

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KARL KRIEG, MARGUERITE KRIEG, ERIC KRIEG, DONNA JO KRIEG, ALEX KRIEG
Address 73-4265 MAMALAHOA HIGHWAY, KAILUA-KONA, HAWAII 96740
Project Name(\*): THE KRIEG CONDOMINIUM
Address: 73-4265 MAMALAHOA HIGHWAY, KAILUA-KONA, HAWAII 96740-9104

Registration No. 4072 (conversion)

Effective date: February 17, 1999
Expiration date: March 17, 2000

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.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports.
[ ] Must be read together with
[ ] This report reactivates the public report(s) which expired on

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

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

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

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

No prior reports have been issued by the developer.  
 Changes made are as follows:

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**ATTENTION**

“The Krieg Condominium” is a CONDOMINIUM PROJECT, **not** a subdivision. The private yard area immediately appurtenant to each unit is a LIMITED COMMON ELEMENT appurtenant to the unit and is **not** a legally subdivided lot. The boundaries of each limited common element land area, as shown on the Condominium Map, are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

The land upon which the project is located is zoned Agricultural - 20 acres (A-20a) by the County of Hawaii and is designated Agricultural by the State Land Use Commission

Unit 1 and Unit 3 are currently agricultural storage sheds. A buyer of Unit 1 and a buyer of Unit 3 may have the right to alter those units to construct a “farm dwelling,” which is defined in Section 205-4.5(a)(4), Hawaii Revised Statutes, as “a single family dwelling located on and used in conjunction with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling.” The developer has entered into a Farm Dwelling Agreement with the Planning Department of the County of Hawaii, for the construction of a farm dwelling within the limited common element "private yard area" appurtenant to Unit 1 or Unit 3. If the existing Farm Dwelling Agreement is used for either Unit 1 or Unit 3, then a separate, additional Farm Dwelling Agreement with the County will be needed for the other unit (1 or 3). Prospective purchasers of Unit 1 and Unit 3 wishing to construct a dwelling must comply with and satisfy the requirements of the County of Hawaii in connection with such a Farm Dwelling Agreement, or be responsible for independently entering into another Farm Dwelling Agreement, if available, with the County for any alteration of Unit 1 or Unit 3. See page 20 of this public report for additional information regarding this subject. Additionally, the construction of dwellings within the private yard areas appurtenant to Unit 1 and Unit 3 is subject to (a) the requirement that a one-inch water meter be installed to service all the dwellings in the Project and (b) various charges to be levied by the Department of Water Supply ("DWS"), County of Hawaii in connection with such installation. Details of the installation requirement and charges are more particularly described in the letter from the DWS, dated December 21, 1998, attached as Exhibit J to this public report.

The Developer will amend Section 6.11 of the Bylaws of the Association of Apartment Owners to provide that the cost to install the one-inch water meter described in the DWS letter (see Exhibit J) shall be shared equally among the three apartments, rather than have such cost be paid according to prior water usage.

Unit 2 is currently a residential dwelling.

No warranties are given to the purchaser as to the construction, materials or workmanship of the improvements. The improvements are being sold in "as is" condition.

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 necessarily been complied with.

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 owner/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 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: Karl Krieg, Marguerite Krieg, Eric Krieg, Donna Jo Krieg, Alex Krieg Phone: (808) 325-7492 Name (Business) 73-4265 Mamalahoa Highway Kailua-Kona, Hawaii 96740 Business Address

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

N/A

Real Estate Broker: Alex Krieg (as the Owner of Unit 1) Phone: (808) 329-6703 Unit 1 Name (Business) 75-5822 Kakalina Address Kailua-Kona, HI 96740

Unit 2 Karl Krieg and Marguerite Krieg (as the Owners of Unit 2) Phone: (808) 325-7492 Name (Business) 73-4265 Mamalahoa Highway Address Kailua-Kona, HI 96740

Unit 3 Maryl Realty, Inc. (Edward J. Rapoza) Phone: (808) 322-7653 Name (Business) 78-6831 Alii Drive, Suite K15 Business Address Kailua-Kona, HI 96740 See Page 20, Section V.C. for additional information

Escrow: First American Long & Melone Title Company, Ltd. Phone: (808) 329-4431 Name (Business) Kailua Trade Center, Suite 108 Business Address Kailua-Kona, HI 96740

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

Condominium Managing Agent: Self-managed by association of unit owners Phone: Name (Business) Business Address

Attorney for Developer: Case Bigelow & Lombardi Phone: (808) 547-5400 (Scott D. Radovich and David F. Andrew) Name (Business) 737 Bishop Street, Suite 2600 Mauka Tower Honolulu, Hawaii 96813

**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. 93-028131

Book \_\_\_\_\_ Page \_\_\_\_\_

Filed - Land Court

Document Number \_\_\_\_\_

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

Amended and Restated Declaration of Condominium Property Regime of "The Krieg Condominium" (Amendment to Condominium Map No. 1814), dated August 27, 1998, recorded in the Bureau of Conveyances as Document No. 98-170740.

