

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer WILLIAM N. JARDINE & CATHLEEN C. JARDINE

Address P.O. Box 1599 KAMUELA HI 96743

Project Name(*): KILOHANA ORCHARDS I and II

Address: 62-2127 Kawaihae Road Kamuela HI 96743

Registration No. 3706 (Conversion)

Effective date: May 2, 1997

Expiration date: June 2, 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.

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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:

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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: WILLIAM N. JARDINE
CATHLEEN C. JARDINE Phone: (808) 885-6061
Name (Business)
P.O. Box 1599
Business Address
Kamuela, HI 96743

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

N.A.

Real Estate Broker: Developer as Owner (see page 20) Phone: (808) 885-6061
Name (Business)
P.O. Box 1599
Business Address
Kamuela, HI 96743

Escrow: Title Guaranty Escrow Services, Inc Phone: (808) 885-5966
Name (Business)
P.O. Box 2380
Business Address
Kamuela, HI 96743

General Contractor: N.A. Phone: N.A.
Name (Business)
Business Address

Condominium Managing Agent: Self-managed by the Association of Apartment Owners Phone: (808) 885-6061
Name (Business)
P.O. Box 1599
Business Address
Kamuela, HI 96743

Attorney for Developer: Lynn H. Higashi Phone: (808) 885-5973 or
Name (Business)
P.O. Box 1525 (808) 329-5811
Business Address
Kamuela, HI 96743

**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. 96-129196
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]:

N. A.

- 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. 2459
 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]:

N. A.

- 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. 96-129197
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]:

N. A.

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>N.A.</u>

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

2. Developer:

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

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

See Exhibit A.

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: 62-2127 Kawaihae Road Tax Map Key: (3) 6-02-07:10
Waimea, Island, County & State of (TMK)
Hawaii
[] Address [] TMK is expected to change because N.A.

Land Area: 5.00 [] square feet [X] acre(s) Zoning: A-5a **

**On June 4, 1996, the zoning for this land was U (Unplanned). However, the County Planning Dept. now designates this land as Ag-5a.

Fee Owner: WILLIAM N. JARDINE and CATHLEEN C. JARDINE
Name
P.O. Box 1599
Address
Kamuela, HI 96743

Lessor: N.A.
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 Unit A: 2 floors
Unit B: 2 floors

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Metal roofs

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Ohana	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

7. Parking Stalls:

Total Parking Stalls: 7

	<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)	Unit A: 0 Unit B: 3	4 0					7
Guest Unassigned Owners	have the right to park additional cars w/in their respective						
Extra for Purchase	limited common elements.						
Other:							

Total Covered & Open 7 0 0 Unit A: 4
Unit B: 3

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

- Commercial parking garage permitted in condominium project.
- Exhibit contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

No representations are made as to the condition and expected useful life of structural components, mechanical and electrical installations.

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 C .

as follows:

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

There are no limited common elements in this project.

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 D.

as follows:

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 E describes the encumbrances against the title contained in the title report dated January 8, 1997 and issued by Title Guaranty of Hawaii Incorporated.

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.

**Effect on Buyer's Interest and Deposit if Developer Defaults
or Lien is Foreclosed Prior to Conveyance**

Type of Lien

Mortgage

The mortgage shall be paid off and released prior to conveying any apartment to buyer. If the developer defaults on the mortgage, or the lien is foreclosed prior to conveyance, the buyer shall be relieved of his/her obligation to purchase, and any deposit shall be refunded, less escrow cancellation fee.

Notice of Pendency
of Action

Developer believes that this notice was noted by the title company in error and will provide the Commission with an updated report deleting this as an encumbrance prior to conveying any apartment to buyers.

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: No warranties exist.

2. Appliances: No warranties exist.

G. Status of Construction and Estimated Completion Date:

Construction of Unit A, the ohana unit, was completed in 1995.
Construction of Unit B, the primary unit, was completed in 1987.

