

## CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer RANALD J. McDONALD and SHARI A. McDONALD  
Address P. O. Box 2665, Kailua-Kona, Hawaii 96745

Project Name(\*): KALOKO OHANA  
Address Lot 20(2)-A of Kaloko Farm Lots, Tract 3  
Kaloko, North Kona, Island of Hawaii, State of Hawaii

Registration No. 3510 Effective date: February 14, 1997  
(Partial Conversion) Expiration date: March 14, 1998

### Preparation of this Report:

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

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

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

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

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

### Type of Report:

**PRELIMINARY:**  
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

**FINAL:**  
(white) The developer has legally created a condominium and has filed complete information with the Commission

No prior reports have been issued.  
 This report supersedes all prior public reports.  
 This report must be read together with \_\_\_\_\_.

**SUPPLEMENTARY:** This report updates information contained in the:  
(pink)  Preliminary Public Report dated: \_\_\_\_\_.  
 Final Public Report dated: \_\_\_\_\_.  
 Supplementary Public Report dated: \_\_\_\_\_.

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

(\*) Exactly as named in the Declaration

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

[ X ] Required and attached to this report as Exhibit "H" [ ] Not Required - disclosures covered in this report

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

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

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

[ ] Changes made are as follows:

**SPECIAL ATTENTION**

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

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

Prospective purchasers are advised that as of the effective date of this report, no additional comments have been received from the Hawaii County Planning Department. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

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

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## **General Information On Condominiums**

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

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

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

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

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

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

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

## **Operation of the Condominium Project**

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

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

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: RANALD J. McDONALD and SHARI A. McDONALD Phone: (808) 325-5010  
Name (Business)  
P. O. Box 2665  
Business Address  
Kailua-Kona, Hawaii 96745

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

N/A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Fourmax, Inc. dba RE/MAX Brokers Phone: (808) 326-1556  
Name (Business)  
75-5742 Hualali Road, Suite A105  
Business Address  
Kailua-Kona, Hawaii 96740

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 329-6666  
Name (Business)  
P. O. Box 1837  
Business Address  
Kailua-Kona, Hawaii 96745

General Contractor: Owner/Contractor - Ranald McDonald Phone: (808) 325-5010  
Name (Business)  
P. O. Box 2665  
Business Address  
Kailua-Kona, Hawaii 96745

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

Attorney for Developer: Robert D. Triantos Phone: (808) 329-6464  
Name (Business)  
P. O. Box 1720  
Business Address  
Kailua-Kona, Hawaii 96745

## 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. 96-020863  
Book \_\_\_\_\_ Page \_\_\_\_  
 Filed - Land Court Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: **First Amendment to Declaration of Condominium Property Regime of Kaloko Ohana dated January 14, 1997, recorded January 24, 1997, at the Bureau of Conveyances as Document No. 97-011589.**

- 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 the condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 2360  
 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]: **Amended Condominium Map (revised September 27, 1996) filed January 24, 1997, at the Bureau of Conveyances, together with the First Amendment to Declaration of Condominium Property Regime noted above.**

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

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 96-020864  
Book \_\_\_\_\_ Page \_\_\_\_  
 Filed - Land Court Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed     Adopted     Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. Developer:

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

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

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



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 purposes 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 20(2)-A of Kaloko Farm Lots, Tract 3 Tax Map Key: (3) 7-3-008:060  
Kaloko, District of North Kona (TMK)  
Island, County and State of Hawaii

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

Land Area: 1.605  square feet  acre(s) Zoning: A-3A

Fee Owner : RANALD J. McDONALD and SHARI A. McDONALD  
 Name  
P. O. Box 2665  
 Address  
Kailua-Kona, Hawaii 96745

Sublessor:  
 \_\_\_\_\_  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

**C. Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building 1  
 Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes  No

