

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Charles W. Reichle and Maria O. Reichle
Address 3561 Wailani Rd., Koloa, Kauai, Hi.
P.O.Box 912, Koloa, Kauai, Hi. 96756
Project Name(\*): REICHLER CONDOMINIUM
Address: Lot 6 off Aka Rd., Lawai, Kauai, Hi.

Registration No. 3547

Effective date: June 20, 1996
Expiration date: July 20, 1997

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: 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. (yellow)

X FINAL: 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: This report updates information contained in the: [ ] Preliminary Public Report dated: [ ] Final Public Report dated: [ ] Supplementary Public Report dated:

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

(\* ) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

## TABLE OF CONTENTS

	page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer                      Attorney for Developer      General Contractor	
Real Estate Broker          Escrow Company              Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: COMMON ELEMENTS	
EXHIBIT B: ENCUMBRANCES AGAINST TITLE	
EXHIBIT C: MAINTENANCE FEES	
EXHIBIT D: SALES CONTRACT SUMMARY	
EXHIBIT E: ESCROW AGREEMENT SUMMARY	
EXHIBIT F:	
EXHIBIT G:	
EXHIBIT H:	
EXHIBIT I:	

## 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: Charles W. & Maria O. Reichle Phone: (808) 742-6766  
Name (Business)  
P.O. Box 912  
Business Address  
Koloa, Kauai, Hi. 96756

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

Charles W. Reichle & Maria O. Reichle  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker: Willard E. Welsh, R Phone: (808) 822-1416  
Name (Business)  
P.O. Box 688  
Business Address  
Lihue, Kauai, Hi. 96766

Escrow: Security Title Escrow Co., Inc. Phone: (808) 245-6975  
Name (Business)  
4370 Kukui Grove, Suite 203  
Business Address  
Lihue, Kauai, Hi. 96766

General Contractor: John Hefner, Inc. Phone: (808) 822-9551  
Name (Business)  
6525 Kuamoo Rd.  
Business Address  
Kapaa, Hi. 96746

Condominium Managing Agent: Self management by Phone: \_\_\_\_\_  
Name Association of Apt. Owners (Business)  
Business Address  
\_\_\_\_\_

Attorney for Developer: V/A Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

**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. 96-020555  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 2359  
 Filed - Land Court Condo Map No. \_\_\_\_\_

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

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

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 96-020556  
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 Owners</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:

Developer has reserved the right to alter the units in the Project under Paragraph 16.0 and to amend the Declaration under Paragraph 17.0, including changes to the Condominium Map and the filing of "as built" plans. The Developer may amend the Bylaws under Article VI, Section 1 and adopt Building Rules under Article V, Section 2 of the Bylaws.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                   Canceled             Foreclosed

- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: Lot #6 off Aka Rd., Lawai, Kauai, HI Tax Map Key: 4/2-6-09-35  
\_\_\_\_\_ (TMK)

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

Land Area: 25,316 [X] square feet [ ] acre(s) Zoning: Residential (R2)

Fee Owner : Charles W. Reichle and Maria O. Reichle

Name

P.O. Box 912

Address

Koloa, Kauai, Hawaii 96756

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 \_\_\_\_\_

4. Permitted Uses by Zoning:

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

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

Yes                       No

5. Special Use Restrictions:

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

[ ] Pets: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[ ] Other: \_\_\_\_\_

[ x] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None      Stairways: None      Trash Chutes: None

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

Total Apartments: 2

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

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

Boundaries of Each Apartment: The exterior surfaces of the structure and the description of the limited common element as set forth in the Condominium Map.

Permitted Alterations to Apartments:

Apartments may be altered in accordance with the Declaration, the Bylaws, the Building Code, Zoning, and all relevant County of Kauai and State of Hawaii ordinances and regulations.

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>      </u>	<u>2</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>0</u>	<u>      </u>	<u>0</u>	<u>      </u>	<u>      </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):

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   A  .

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 \_\_\_\_\_.

as follows:

The land area under and surrounding each permitted structure as shown and delineated on the Condominium Map:

Unit A: 14,534 Square Feet

Unit B: 10,782 Square Feet

NOTE: The land area designated as limited common elements are not legally subdivided lots.

