

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer EDRIC TRAVIS JOHNSON
Address 148 Puako Beach Drive, Kamuela, Hawaii 96743

Project Name(*): KANOELEHUA CONDOMINIUM "A"
Address: Kamuela, Hawaii 96743

Registration No. 4033

Effective date: October 29, 1998

Expiration date: November 29, 1999

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
 - FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
 - SUPPLEMENTARY:**
(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:

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 a 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: EDRIC TRAVIS JOHNSON Phone: none
Name 148 Puako Beach Drive (Business)
Business Address
Kamuela, Hawaii 96743

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

NA

Real Estate Broker: Pacific Coast Properties, Inc. Phone: (808) 775-9566
Name P.O. Box 1634 (Business)
Business Address
Honokaa, Hawaii 96727

Escrow: First Hawaii Title Corporation Phone: (808) 885-4822
Name 64-1035 Mamalahoa Highway (Business)
Business Address
Kamuela, Hawaii 96743

General Contractor: Cheryl A. Green Phone: _____
Green Construction (Business)
Name P.O. Box 307
Business Address
Honokaa, Hawaii 96727

Condominium Managing Agent: None - will be self-managed Phone: _____
Name by Association (Business)
Business Address

Attorney for Developer: Sally A. Kimura Phone: (808) 885-5933
Name P.O. Box 2967 (Business)
Business Address
Kamuela, Hawaii 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. 98-123757
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2781
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 98-123758
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>none</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:

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 Sub-leasehold: 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 Sub-leaseholds:

- 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 Sub-leasehold:

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: Kamuela, Hawaii 96743 Tax Map Key (TMK): (3) 6-4-6-85

[] Address [] TMK is expected to change because _____

Land Area: 5.002 [] square feet [X] acre(s) Zoning: A-5a

Fee Owner: EDRIC TRAVIS JOHNSON
 Name
148 Puako Beach Drive
 Address
Kamuela, Hawaii 96743

Lessor: NA
 Name
 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 1

Exhibit "A" contains further explanations.

3. Principal Construction Material:

[] Concrete [] Hollow Tile [] Wood

Other Buildings are greenhouses constructed on concrete piers with plastic mesh sides

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[] Residential	___	[] Yes [] No	* [x] Ohana	___	[x] Yes [] No
[] Commercial	___	[] Yes [] No	[] Industrial	___	[] Yes [] No
[] Mix Res/Comm	___	[] Yes [] No	[x] Agricultural	___	[x] Yes [] No
[] Hotel	___	[] Yes [] No	[] Recreational	___	[] Yes [] No
[] Timeshare	___	[] Yes [] No	[x] Other: <u>greenhouse 2</u>	___	[x] Yes [] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes [] No

*See page 20a herein for permitted dwellings in an agricultural use district.

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: As permitted by law and provided pets do not become a nuisance and are in compliance with Association Rules.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>2</u>	<u>--</u>	<u>--</u>	<u>48 sf</u>	<u>greenhouses</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment: See, Exhibit "A"

Permitted Alterations to Apartments: See, Exhibit "B"

7. Parking Stalls:

Total Parking Stalls: 2*

	<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>					
Guest							
Unassigned							
Extra for Purchase							
Other: * <u>Units A1 and A2 have ample space for parking within their respective limited common element land areas.</u>							
Total Covered & Open:	<u>2</u>		<u>0</u>		<u>0</u>		<u>2</u>
	<u>residential</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: _____

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):

NA

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.

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

[X] described in Exhibit "D".

[] 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 _____.

[X] as follows: Each apartment has a 50% interest in all of the common elements.

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 September 9, 1998 and issued by First Hawaii Title Corporation.

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.

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

[] 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>
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F. Construction Warranties:

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

1. Building and Other Improvements: none

2. Appliances: na

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

Greenhouses completed June 1998

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

- [] not affiliated with the Developer [] the Developer or the Developer's affiliate.
[X] self-managed by the Association of Apartment Owners [] Other: _____

- B. Estimate of Initial Maintenance Fees:

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

NOTE: Developer discloses that he has not conducted a reserve study in accordance with HRS 514A-83.6 and the replacement rules, Subch.6, Title 16, Chap, 107, HAR, as amended.