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):

None.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- [] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated February 25, 1997
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. (None) .
- 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. 3706 filed with the Real Estate Commission on 3/3/97.

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

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer/ Owners, William N. Jardine, RB 15424, is a current and active Hawaii-licensed real estate broker and Cathleen C. Jardine, RS 50794, is a current inactive Hawaii licensed real estate salesperson. Further, that William N. Jardine is the Sole Proprietor for his agency. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner,' 'For Rent by Owner,' 'For Lease by Owner,' 'For Exchange by Owner.'"

Disclosure re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until (1) the Developers first submit to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

Disclosure of Declaration of Covenants, Conditions & Restrictions for Kamuela Plantation Unit I

While the Developer does not believe these CC&Rs will materially affect a proposed purchaser's decision to buy a unit in this project, proposed purchasers are encouraged to examine the CC&Rs before buying. Ask the Developer or his sales agent to see a copy of this document or a summary thereof.

DEVELOPER'S RESERVED RIGHTS TO CHANGE DOCUMENTS

Under paragraph 19 of the Declaration, the Developer reserves the right to amend the Declaration and Bylaws at any time prior to the first recording of a conveyance or transfer (other than for security) of an apartment and its appurtenances to a party who has not signed the Declaration.

BOUNDARIES OF UNITS
AND
PERMITTED ALTERATIONS TO UNITS

A. Boundaries of Units.

Paragraph 3.1 of the Declaration provides that each Unit shall be deemed to consist of the entire Building or Buildings which comprise the Unit, including all of the structure(s) and/or other improvements physically located on the Land Area appurtenant to each Unit (which Land Areas are designated in paragraph 5 of the Declaration), including:

- (a) the existing separate and free-standing structure (in the case of Unit A) and the existing separate and free-standing structures (in the case of Unit B), located on the appurtenant Land Area, as described in paragraph 3.3 and 3.4 of the Declaration;
- (b) any and all other future improvements which may be constructed on the Land Area appurtenant to the Unit by the Owner thereof, as provided in paragraph 9 of the Declaration;
- (c) all ducts, pipes, wires and conduits within the Building which serve only that Building; and
- (d) all fixtures originally installed therein.

Paragraph 3.2 of the Declaration provides that each Unit shall not be deemed to include any pipes, wires, ducts, conduits or other utility or service lines running through the Unit's Building which are utilized by or serve more than one Unit.

B. Permitted Alterations to the Units.

Paragraph 16 of the Declaration provides that each Owner shall have the right at their sole discretion and without the consent or permission of other Owners or the Association, to renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in their Unit or portions thereof, or to make improvements upon the Land Area appurtenant to the Unit, subject to certain conditions and restrictions set forth in Paragraph 16 of the Declaration.

Paragraph 16 of the Declaration contains additional information regarding alterations to the Units, the common elements and the limited common elements.

COMMON ELEMENTS
AND
LIMITED COMMON ELEMENTS

A. Common Elements.

Paragraph 4 of the Declaration provides that the common elements of the Project include, but are not limited to:

- (a) The Land, in fee simple, including "Common Element A" within Land Area Unit A per Condominium Map 2459.
- (b) The limited common elements described in paragraph 5 of the Declaration;
- (c) All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit; and
- (d) All pipes, wires, ducts, conduits or other utility or service lines running through a Unit which are utilized by or serve more than one Unit (if any);

B. Limited Common Elements.

Paragraph 5.1 of the Declaration describes the limited common elements appurtenant to Unit A as follows:

- (a) The land area shown on the Condominium Map as "Land Area Unit A," and all trees, shrubs, plants and landscaping situated therein, including the right to park at least four (4) motor vehicles within said area.

[NOTE: Said land area is not a legally subdivided lot.]

Paragraph 5.2 of the Declaration describes the limited common elements appurtenant to Unit B as follows:

- (a) The land area shown on the Condominium Map as "Land Area Unit B," and all trees, shrubs, plants and landscaping situated therein, including the right to park at least three (3) motor vehicles within said area.