5. Special Use Restrictions:

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

Pets: \_\_\_\_\_

Number of Occupants: No more than 6 adults per unit

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

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/Bat</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>2/2</u>	<u>1,120</u>	<u>223</u>
<u>B</u>	<u>1</u>	<u>0/0</u>	<u>2,140*</u>	<u>-0-</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. Apt. B is a quonset hut built originally as an accessory use (garage) to Apt. B.**

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

**Boundaries of Each Apartment:**

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

**Permitted Alterations to Apartments:**

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

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> (Unit B)	<u>2</u> (Unit A)	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
 Total Covered & Open	<u>4</u>		_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least 2 parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

- 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):

The structural components and the mechanical and electrical systems are in fair to good conditions consistent with their age. The Developer is not able to make any representations as to the useful life of the structural components or the mechanical and electrical systems.

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>	_____	_____
Structures	<u>X</u>	_____	_____
Lot	<u>X</u>	_____	_____

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

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

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

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

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

described in Exhibit B.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit C.

as follows:

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

described in Exhibit \_\_\_\_.

as follows:

Unit A - 33.33%

Unit B - 66.67%

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

Exhibit D describes the encumbrances against the title contained in the title report dated December 22, 1995 and issued by Title Guaranty of Hawaii, Inc.

Developer represents that except for the amendment to Declaration of Condominium Map filed on January 24, 1997, there have been no other changes.

**Blanket Liens:**

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest may be terminated in which event Buyer will receive a refund of all deposits, less an escrow cancellation fee (maximum \$250.00 §514A-62(c)).

**F. Construction Warranties:**

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

**1. Building and Other Improvements:**

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

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

**2. Appliances:**

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

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

Unit A - 1990

Unit B - Sept. 1995

H. **Project Phases:**

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

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

**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:

- |   |  |
|---|--|
| <input type="checkbox"/> not affiliated with the Developer                              | <input type="checkbox"/> the Developer or the Developer's affiliate. |
| <input checked="" type="checkbox"/> self-managed by the Association of Apartment Owners | <input type="checkbox"/> 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:

- |                                |   |                                      |   |
|--------------------------------|---|--------------------------------------|---|
| <input type="checkbox"/> None  | <input type="checkbox"/> Electricity      | <input type="checkbox"/> Gas         | <input checked="" type="checkbox"/> Water |
| <input type="checkbox"/> Sewer | <input type="checkbox"/> Television Cable | <input type="checkbox"/> 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
- Specimen Sales Contract  
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 10, 1996  
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 Agreement attached as Exhibit I: Farm Dwelling Agreement

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, as amended) 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. 3510 filed with the Real Estate Commission on 02/20/96.

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

yellow paper stock     white paper stock     pink paper stock

Additional Information Not Covered Above

None.

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.

RANALD J. McDONALD and SHARI A. McDONALD

Name of Developer

By: Ronald McDonald  
Duly Authorized Signatory

1-10-96  
Date

By: Shari A. McDonald  
Duly Authorized Signatory

1-10-96  
Date

RANALD J. McDONALD and SHARI A. McDONALD - OWNERS/DEVELOPERS

print name & title of person signing above

Distribution:

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

## EXHIBIT A

### **DESCRIPTION OF THE BUILDINGS:**

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

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

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

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

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

(1) Apartment Unit A: This Apartment is a free standing one (1) story building containing a net living area of approximately 1,120 square feet, excluding the lanai, and consists of a kitchen, dining area, living room, two (2) bedrooms, two (2) bathrooms, and lanai, with two (2) open parking spaces.

(2) Apartment Unit B: This Apartment is a free standing one (1) story building containing a net living area of approximately 2,140 square feet, and consists of a quonset hut, with two covered parking spaces. The Developer reserves the right to construct another building or buildings in addition to the quonset hut with the consent and approval obtained pursuant to the Declaration and Bylaws, as they may be amended.

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

**END OF EXHIBIT A**

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

**END OF EXHIBIT A**

**EXHIBIT B**

**COMMON ELEMENTS:**

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

a. The Land in fee simple.

