



**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 Pubic Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

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

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

2. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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## General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment 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: Arapahoe Financial Plaza LLC Phone: (303) 750-0800  
Name (Business)  
10700 East Bethany Drive  
Business Address  
Aurora, Colorado 80014-2625

Name of officers or general partners of developers who are corporations or partnerships:  
Eric J. Golting, Member

Real Estate Broker: REMax Hawaii, LLC Phone: (808) 579-8848  
Name (Business)  
120 Hana Highway, Suite 120-5  
Business Address  
Paia, Hawaii 96779

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 244-7924  
Name (Business)  
2103 Wells Street  
Business Address  
Wailuku, Hawaii 96793

General Contractor: N/A Phone: \_\_\_\_\_  
Name (Business)  
Business Address

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

Attorney for Developer: Thomas D. Welch, Jr. Phone: (808) 871-8351  
Mancini, Rowland & Welch (Business)  
Name  
33 Lono Avenue, Suite 470  
Business Address  
Kahului, Hawaii 96732

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 interest, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 98-102386  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments: Instrument dated December 1, 1998, recorded as Document No. 98-180885, and First Amendment to Declaration of Condominium Property Regime recorded as Document No. 99-039676.

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. 2775  
 Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instrument: First Amendment recorded with First Amendment of Declaration described in A 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. 98-102387  
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>81%</u>
Bylaws	65%	<u>81%</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.

Developer has reserved, and has delegated to each apartment owner, the right to amend the Declaration and Condominium Map to alter, expand and relocate the boundaries of each apartment.

Also, Developer has reserved the right to grant easements for utilities, drainage or other necessary functions (but not including any easements for driveway right of way), provided that each such easement will not adversely affect any unit or limited common element.



Other:

Note: The County of Maui has not approved the subdivision of the units and their limited common elements into individual subdivided lots. They are being sold as condominiums only.

**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 the 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: 594 Old Stable Road Tax Map Key (TMK): (2) 3-8-2: 25  
Paia, Hawaii 96779  
 Address  TMK is expected to change because N/A

Land Area: 5.445\*  square feet  acre(s) Zoning: R-3 Residential

\*This area has been reduced to approximately 5.2 acres by erosion.

Fee Owner: Arapahoe Financial Plaza LLC  
 Name  
10700 East Bethany Drive  
 Address  
Aurora, Colorado 80014-2625

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: 11 Floors Per Building one floor in apartments A,B,D, and E; two floors in apartment C.

Exhibit A contains further explanations.

3. Principal Construction Material:

- Concrete  Hollow Tile  Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	No. of Use Permitted			No. of Use Permitted	
	Apts.	By Zoning		Apts.	By Zoning
<input checked="" type="checkbox"/> Residential	<u>5</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Industrial	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Recreational	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Other: _____	<u>0</u>	<input type="checkbox"/> Yes <input checked="" 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: 1. Only one residence per apartment. 2. Design review by Developer for new construction within first 5 years after sale of each apartment. 3. Industrial and commercial uses prohibited.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: \_\_\_\_\_ Stairways: \_\_\_\_\_ Trash Chutes: \_\_\_\_\_

Apt. Type	Quantity	Net		Other Area (sf)	(Identify)
		BR/Bath	Living Area (sf) *		
A	1	3/1	982.5	0	
B	1	2/1	831.6	0	*
C	1	6/3.5	6008.9	736	Lanai
D	1	2/1	1133.8	0	
E	1	2/1	963.9	0	*

Total Number of Apartments: 5

\* Limited common elements B and E contain additional buildings as shown on the Condominium Map. Their floor areas are not included in the stated areas of the apartments.

\*Net Living Area is the floor area at 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:

Exterior surfaces of walls and roof.

Permitted Alterations to Apartments:

Each apartment may be expanded, relocated and altered in owner's discretion. (Subject to approval of Plan by Developer during the first five years). The owner may unilaterally amend the Declaration to redefine the apartment to conform the apartment boundaries as altered, expanded or relocated.

If any new dwelling is constructed, the existing dwelling shall be removed so that there will be only one dwelling per apartment.