- 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. 1814

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

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

Amended and Restated Declaration of Condominium Property Regime of "The Krieg Condominium" (Amendment to Condominium Map No. 1814), dated August 27, 1998 and recorded in the Bureau of Conveyances as Document No. 98-170740.

- 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. 93-028132

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]:

Amended and Restated Bylaws of the Association of Unit Owners of "The Krieg Condominium" dated August 27, 1998 and recorded as Document No. 98-170741.

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>100%</u>	(except with respect to permitted alterations to units (see paragraph M of the Declaration))
Bylaws	65%	<u>65%</u>	
House Rules	---	<u>N/A</u>	

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

2. **Developer:**

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

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

- a. Any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory to the Declaration, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map in any manner without approval or consent of any unit purchaser.
- b. Until all of the units have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to a unit or substantially change the design, location or size of a unit.
- c. Until all of the units have been sold, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any unit which has not been sold; and (ii) reflect minor changes in any unit or in the common elements which do not affect the physical location, design or size of any unit that has not been sold.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [ X ] Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which includes 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: 73-4265 Mamalahoa Highway Tax Map Key: (3) 7-3-02:25  
Kailua-Kona, Hawaii 96740-9104 (TMK)

Address  TMK is expected to change because N/A

Land Area: 15.865  square feet  acre(s) Zoning: Agricultural (A-20a)

Alex Krieg is the owner of Unit 1 and an undivided 1/3 interest in the land; Karl Krieg and Marguerite Krieg are the owners of Unit 2 and an undivided 1/3 interest in the land; Eric Krieg and Donna Jo Krieg are the owners of Unit 3 and an undivided 1/3

Fee Owner: interest in the land  
Name

73-4265 Mamalahoa Highway  
Address

Kailua-Kona, Hawaii 96740

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: 3 Floors Per Building 1

Exhibit "A" contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other glass, steel and other building materials

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>1*</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational Storage	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Shed</u>	<u>2**</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

\*Principal Dwelling; \*\*Farm Dwellings

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:

No animals other than farm animals and common household pets are permitted.

Pets (See Section 12.1 of the Bylaws)

Number of Occupants: \_\_\_\_\_

Other: There are special use restrictions contained in the project documents. (See paragraph G of the Declaration)

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: N/A      Stairways: N/A      Trash Chutes: N/A

<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>1</u>	<u>1</u>	<u>0</u>	<u>                    </u>	<u>80</u>	<u>Storage Shed</u>
<u>2</u>	<u>1</u>	<u>2/3</u>	<u>2,088</u>	<u>1,178</u>	<u>Lanai/Patio</u>
<u>3</u>	<u>1</u>	<u>0</u>	<u>                    </u>	<u>80</u>	<u>Storage Shed</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

Total Number of Apartments 3

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

**The floor areas shown are approximate only.**

**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 "B"**

Permitted Alterations to Apartments:

**SEE EXHIBIT "C"**

7. Parking Stalls:

Total Parking Stalls: 6

	<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 units)	<u>2</u>	<u>4</u>	_____	_____	_____	_____	<u>6</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>6</u>		<u>0</u>		<u>0</u>		<u>6</u>

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

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

8. Recreational and Other Common Facilities.

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis Court                       Trash Chute/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): N/A

11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted.  
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>    X    </u>	<u>          </u>	<u>          </u>
Structures	<u>    X    </u>	<u>          </u>	<u>          </u>
Lot	<u>          </u>	<u>  X* (see below)  </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.

\*The lot upon which the three units are located is non-conforming in size because a minimum of 20 acres is required for the Agricultural-20 acres (A-20a) zone district, which the lot has been designated.

**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   "D  .

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 "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 "E".

as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated November 11, 1998 and issued by Title Guaranty of Hawaii, Inc.

**Blanket Liens:**

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

- There are no blanket liens affecting title to the individual apartments. (but see below)
- 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 <b>Prior to Conveyance</b></u>
There are no blanket liens affecting title to all of the apartments, but there is a mortgage affecting title to Unit 1 of the Project.	The contract of a buyer of Unit 1 will be subject to cancellation and the buyer may not be able to purchase the apartment, but all deposits made by the buyer will 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:  
None

- 2. Appliances:

The Developer makes no warranty as to any appliances or other consumer products installed in any unit or in the common elements. If there are any applicable manufacturer's or dealer's warranties relating to such appliances or other consumer products, the Developer will cooperate as necessary to assign and pass on to each unit owner the benefit of such warranties.

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

Construction of Unit 1 and Unit 3 was completed in approximately February 1996. Construction of Unit 2 was completed in approximately January 1992.