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

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

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

**END OF EXHIBIT B**

## EXHIBIT C

### **LIMITED COMMON ELEMENTS:**

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

a. Apartment Unit A shall have appurtenant to it the area described on the Condominium Map as "Unit A Limited Common Element", including all portions of any driveway depicted therein, containing 0.504 acres, more or less, as more particularly described in Exhibit "B" attached hereto and made a part hereof. Apartment Unit B shall have appurtenant to it the area described on the Condominium Map as "Unit B Limited Common Element", including all portions of any driveway depicted therein, containing 1.101 acres, more or less, as more particularly described in Exhibit "C" attached hereto and made a part hereof. The Yards do not represent County-approved subdivided lots. Such boundary descriptions serve only to delineate the boundaries of the Limited Common Element Yards appurtenant to each Apartment.

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

END OF EXHIBIT C

EXHIBIT D

**ENCUMBRANCES AGAINST THE TITLE:**

1. Real property taxes as may be due and owing. Check with the County Tax Assessor.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. An easement for use for roadway and utility purposes by all co-owners thereof, as mentioned in Warranty Deed dated February 7, 1968, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5962, Page 456, to which reference is hereby made.

4. GRANT

TO : HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE  
HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : June 12, 1990

RECORDED : Document No. 91-006479

GRANTING : a perpetual right and easement to  
construct, reconstruct, repair, maintain  
and operate pole and wire lines, etc., for  
the transmission and distribution of  
electricity

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : AGREEMENT

DATED : --- (acknowledged March 2, 1993)

RECORDED : Document No. 93-047177

PARTIES : RANALD J. McDONALD and SHARI A.  
McDONALD with the PLANNING DEPARTMENT  
OF THE COUNTY OF HAWAII

RE : Addition of garage to single family  
dwelling

6. MORTGAGE

MORTGAGOR : RANALD J. McDONALD and SHARI A. McDONALD,  
husband and wife  
MORTGAGEE : THE HAMMOND COMPANY, THE MORTGAGE BANKERS,  
a California corporation, d.b.a. THE  
HAMMOND COMPANY  
DATED : September 10, 1993  
RECORDED : Document No. 93-  
AMOUNT : \$140,000.00

7. The Project is also subject to Condominium Documents identified on page 6 of this Report.

END OF EXHIBIT D

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee X 12 months	=	Yearly Total
1	\$31.66 X 12	=	\$379.92
2	\$63.34 X 12	=	\$760.08

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

Maintenance Fees and Maintenance Fee Disbursements:

Estimate of Maintenance Fee Disbursements:

	<u>Monthly X 12 months =</u>	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning		
Electricity		
Gas		
Refuse Collection		
Telephone		
Water		
(x) common elements and apartments	15 X 12 =	180.00
Maintenance, Repairs and Supplies		
Pool		
Building		
Grounds	10 X 12 =	120.00
Pest		
Reserves-Long term maintenance	20 X 12 =	240.00
Management		
On-site Manager		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	50 X 12 =	600.00
Taxes and Government Assessments (Real Property Taxes)		
Audit Fees		
Other		
Master Association Fees		
TOTAL:		\$1,140.00

I/We, RANALD J. MCDONALD and SHARI A. MCDONALD, as owner/developer for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Date: 1-10-96

Ranald J. McDonald  
RANALD J. MCDONALD - OWNER DEVELOPER

Shari A. McDonald  
SHARI A. MCDONALD - OWNER DEVELOPER

END OF EXHIBIT E

## EXHIBIT F

### SUMMARY OF SALES CONTRACT AND RECEIPT:

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

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

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

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

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

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

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

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

**END OF EXHIBIT F**

## EXHIBIT G

### SUMMARY OF EXECUTED ESCROW AGREEMENTS

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

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

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

END OF EXHIBIT G

KALOKO OHANA - DISCLOSURE ABSTRACT

Name and Address of Project: KALOKO OHANA condominiums is situated at Kaloko, Island and County of Hawaii, State of Hawaii. It's mailing address is P. O. Box 2665, Kailua-Kona, Hawaii 96745.