Developer has reserved the right to review and approve the design and placement of all alterations and new structures for a period of 5 years after first sale of that apartment.

7. Parking Stalls:

Total Parking Stalls: Each apartment will have the right to park vehicles in the limited common element appurtenant to said apartment.

	<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>1</u>	_____	_____	_____	_____	<u>5</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	_____	<u>5</u>	_____	<u>0</u>	_____	<u>0</u>	<u>5</u>

Each apartment will have the exclusive use of at least 1 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/Enclosure(s)
- Other: Common water lines, water meter and sewer service lines.

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 \_\_\_\_\_.
- (Date)

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):

All apartments are over 50 years old. Structural components, mechanical and electrical installations are old, need repair and do not meet current code requirements or fire underwriting standards. Useful life of each structure is limited, without continuing inspection, maintenance, repair and replacement. Each apartment and all related structures are sold "as is" with no warranties as to physical condition, code compliances, safety or insurability.

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 residential</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 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 A.

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:

Each apartment will have a 1/5 common interest.

Each apartment will pay 1/5 of all common expenses.

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

April 5, 1999 and issued by Title Guaranty of Hawaii, Inc.

**Blanket Liens:**

A blanket lien is an encumbrance (such as 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>
First Mortgage to: Oli Oli Kai LLC in the face amount of \$1,950,00.00	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fees.

**F. Construction Warranties:**

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

1. **Building and Other Improvements:**

There are no warranties.

Note: The property is subject to risk of tsunami. None of the apartments meet minimum flood protection requirements. The County of Maui issuing building permits assumes no responsibility for damage to any structures from tsunami risks.

2. **Appliances:**

There are no warranties.

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

All complete. All structures were completed more than 50 years ago. Actual completion dates are unknown.

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):

(But see item C.6 above concerning each apartment owner's right to alter, expand or relocate each apartment.)

IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer  the Developer or the Developer’s affiliate.
- self-managed by the Association of Apartment Owners  Other:

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be 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 C contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. Utility Charges for Apartments:

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

- None  Electricity ( \_\_\_ Common Elements only \_\_\_ Common Elements and Apartments)
- Gas ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)
- Water  Sewer  Television Cable
- Other Water and sewer to individual apartments will be provided as a common expense, to be allocated based on reasonable estimates of proportionate use or by sub-metered usage.

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   May 12, 1998    
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 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 issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

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

This Public Report is a part of Registration No. 4016 filed with the Real Estate Commission on July 30, 1998.

**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**

1. **Water and Sewer.** The condominium is served by a single water meter and water use for all apartments will be billed to the Association of Apartment Owners by the County of Maui Department of Water Supply in a single bill. Sewer will be billed in the same manner, based on water use. The Association is responsible for paying said charges and will allocate them among the apartment owners as common expense assessments. The method of allocation will be determined by the Board of Directors of the Association by some reasonable method. This method may include the installation of individual use meters ("submeters") and apportioning the County's billings among all apartments by proportionate metered water usage. Other methods may also be used, or all apartments could be assessed an equal share.

Note that the estimated budget attached as Exhibit C assures, for disclosure purposes only, that each apartment will pay an equal share, estimated at \$75.00 per month per apartment, for these services.

2. **SMA Approval Requirements.** The entire condominium land is located within the Special Management Area (SMA). Under State and County law, any improvements to the property other than the construction of a single-family residence (and improvements appurtenant to a single-family residence) will require review and approval by governmental agencies, including the County of Maui Planning Commission, under applicable rules and regulations.