[NOTE: Said land area is not a legally subdivided lot.]

Paragraph 5.3 of the Declaration provides that any other common element of the Project which is rationally related to only one Unit shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit.

COMMON INTERESTS

Unit A shall have appurtenant thereto an undivided twenty-five (25%) interest, and Unit B shall have appurtenant thereto an undivided seventy-five percent (75%) interest, in the common elements of the Project, and in all common profits and expenses of the Project, and for all other purposes, including voting.

ENCUMBRANCES

The Preliminary Report dated January 8, 1997, issued by Title Guaranty of Hawaii, Incorporated, discloses that the Project is subject to the following:

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

TO : HAWAIIAN TELEPHONE COMPANY
DATED : August 4, 1969
RECORDED : Liber 6667 Page 47
GRANTING : an easement for utility purposes over, under, upon, across and through the land described herein
3. Unrecorded GRANT OF EASEMENT by HAWAII ELECTRIC LIGHT COMPANY, INC. to HAWAII ELECTRIC LIGHT COMPANY, INC., dated May 9, 1961, as mentioned in instrument recorded in Liber 9167 at Page 2.
4. DESIGNATION OF EASEMENT "4"

PURPOSE : driveway
SHOWN : on File Plan No. 1716
5. DESIGNATION OF EASEMENT "6"

PURPOSE : flowage
SHOWN : on File Plan No. 1716
6. DESIGNATION OF EASEMENT "15"

PURPOSE : telephone line and guy anchor
SHOWN : on File Plan No. 1716

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

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KAMUELA PLANTATION UNIT I

DATED : September 1, 1982
RECORDED : Liber 16574 Page 778

Said Declaration was amended by instrument dated December 13, 1983, recorded in Liber 17525 at Page 300.

8. GRANT

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

DATED : August 4, 1983
RECORDED : Liber 17737 Page 337
GRANTING : a perpetual right and easement to construct, repair, maintain and operate pole and wire lines, etc. for the transmission and distribution of electricity

9. GRANT

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

DATED : April 27, 1987
RECORDED : Liber 20751 Page 290
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

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

INSTRUMENT : AGREEMENT

DATED : September 24, 1983
RECORDED : Document No. 93-183976
PARTIES : WILLIAM N. JARDINE and CATHLEEN JARDINE, "Owner" and Planning Department of the County of Hawaii, "County"

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

INSTRUMENT : AGREEMENT
DATED : June 1, 1994
RECORDED : Document No. 94-108195
PARTIES : WILLIAM N. JARDINE and CATHLEEN
JARDINE, "Owner" and Planning
Department of the County of Hawaii,
"County"

12. Pending Civil No. 95-0319 filed in the Circuit Court of the Third Circuit, State of Hawaii; NANSEY HAWAII, INC., "Plaintiff," vs. WILLIAM P. KALAWAIANUI, "Defendant": re: quiet title. [Note: it is Developer's belief that this encumbrance is an error by the title company, as Developer has never been served with any pleadings in this matter.]

13. MORTGAGE

LOAN NO. : 605665 (W)
MORTGAGOR : WILLIAM N. JARDINE and CATHLEEN C. JARDINE,
husband and wife
MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation
DATED : November 15, 1995
RECORDED : Document No. 95-151218
AMOUNT : \$416,250.00

ABOVE MORTGAGE BY MESNE ASSIGNMENTS ASSIGNED

TO : RESIDENTIAL FUNDING CORPORATION, a Delaware
corporation

DATED : ----
RECORDED : Document No. 96-151417

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR THE "KILOHANA ORCHARDS I AND II CONDOMINIUM PROJECT" CONDOMINIUM PROJECT

DATED : August 28, 1996
RECORDED : Document No. 96-129196
MAPS : 2459 and any amendments thereto

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : August 28, 1996
RECORDED : Document No. 96-129197