Name, Address and Telephone Number of Owner: RANALD J. MCDONALD and SHARI A. MCDONALD, husband and wife, whose mailing address is P. O. Box 2665, Kailua-Kona, Hawaii 96740, and whose telephone number is (808) 325-5010.

Managing Agent: Self managed by the Association of Apartment Owners.

Real Estate Agent: Unit A is listed with FOURMAX, INC. dba RE/MAX Brokers, whose mailing address is 75-5742 Hualalai Road, A105, Kailua-Kona, Hawaii 96740, and whose phone number is (808) 326-1556. Developer is retaining Unit B.

Estimated Annual Maintenance Fees and Monthly Costs for Each Unit: (See attached)

Description of Warranties: Except for the limited warranty set forth in Paragraph C-54 (if any) of the DROA, Seller makes no express warranties. **SELLER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OR WORKMANSHIP AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, THE COMMON ELEMENTS OR THE PROJECT.** Buyer acknowledges that he has had an opportunity to examine the Apartment, the common elements and the Project and that neither the Seller nor its agents, representatives or employees have made any warranties, express or implied, with respect to the Apartment, its quality or grade, or any of the common elements of the Project or anything installed therein, their quality or grade. In particular, Seller disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which Buyer may encounter with respect to the Apartment or the Project.

BUYER FURTHER ACKNOWLEDGES THAT HIS ATTENTION HAS BEEN DIRECTED TO THIS PARAGRAPH, THAT HE HAS READ AND UNDERSTANDS SELLER'S DISCLAIMERS OF WARRANTY AND THAT HE EXPRESSLY, KNOWINGLY AND INTELLIGENTLY WAIVES AND RELEASES ANY AND ALL RIGHTS, CLAIMS, ACTIONS OR CAUSES OF ACTION HE NOW HAS OR MAY HAVE IN THE FUTURE ARISING OUT OF, RELATED TO, OR CONNECTED IN ANY WAY WITH, ANY DEFECTS OR DEFICIENCIES IN THE APARTMENT, THE COMMON ELEMENTS OR THE PROJECT.

EXHIBIT H

Usage: The project contains Residential Units. The estimated annual and monthly maintenance fees were prepared as of \_\_\_\_\_, 1995, and are hereby certified to have been based on generally accepted accounting principles. THE FIGURES CONTAINED HEREIN ARE ESTIMATES AND ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY OWNER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION AS TO THE ACCURACY OF SUCH ESTIMATES.

Please sign this disclosure Abstract and return the copy to us. Your signature acknowledges your receipt of this Disclosure Abstract dated 1-10, 1996.

DATED: \_\_\_\_\_

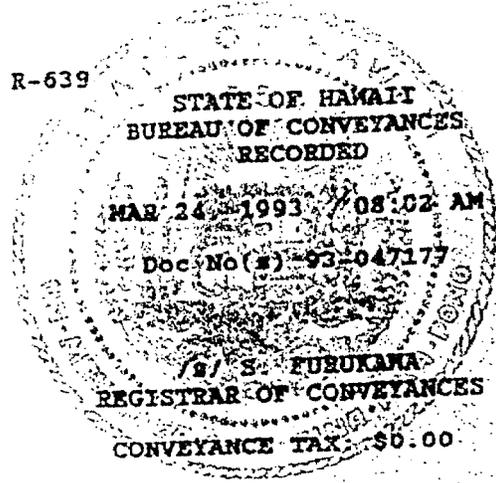
Ronald McDonald  
RANALD J. MCDONALD

Shari A. McDonald  
SHARI A. MCDONALD

UNIT NO. \_\_\_\_\_ Receipt acknowledged this \_\_\_\_\_ day  
of \_\_\_\_\_, 1996.