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

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

as follows:

UNIT A: 50% appurtenant common interest

UNIT B: 50% appurtenant common interest

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 B describes the encumbrances against the title contained in the title report dated March 7, 1996 and issued by Security Title Corp.

**Blanket Liens:**

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer may lose rights to purchase Unit, but would be entitled to return of all deposits.

**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:

None .

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

Storage Shed designated Unit A completed November 2, 1995.  
Storage Shed designated Unit B completed November 2, 1995.

**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):

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 D contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated 12-20-95  
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime.
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules.
  - E) Condominium Map.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3547 filed with the Real Estate Commission on 5-13-96.

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

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

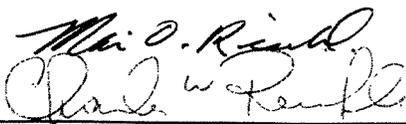
C. Additional Information Not Covered Above

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.

CHARLES WILLIAM REICHLE and MARIA OLIVIA REICHLE

Name of Developer

By:   
Duly Authorized Signatory

12-28-95  
Date

Charles William Reichle & Maria Olivia Reichle, Developers  
print name & title of person signing above

Distribution:

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

EXHIBIT A

Common Elements. The common elements which the units have immediate access to include:

- a. The land in fee simple.
- b. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

END OF EXHIBIT "A"

EXHIBIT "B"

1. **TAXES Tax Map Key: KAUAI 2-6-09-35**

KAUAI 1995-1996 TAX ROLL

	'95 VALUE	EXEMPTION	NET
BLDG	0	0	0
LAND	129,300	0	129,300
TOTAL	129,300		129,300

Taxes for the Fiscal Year 1995-1996 are a lien; payable as follows:

1st Installment: \$318.73 PAID  
2nd Installment: \$318.72 DUE FEBRUARY 20, 1996

NOTE: The records at the Tax Office do not reflect that any portion of the 2nd Installment has been paid. As of the date of this report, the posting of tax payments to the Tax Office for the 2nd Installment for the Fiscal Year 1995-1996 has not been completed.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. **MORTGAGE**

Mortgagor: CHARLES W. REICHLE and MARIA O. REICHLE,  
husband and wife  
Mortgagee: Servco Financial Corp., a Hawaii corporation  
Dated: February 13, 1995  
Recorded: February 17, 1995  
Document No. 95-023210  
To Secure: \$124,000.00  
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

4. The terms and provisions of that certain Road Widening Reserve Agreement dated December 22, 1994, made by and between May H. Christian, as Trustee of the Christian Revocable Living Trust, "Applicant", and the County of Kauai Planning Department, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-101925, to which reference is hereby made.

5. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

**DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "REICHLER CONDOMINIUM PROJECT"**

Dated: January 3, 1996  
Document No. 96-020555

Condominium Map No. 2359, to which reference is hereby made.

**NOTE:** The individual Units set forth in the foregoing Declaration are listed in Exhibit "B" herein.

6. **BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "REICHLER CONDOMINIUM PROJECT"**

Dated: January 5, 1996  
Document No. 96-020556

EXHIBIT "B"

<u>UNIT NO.</u>	<u>LIMITED COMMON ELEMENT</u>	<u>COMMON INTEREST</u>
A	Approx. 14,534 sq. ft.	50%
B	Approx. 10,782 sq. ft.	50%

END OF EXHIBIT "B"

EXHIBIT   C  

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Unit A	None	None
Unit B	None	None

Note: No maintenance fees are currently contemplated, as there are no common area expenses expected. The Bylaws allow the Association of Owners to set maintenance fees should they be required in the future.

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
  - common elements only
  - common elements and apartments
- Elevator
- Gas
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

NONE

Charles W. & Maria O.

I, Reichle, as agent and employed by N/A, the condominium managing agent or the developer, for the condominium project REICHLER 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.



