requires that the Association shall purchase and maintain casualty and liability insurance covering the project, subject to allocation to or assumption by the individual unit owners as provided in the Bylaws. The cost of such policies will be a common expense of the project for which maintenance fees will be assessed. The Developer estimates that the annual premiums for such insurance policies will be approximately \$1,035 (including hurricane coverage) for each unit.

The project's required contribution to private roadway maintenance, as discussed on page 20 of this public report, will also be a common expense of the project. The current annual fee assessed to the project for such roadway maintenance is \$105.20 (or \$52.60 per unit).

I, Robert Seth Shapiro, as developer for the condominium project, hereby certify that the above-referenced estimates were prepared in accordance with generally accepted accounting principles.



ROBERT SETH SHAPIRO

EXHIBIT "F"

SUMMARY OF SALES CONTRACT

The Sales Contract (Hawaii DROA with Kaloli Homes Addendum) contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the project prior to signing the Sales Contract.
- (c) That the purchaser accepts the property in its present condition ("as is").
- (d) That the unit and the project will be subject to various legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- (e) That the purchaser must close the purchase at a certain date and pay certain closing costs, in addition to the purchase price.
- (f) In the event of a default by the purchase under the Sales Contract, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

The Sales Contract contains various other important provisions relating to the purchase of a unit in the project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT "G"

SUMMARY OF ESCROW AGREEMENT

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

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.