\_\_\_\_\_

R-639



AFTER RECORDATION, RETURN BY MAIL ( ) PICK-UP ( )

Planning Department  
County of Hawaii  
25 Aupuni Street, Room 109  
Hilo, Hawaii 96720

TITLE OF DOCUMENT:

Agreement

PARTIES TO DOCUMENT:

Ronald J. McDonald  
Shari A. McDonald

PROPERTY DESCRIPTION:

TMK: 7-3-8: 60  
North Kona

RECORDATION REQUESTED BY:

AFTER RECORDATION, RETURN TO:  
Planning Department  
County of Hawaii  
25 Aupuni Street  
Hilo, HI 96720

RETURN BY:    Mail ( )            Pickup ( )

A G R E E M E N T

WHEREAS, Ranald J. McDonald and Shari A. McDonald  
hereinafter called "Owner," whose residence address is \_\_\_\_\_  
P.O. Box 2665, Kailua-Kona, Hawaii 96745, desires to enter into  
an agreement with the PLANNING DEPARTMENT of the County of Hawaii,  
hereinafter called "County";

WHEREAS, the said Owner is constructing a detached garage,  
2,240 square feet in size as an accessory use to the existing single  
family dwelling use for the storing of their personal cars.

for their own convenience and in consideration for the permission  
received by the County to construct and install said improvements  
\_\_\_\_\_ , Owner

assures the County that the said improvements will be used for  
single family dwelling use unless otherwise permitted by the  
County and makes the said agreement of record; and

WHEREAS, the subject area is zoned A-3a by the  
County of Hawaii and classified Agriculture by the State  
Land Use Commission;

NOW, THEREFORE, in consideration of the foregoing, owner does hereby impose on the property described hereinafter, the following restriction:

1. Unless the applicable zone for the property shall be changed or the Planning Department of the County of Hawaii, or its successor body shall consent, the improvements located thereon shall be used only as a single family dwelling and no part thereof shall be rented out as a separate unit. This agreement shall run with the land, and shall be included or mentioned in any future conveyance of the property; and

2. That the owner shall grant to the Planning Department a reasonable right of entry to periodically inspect the premises to assure compliance with provisions of this agreement; provided, however, that the Planning Department shall give the owner reasonable notice prior to entering upon the premises for inspection purposes; and

3. That this agreement shall run with the land and apply to all persons who may or in the future use or occupy the dwelling above described; and

4. That all of the provisions of these conditions shall be recorded with the State of Hawaii Bureau of Conveyances; and

5. Failure of Owner to abide by this agreement shall result in the immediate removal of the said improvements

---

by the Owner at Owner's expense upon demand by County.

Upon Owner's failure to remove said improvements

within one month after demand is made by the County, the parties agree that this agreement will be a nullity and the County may treat said improvements

as a violation of the ordinances then in existence. The parties further agree that the enforcement provision of this agreement shall be binding on all heirs, devisees and assigns.

The property upon which the restriction is imposed is described as follows:

TMR: 7-3-8: 60  
North Kona

IT IS HEREBY FURTHER AGREED that if this agreement is with a Lessee, the legal owner shall be a party to this agreement.

IN CONSIDERATION OF THE AFORESAID, the Planning Department, County of Hawaii, hereby approves this agreement as being in conformity with the pertinent provisions of the Zoning Code, Chapter 25.

IN WITNESS WHEREOF, the said \_\_\_\_\_

\_\_\_\_\_ has/have caused this instrument to be executed on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

Ronald J. McDonald  
Ronald J. McDonald

Shari A. McDonald  
Shari A. McDonald

STATE OF HAWAII     )  
                                  )     SS:  
COUNTY OF HAWAII    )

On this 2nd day of March, 1993, before me personally appeared Ronald J. & Shari A. McDonald to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Kana K. Taira  
Notary Public, Third Judicial  
Circuit, State of Hawaii  
My commission expires 8/6/93