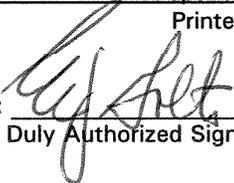
3. Setbacks. Under the Declaration of Condominium Property Regime, no new structure may be built or old structure expanded within 15 feet of the boundary line separating the Apartment's limited common element from the adjacent Apartment, or the side, front or rear boundary of the condominium land. Also, the property is subject to shoreline setback requirements under the Maui County Code. As of the date of this report, certain changes are being considered by the County. As they presently exist, the rules require all structures of every kind to be set back at least 25% of the average lot depth from the shoreline as certified by the State Department of Land and Natural Resources. All of Apartment C is closer to the ocean than the setback permits and portions of other structures may also be closer than permitted. However, each existing structure exists as a non-conforming use, established before the setback rule was adopted, and may continue in its present configuration as long as it is not altered or significantly damaged or destroyed.
4. Historic Property. Since each structure in the Condominium is over 50 years old, it is considered a "historic" property under the Historic Preservation Rules, Hawaii Revised Statutes, Chapter 6E, and eligible for designation by the State of Hawaii Department of Land and Natural Resources on the Hawaii Register or Historic Places. As such, approval by the Department of Land and Natural Resources may be required before the demolition or substantial alteration of a building may be approved.
5. Environmental Matters. Since the buildings are all old, there may be lead paint, asbestos and other environmentally harmful materials contained in the buildings which may be hazardous and which would not be permitted for a new building today.
6. Other Oceanfront Matters. The location of the shoreline boundary as shown on the condominium map may not reflect the current shoreline. The location of the shoreline boundary of the property may be subject to change because of the action of the waves and erosion in taking away land along the shoreline, and the shoreline boundary is subject to redetermination according to laws of the State of Hawaii. The square footage of the condominium land may decrease accordingly.

Also, the property is subject to the flood control requirements of the provisions of the Flood Zone ordinance and Shoreline Management Act. Each Buyer is advised to contact the appropriate government agencies to determine specific requirements for this property. Flood insurance may be required as a condition of any mortgage or sale of an Apartment.

7. Old Stable Road. Old Stable Road, providing access between Hana Highway and the condominium land is privately owned by Alexander & Baldwin, Inc. and the State of Hawaii, subject to an easement in favor of the owners and occupants of the condominium to pass and repass on foot and in vehicles. Neither the County of Maui, nor Alexander & Baldwin, nor the State of Hawaii, nor any owner using the road for access is legally required to maintain the road or pay for its maintenance. Any such maintenance in the past has been, and in the future will be, voluntary on the part of all or some of the landowners served by the road. There is no organization established to manage these matters in an orderly manner. There is a risk that such maintenance may not be properly managed and that the maintenance of the road will be neglected.

- 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

Arapahoe Financial Plaza LLC  
Printed Name of Developer

By:  February 18, 1999  
Duly Authorized Signatory Date

Eric J. Golting, Member  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui  
Planning Department, County of Maui

EXHIBIT A

OLI OLI KAI CONDOMINIUM

DESCRIPTION OF BUILDINGS:

The condominium initially consists of five separate dwellings, each of which is an apartment plus 3 additional dwellings, appurtenant to Apartment B which are limited common elements. Each is located on that portion of the land defined on the Condominium File Plan as a limited common element appurtenant to and for the exclusive use of said apartment. Each building is constructed primarily of wood, concrete and glass. Upon expansion, relocation, construction or reconstruction of any apartment by any owner(s) thereof as provided in the declaration, the building containing any apartment may be constructed primarily of any other building material meeting applicable building codes, including but not limited to concrete, masonry, plaster, wood, metal, glass or related materials.

DESCRIPTION OF APARTMENTS:

Apartment A is a single story residence, containing 982.5 square feet of floor area, and includes three bedrooms, a living room, dining room, kitchen and one bathroom.

Apartment B is a single story residence, containing 831.6 square feet of floor area, and includes two bedrooms, a living room, dining area, kitchen and one bathroom.

Apartment C is a two story residence, containing 6008.9 square feet of floor area, and includes six bedrooms, a living room, dining room, library, kitchen, 3 1/2 bathrooms and lanai.

Apartment D is a single story residence, containing 1133.8 square feet of floor area, and includes two bedrooms, a dining/living/bedroom area, a kitchen area and one bathroom.

Apartment E is a single story residence, containing 963.9 square feet of floor area, and includes two bedrooms; one bathroom, a living room, kitchen, laundry room and storage room.

Each apartment is unfurnished and has direct access to the limited common element on which the apartment is located, which in turn provided access directly to a public highway (Spreckelsville Beach Road).