16. Any unrecorded leases and matters arising from or affecting the same.

17. Real property taxes as may be due and owing. Check with County Tax Assessor.

-NOTE:-

1. There is hereby omitted from any covenants, conditions and reservations contained herein any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Unit</u>	<u>Monthly Fee</u>	X	12 months	=	<u>Yearly Total</u>
A	\$19.00	X	12 months	=	\$228.00
B	\$57.00	X	12 months	=	\$684.00

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:

Liability Insurance

Unit A Unit B
\$14.00/mo. + \$42.00/mo. = \$56.00 X 12 months = \$672.00

Road Maintenance Fees

Unit A Unit B
\$2.50/mo. + \$7.50/mo. = \$10.00 X 12 months = \$120.00

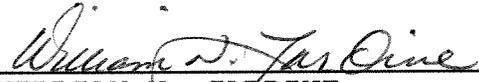
Reserves

Unit A Unit B
\$2.50/mo. + \$7.50/mo. = \$10.00 X 12 months = \$120.00

TOTAL

Unit A Unit B
\$19.00/mo. + \$57.00/mo. = \$76.00 X 12 months = \$912.00

I, WILLIAM N. JARDINE, one of the developers for the condominium project "Kilohana Orchards I and II," hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



WILLIAM N. JARDINE

Date: 2/25/97

SALES CONTRACT AND ESCROW AGREEMENT SUMMARY

The Sales Contract provides for the sale of a condominium apartment (the "Residence") by the Developer to a Buyer. The Escrow Agreement provides how the funds paid by the Buyer under the Sales Contract to Escrow are to be held and released. Both the Sales Contract and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Both documents have been written in language intended to be easier for Buyers to read than that used in traditional legal documents. Some of the important provisions of the Sales Contract are described elsewhere in this Public Report (for example, Exhibits A and F) and are not included in this summary.

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Sales Contract and Escrow Agreement provide who gets to keep interest that may be earned on the funds with Escrow. The Sales Contract may be cancelled by the Developer, among other reasons, if the Buyer is obtaining financing and fails to obtain a lender commitment within certain time limitations or if the Buyer is a cash buyer and fails to furnish satisfactory evidence of ability to pay within other time periods, if the Buyer's deposit check bounces, or if one of the Buyers dies. In certain cases, the Buyer may be responsible for cancellation fees.

The Escrow Agreement provides for the closing or settlement of the sale. Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and the Buyer as set forth in the Sales Contract.

If the Buyer defaults under the Sales Contract after an effective date is issued for a Final Public Report for the Project and the Final Public Report is "accepted" by the Buyer, the Buyer may lose all of the deposits with Escrow and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract, the Buyer shall be entitled to specific performance of the Sales Contract, or shall have the right to cancel and terminate the Sales Contract. If the Buyer cancels and terminates the Sales Contract because of the Developer's default, the Developer shall repay to the Buyer all sums the Buyer has paid to the Developer or to Escrow under the Sales Contract, and the Buyer may sue the Developer for damages or pursue other legal or equitable remedies.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws, and Rules and Regulations. The Sales Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of the Buyer under the Sales Contract.

The Sales Contract limits the Buyer's right to assign the Sales Contract and provides for a consent fee for any transfer. The Sales Contract and Escrow Agreement provide for "pre-closing," signing of the Apartment Deed and other closing documents by the Buyer before the Residence is ready for occupancy. Escrow then handles the closing, the transfer of title in accordance with the Escrow Agreement. The Residence must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one apartment.

The Sales Contract provides that certain disputes between the Buyer and the Developer or certain parties involved in development of the Project must be arbitrated. The Buyer acknowledges that sales and construction activity at the Project by the Developer may continue after closing of the Buyer's purchase.

The Escrow Agreement provides certain protections to Escrow in the event of a dispute between the Buyer and the Developer. These rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

This summary is not complete and will not control in the event of any conflict with a provision in the Sales Contract or the Escrow Agreement. Prospective Buyers are cautioned and encouraged to read carefully the Sales Contract and Escrow Agreement.