(\*) Mandatory reserves in effect January 1, 1993

Date: 5-20-96

EXHIBIT D

SUMMARY OF SALES CONTRACT

1. Seller shall furnish Buyer EVIDENCE OF SELLER'S MARKETABLE TITLE to the interest being conveyed to the Buyer. If Seller fails to deliver title as provided, Buyer has the option to terminate the agreement and have any of Buyer's deposits returned, without excluding any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing issued in the amount of the sales price, for which Seller shall pay 60% of the premium charged, and Buyer shall pay 40% of such premium.
2. RISK OF LOSS shall pass to Buyer upon transfer of title or upon occupancy, whichever occurs first.
3. In the event of DEFAULT BY EITHER PARTY, then either party may bring an action of breach of contract against the other and seek specific performance; the defaulting party shall be responsible for any costs incurred. In the event of a dispute between the parties, the Sales Contract provides for non-binding MEDIATION between the parties followed by BINDING ARBITRATION if mediation is unsuccessful.
4. Seller agrees to provide a SELLER'S DISCLOSURE STATEMENT using the Board of Realtor's current and standard form for such disclosure, and to provide additional disclosure for any newly discovered material facts which become known during the escrow process.
5. Seller shall provide and Buyer acknowledge receipt of the following DOCUMENTS: (a) Final Public Report, (b) Declaration of Condominium Property Regime, (c) Bylaws of the Association, (d) Condominium Map, (e) Escrow Agreement, and any other documents required by Chapter 514A State of Hawaii Revised Statutes. The Buyer shall have the RIGHT TO CANCEL the contract up to thirty (30) days after receipt of documents.
6. TIME IS OF THE ESSENCE in this contract. If, for reason's beyond Buyer's or Seller's control, a party cannot perform so as to close by the Schedule Closing Date, then such party may extend the Scheduled Closing Date by up to thirty (30) days by delivery of written notice to Escrow and the other party to allow performance. Thereafter, any further extension of the Scheduled Closing Date must be agreed to in writing by both parties.

--continued

Sales Contract Summary  
p.2 of 2

7. SELLER'S AND BUYER'S BROKERS advise their clients to consult their respective attorneys, accountants, and other professionals regarding the transaction. Buyer and Seller acknowledge that they are not relying on the Brokers for such information, and that the Brokers shall not be held liable in the event of the Buyer's or Seller's failure to perform pursuant to the contract.

*Note: The above summary explains only a few of the terms and provisions contained in the Sales Contract. The Buyer should refer to the full Sales Contract to determine actual rights and obligations.*

END OF EXHIBIT D

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

THE FULL ESCROW AGREEMENT SHOULD BE REFERRED TO FOR A FULL EXPLANATION OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES, AND THE FULL ESCROW AGREEMENT, NOT THIS SUMMARY, SHALL GOVERN ANY CONFLICT BETWEEN THE TWO DOCUMENTS.

The Escrow Agreement between SECURITY TITLE ESCROW CO., INC. ("Escrow") and CHARLES WILLIAM REICHLER and MARIA OLIVIA REICHLER contains the following provisions, among others, which may be modified or otherwise limited by provisions not here summarized:

1. Whenever a fully executed Sales Contract is made on the REICHLER CONDOMINIUM PROJECT, the Sales Contract shall be entered into escrow; the Sales Contract shall direct that all payments be made to escrow, deposited in an account for the Project, and disbursed from Escrow as directed by the Sales Contract and the Escrow.
2. No disbursements shall be made by Escrow to Seller until: (a) 48 hours have elapsed since Buyer's receipt of the Project's Final Public Report; (b) Buyer has waived the right to cancel the Sales Contract by signing; (c) Seller has notified Escrow that all other requirements of Hawaii Revised Statutes Sections 514A-39 and 514A-63 have been met.
3. Escrow shall refund Buyer's funds, less a cancellation fee, if (a) less than 48 hours have elapsed since buyer received a true copy of the Project's Final Public Report and Buyer makes written request to cancel the escrow; (b) Buyer exercises a right to cancel as provided under Hawaii Revised Statutes, Chapter 514A; or (c) after Buyer's having signed the waiver of his right to cancel in accordance with 514A-62, Hawaii Revised Statutes, there shall be material change in the Project entitling Buyer to cancel the Sales Contract pursuant to Section 514-A-63, Hawaii Revised Statutes
4. Upon closing, Escrow shall deliver an Apartment Deed to Buyer, disburse funds to Seller, and record all documents as is customary in the Bureau of Conveyances of the State of Hawaii.
5. Escrow shall have no responsibility for the validity or sufficiency of any CPR documents generated by Seller. Escrow shall not be called upon to resolve any disputes arising between Buyer and Seller.
6. Escrow shall be entitled to compensation for services at a standard schedule rate and as provided by the Sales Contract.

END OF EXHIBIT