- C. Utility Charges for Apartments:

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

- [X] None [] Electricity (Common Elements only Common Elements & Apartments)
[] Gas (Common Elements only Common Elements & Apartments)
[] Water [] Sewer [] Television Cable
[] Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "G" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated August 21, 1998
Exhibit "H" 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 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 - NONE
 - 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, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4033 filed with the Real Estate Commission on September 2, 1998.

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

[] YELLOW paper stock [X] WHITE paper stock [] PINK paper stock

C. Additional Information Not Covered Above

Other than water laterals immediately adjacent to the Project near Kinohou Road, no other utility installation has been constructed on the Project, nor is any anticipated.

The first purchaser of a unit shall be responsible for installing a water meter which will service that unit. The purchaser of the second unit shall be responsible for installing two submeters, one for each unit.

Unit A1 and the limited common area set aside for the exclusive use of Unit A1 are situated in a flood zone, as shown on the Condominium Map of the Project.

The Project has an easement over the adjacent parcel's (T.M.K. (3) 6-4-6-86) entrance from Kinohou Road for ingress and egress (see Condominium Map).

The Project gives the adjacent parcel (TMK (3) 6-4-6-86) an easement over the common area of the Project, which is the entrance to the Project from Kinohou Road (see Condominium Map).

Disclosure re: Selection of Real Estate Broker:

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Paul K. Takamatsu, RB 14532, is a current and active Hawaii-licensed real estate broker. Further that Paul K. Takamatsu is the principal broker of Pacific Coast Properties, Inc., the Project broker, and also is the holder of a Special Power of Attorney to sign for the Developer. Pursuant to section 16-99-11(c) HAR, "no licensee shall be allowed to advertise 'For Sale By Owner', 'For Rent by Owner', 'For Lease By Owner', and 'For Exchange By Owner'".

C. Additional Information Not Covered Above:

Residential Dwellings within State Land Use Agricultural District

Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Hawaii County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling reads as follows:

FARM DWELLING NOTICE

To: Applicants for Building Permits on Land in State land Use Agricultural District.

This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permit use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

Farm Dwelling is defined in Chapter 205-4.5 (a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, and where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

I acknowledge that I have read the above
and have been given a copy

Signature of Applicant

Signature of Witness

Mailboxes

Mailboxes have not been provided for the units, as there is no mail delivery to this area. People in this area customarily maintain a post office box at the local post office.

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.

EDRIC TRAVIS JOHNSON

Printed Name of Developer

By: Edric T. Johnson POA For August 7, 1998
Duly Authorized Signatory Date
EDRIC T. JOHNSON

PAUL K. TAKAMATSU Power of Attorney for Edric T. Johnson
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

DESCRIPTION OF BUILDINGS

(A) Unit A1 consists of the following:

An 8' X 6' X 6.8' one story greenhouse and any other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

(B) Unit A2 consists of the following:

An 8' X 6' X 6.8' one story greenhouse and any other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof.

XVI - ALTERATION OF INDIVIDUAL CONDOMINIUM UNITS

Notwithstanding anything to the contrary contained in the Declaration, individual unit owners shall have the right, at their sole discretion and without the consent or permission of other unit 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 (collectively, the foregoing are referred to as "alterations"), provided said alterations are permitted by and done in complete accordance with all applicable ordinances, codes, rules, regulations or other requirements in force at the time said alterations are made. All alterations made by a unit owner pursuant hereto are subject to the following conditions:

- (a) All building plans prepared in connection with any such alterations shall conform with all applicable County building and zoning ordinances.
- (b) The value of the unit after such alterations are made shall not be less than the value before such alterations.
- (c) No improvements shall be constructed outside the limited common element land area appurtenant to the unit. All newly-constructed improvements (exclusive of fences or walls) shall maintain a minimum setback of twenty (20) feet from all property lines (including all individual limited common element land area perimeter boundaries), or such greater distance as may be required by applicable zoning ordinances. No alteration to a unit will be made if the effect of such alteration would be to exceed the unit's proportionate share of the allowable floor area and/or lot area coverage for the land upon which the Project is located, as defined by the applicable zoning ordinances in effect when the alteration is to be made; pursuant hereto, each unit's proportionate share of the buildable floor area and/or lot area coverage shall be the same as its common interest share (as defined in Section V herein).
- (d) All such alterations shall be at the expense of the unit owner making said alterations, and shall be expeditiously made and in a manner that will not unreasonably interfere with any other unit owner's use of their limited common element land area.
- (e) The owner of an altered unit shall have the right to utilize, relocate and realign existing appurtenant installations and/or to develop additional appurtenant installations for services to the unit affected by such alterations for electricity, water, sewer and other utilities and services and, when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way, under and on the common elements and/or any limited common elements benefitting more than one unit as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project.

(f) The owner of any altered unit shall have the right and duty, without the consent or joinder of any other person, to amend and shall be required to amend the Declaration and the Condominium Map to reflect any such alterations. If required by the Condominium Project Act, then promptly upon completion of such alterations, the owner of the altered unit shall duly record an amendment to the Declaration with the Bureau of Conveyances of the State of Hawaii, together with a complete set of floor plans and elevations of the Project as so altered, certified as built by a registered architect or professional engineer. Pursuant hereto, all unit owners and their mortgagees, by acquiring an interest in a unit, shall be deemed to have been granted a Power of Attorney from all other unit owners to execute an amendment to the Declaration solely for the purpose of describing the alterations to their respective unit. This Power of Attorney shall be deemed to be coupled with each owner's interest in their unit and shall be irrevocable.

(g) No alteration or addition shall be made to a unit and no addition shall be placed upon the limited common element land area appurtenant to such unit if the effect of such alteration or addition would be to create more than one dwelling unit, as defined by the County, upon or within such unit or land area.

(h) Each and every conveyance, lease and mortgage or other lien made or created on any unit and all common interests and other appurtenances thereto shall be subject to the provisions of this section and any lease of a unit or its appurtenant land area shall reserve to all unit owners the rights set forth in this section.

III - COMMON ELEMENTS

One freehold estate is hereby designated of all the remaining portion of the Project, herein referred to as "common elements", including specifically, but not limited to:

(A) The land in fee simple;

(B) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, gas, sewage, irrigation, telephone and television cable;

(C) That 30' X 16' area of road serving as an entrance from Kinohou Road to the Project, and more particularly depicted on the Condominium Map, the number of which is referred to on the first page of the Declaration.

(D) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium unit(s) which are filed of record.

IV - LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby designated and set aside for the exclusive use of one or more units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(A) That certain land area upon and around which Unit A1 is located, shown and designated on the Condominium Map and being approximately 2.0 acres, is deemed a limited common element appurtenant to and for the exclusive use of Unit A1.

(B) That certain land area upon and around which Unit A2 is located, shown and designated on the Condominium Map and being approximately 2.99 acres in area, is deemed a limited common element appurtenant to and for the exclusive use of Unit A2.

All costs of every kind pertaining to aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and/or improvement, shall be borne solely by the owner(s) of the unit(s) to which said limited common elements are appurtenant.

EXHIBIT "E"
Encumbrances Against Title

1. Real Property Taxes as may be due and owing. Check with Tax Assessor for current information.
2. Reservation in favor of State of Hawaii of all mineral and metallic mines.
3. GRANT

In Favor Of: HAWAII ELECTRIC LIGHT COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELEPHONE COMPANY, also a Hawaii corporation

Dated: December 22, 1981

Book: 16302

Page: 165

Purpose: granting an easement for electrical utility purposes
4. Claims arising out of customary or traditional rights and practices, including without limitation, those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.
5. Any unrecorded leases, subleases, and/or tenancy agreements demising a portion of the land, and any encumbrances affecting the same.
6. Condominium documents as indicated on page 6 of this Public Report.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>		
Unit A1	\$50.00	x 12	\$600.00
Unit A2	\$50.00	x 12	\$600.00

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:

Monthly x 12 months = Yearly Total

Utilities and Services

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

Maintenance, Repairs and Supplies

Building		
Grounds	(common area)	\$100.00

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance \$1,000.00

Reserves(*) \$100.00

Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, Paul K. Takamatsu, as agent for and/or employed by Edric Travis Johnson, the ~~condominium managing agent~~/developer for the Kanoelehewa Condominium "A" condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Paul K. Takamatsu POA for Edric T. Johnson

 Signature

August 7, 1998

 Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

SUMMARY OF SALES CONTRACT

The Seller intends for the Broker to use a standard Deposit, Receipt, Offer and Acceptance ("DROA") as the sales contract. The following is a special Addendum to the DROA:

ADDENDUM TO DEPOSIT, RECEIPT, OFFER AND ACCEPTANCE

SPECIAL CONDITIONS:

The following is an addendum to that certain Deposit, Receipt, Offer and Acceptance dated _____, 19_____, and attached hereto, by and between _____, as Seller, and _____ as Buyer, for the sale and purchase of that certain condominium Unit No. _____ of the condominium project known as KANOELEHUA CONDOMINIUM "A".

Buyer and Seller hereby agree to the terms and conditions contained in the above designated agreement as well as the following additional special conditions:

1. This is a condominium project established by Declaration of Condominium Property Regime dated _____, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. _____, Condominium Map No. _____ recorded in the Bureau of Conveyances of the State of Hawaii as Document No. _____.

2. Buyer shall be given a copy of all condominium public reports issued by the Real Estate Commission on this project.

3. Any provisions hereof to the contrary notwithstanding, it is agreed that this contract shall not become binding upon the Seller or Buyer until:

(a) The Real Estate Commission has issued an effective date for a final public report on the project, and the Seller has delivered, or caused to be delivered, to the Buyer either personally or by registered or certified mail with return receipt requested, a true copy of the final public report together with a true copy of all prior public reports on the Project, if any, which have not been previously delivered to the Buyer except that such prior public reports need not be delivered to the Buyer if the final public report supersedes such prior public reports. If, prior to entering into this Contract, the Real Estate Commission has, subsequent to its issuance of an effective date for the final public report, issued an effective date for a supplementary public report on the Project, then a true copy of such supplementary public report shall also be delivered to the Buyer in the same manner as the final public report, except that if the supplementary public report supersedes all prior public

for the final public report, issued an effective date for a supplementary public report on the Project, then a true copy of such supplementary public report shall also be delivered to the Buyer in the same manner as the final public report, except that if the supplementary public report supersedes all prior public reports on the project, then only the supplementary public report need be delivered to the Buyer.

(b) The Buyer has been given an opportunity to read the reports; and

(c) The Buyer (i) executes the form of the receipt and notice which is set forth in Subsection (d) of Section 514A-62 of the Condominium Property Act; and (ii) waives his right to cancel; provided that if the Buyer does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the Unit is conveyed to the Buyer prior to the expiration of such thirty-day period, the Buyer shall be deemed to have receipted for the reports and to have waived his right to cancel.

In the event Seller should cancel this Contract before it becomes binding upon both the Seller and Buyer, Buyer shall be entitled to the return of all of Buyer's funds, without interest. In the event Buyer should terminate this Contract before it becomes binding upon both the Seller and the Buyer, Buyer shall be entitled to the return of all Buyer's funds, without interest, less any escrow cancellation fees and other costs, which shall be at least \$25.00, but in no event in excess of the agreed-upon escrow fee provided for in the Escrow Agreement, the exact amount to be commensurate with the amount of work completed at the time of cancellation. In the event the contract is cancelled under the provisions of this paragraph, both parties shall be released from all obligations with respect to this Contract.

BUYER(S):

SELLER:

(Date)

(Date)

(Date)

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement between Developer and First Hawaii Title Corporation sets up an arrangement under which the payments which a Buyer makes under 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 Buyer know when payments are due.
- (b) Escrow will arrange for Buyers to sign all necessary documents.
- (c) The Escrow Agreement sets forth the conditions that must be met before disbursement of a Buyer's funds.
- (d) The Escrow Agreement says under what conditions a refund will be made to a Buyer.
- (e) The Escrow Agreement says what will happen to a Buyer's funds upon a default under the Sales Contract.