The boundaries of each apartment shall consist of the exterior finished surface of all exterior walls, roofs, doors, windows and also include all foundations and underpinnings, and other appurtenant structures and facilities within said boundaries. The responsibility for maintenance, repair, replacement and reconstruction and insurance of each apartment is delegated to the owner(s) of said apartment, and all of the cost thereof shall be borne by the owner(s) of said apartment, at no cost to the owner(s) of any other apartment or the association.

LOCATION, RELOCATION, AND NUMBERING OF APARTMENTS:

Each apartment is located as shown on the condominium file plan. The apartments are lettered "A", "B", "C", "D" and "E" consecutively from west to east. As provided in Section K.2. of the Declaration, at the option of the owner(s) of each apartment, said apartment may be relocated to any other location within the limited common element appurtenant to said apartment, and the boundaries of said apartment may be changed, by amendment to the Declaration as provided in Section K.2. of the Declaration; provided however, that (a) all construction in connection therewith shall comply with all applicable zoning and building codes; (b) no portion of the structure comprising an apartment or other structure shall be constructed outside of the boundaries of the area designated for said unit as its limited common element as shown on the Condominium File Plan; and (c) the design and placement of all alterations and new structures may require the prior approval of the Developer as provided in Section H.4. of the Declaration.

APPROXIMATE FLOOR AREA OF APARTMENTS:

<u>Apartment</u>	<u>Floor Area</u>
A	982.5 square feet
B	831.6 square feet
C	6008.9 square feet
D	1133.8 square feet
E	963.9 square feet

NOTE: THE FLOOR AREAS ARE APPROXIMATE ONLY. THE DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.

COMMON ELEMENTS:

The common elements of the condominium consists of the land described in Exhibit "A", and any common water and sewer facilities and any common water pipes and other utilities serving more than one unit in the condominium.

LIMITED COMMON ELEMENTS:

Each apartment has appurtenant to it and for its exclusive use the land described in the condominium file plan as appurtenant thereto. The file plan describes these areas as "Limited Common Element 1" appurtenant to Unit A "Limited Common Element 2" appurtenant to Unit B, "Limited Common Element 3" appurtenant to Unit C, "Limited Common Element 4" appurtenant to Unit D and "Limited Common Element 5" appurtenant to Unit E. Each area is appurtenant to and for the exclusive use of its apartment and which is physically located on said limited common element as shown on the condominium file plan. The boundaries of each limited common element are specifically shown on the condominium file plan and also include the land located underneath the apartment located thereon.

Limited Common Element 2 includes several other buildings which are not included within the boundaries or stated floor area of the apartment itself. These include two detached sheds, a detached wash house and three separate buildings shown on the condominium map as Building B, Building C and Building D. These last three are guest cottages.

As shown on the condominium map, Limited Common Element 3 also includes a concrete pad, brick pad, wooden fence, courtyard, two fountains, detached covered entry and double-wall wood fence, none of which are included within the boundaries or stated floor area of Apartment C.

Also, as shown on the condominium map, Limited Common Element 5 includes a detached garage, concrete pad and wooden fence, none of which are included within the boundaries or stated floor area of Apartment E.



EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

Each apartment

\$155 per month x 12 = \$1860 per year

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



## EXHIBIT D

### SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

The Deposit Receipt and Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Deposit Receipt and Sales Contract states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Deposit Receipt and Sales Contract.
- (c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.
- (d) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- (e) Requirements relating to the purchaser's financing of the purchase of an apartment.
- (f) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- (g) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.
- (h) That the Project may be subject to ongoing sales activities which may result in certain annoyances to the purchaser.
- (i) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (j) If the purchaser and Developer agree that the Developer will build a home for purchaser after closing, Addendum 1 to the sales contract provides for a package price, an agreed amount at closing, and a letter of credit or other security at closing to secure purchaser's obligations to pay the cost of constructing the home. The plans and specifications for the home will be agreed upon in advance.

The Deposit Receipt and Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Deposit Receipt and Sales Contract on file with the Real Estate Commission.

## EXHIBIT E

### SUMMARY OF ESCROW AGREEMENT

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

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

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