**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.  
 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 "G"\* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

\*Note: The Developer has not conducted a reserve study in accordance with Hawaii Revised Statutes § 514A-83.6, and the replacement reserve rules, Hawaii Administrative Rules Subchapter 6, Title 16, Chapter 107, 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:

- None  Electricity (\_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Gas (\_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Water\*\*  Sewer  Television Cable  
 Other \_\_\_\_\_

\*\*The County of Hawaii Department of Water Supply will bill the Owner of Unit 2 for water used by the entire Project. The owners of Unit 1 and Unit 3 will pay to the owner of Unit 2 the amount of each bill allocated to his or her respective unit. See Section 6.11 of the Bylaws for additional details regarding water use and payment for water use.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ ] Notice to Owner Occupants

[ X ] Specimen Sales Contract

Exhibit "H" contains a summary of the pertinent provisions of the sales contract.

[ X ] Escrow Agreement dated November 12, 1998

Exhibit "I" contains a summary of the pertinent provisions of the escrow agreement.

[ X ] Other Specimen Deed

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.

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

A) The Developer delivers to the buyer a copy of:

- 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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 after the date the report(s) were delivered to the buyer.

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 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, 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 (DCCA). Supporting documents for this registration are on file with the DCCA for a period of ten years and one day after the effective date of the last public report. After that time, the DCCA will destroy the supporting documents except for the last public report. 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. 4072 filed with the Real Estate Commission on November 20, 1998.

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

YELLOW paper stock       WHITE paper stock       PINK paper stock       GREEN paper stock

**C. Additional Information Not Covered Above**

1. Sales of Units 1 and 2 shall be by the respective owners of those units and not by a sales agent, unless and until the owners of Units 1 and 2, respectively, submit to the Real Estate Commission a disclosure abstract, identifying their designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker. A sale of Unit 3 shall be by the real estate broker listed on page 5 of this public report.
2. "The Krieg Condominium" is a condominium project, not a subdivision. Unit 1, Unit 2 and Unit 3 of the project are not located on subdivided lots, and prospective purchasers should be aware that by purchasing a unit in the project, they are not purchasing a subdivided lot. The establishment of a condominium property regime does not necessarily mean that all County requirements pertaining to the subdivision of land have been met. Therefore, such facilities that are normally associated with County-approved subdivisions, such as fire protection devices, street name and signage, street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, County street maintenance and trash collection for interior road/driveways, etc. may not necessarily be provided.
3. The project is on land classified within the agricultural district by the State Land Use Commission and zoned agricultural by the County of Hawaii. The issuance by the Real Estate Commission of an effective date for this Public Report covering "The Krieg Condominium" should not be construed to mean that all State laws and County ordinances for land use and development have been satisfied.
4. Purchasers of Unit 1 and Unit 3 wishing to construct a dwelling within the respective limited common element "private yard area" appurtenant to Unit 1 and Unit 3 may have to obtain a Farm Dwelling Permit and/or enter into a Farm Dwelling Agreement with the County of Hawaii for the construction of a "farm dwelling," and may be required to meet certain criteria and requirements, including demonstration to the County that the farm dwelling will be used in connection with substantial income-producing agricultural activity on the project land. In addition, purchasers of Units 1 and 3 are also responsible, respectively, for obtaining building permits for the construction of any improvements to Unit 1 and Unit 3. Purchasers should read paragraph G.6 of the Declaration carefully for more information relating to farm dwellings and the effect of any Farm Dwelling Agreement.
5. The residential dwelling existing on unit 2 may be subject to State and County requirements relating to the conduct of agricultural activity, as set forth in paragraph G.6 of the Declaration and in any Farm Dwelling Agreement relating to the construction of a "farm dwelling" within the limited common element "private yard area" appurtenant to Unit 1 and/or Unit 3.
6. Each owner of a unit in the project is responsible for the satisfaction of all applicable rules, regulations and requirements relating to the construction and maintenance of improvements within such unit. The developer makes no representations, warranties or assurances relating to the ability of any owner to construct any improvements, including, without limitation, the above-referenced farm dwellings, and, whether pursuant to the above-referenced Farm Dwelling Agreement, within the limited common element "private yard area" appurtenant to either Unit 1 or Unit 3.
7. Current laws and ordinances relating to the character and use of agricultural lands are subject to change. Accordingly, the developer makes no representations or warranties in this regard, and a prospective purchaser should not rely on current laws controlling the character, use and/or development of any unit within the project. Each prospective purchaser should seek competent professional counsel on his or her ability to secure and/or comply with all appropriate approvals and permits to construct improvements within the limited common element "private yard area" appurtenant to the units.

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.

KARL KRIEG, MARGUERITE KRIEG,  
ERIC KRIEG, DONNA JO KRIEG, ALEX KRIEG  
\_\_\_\_\_  
Printed Name of Developer

By: *Karl Krieg*      November 16, 1998  
Duty Authorized Signatory      Date

Karl Krieg  
\_\_\_\_\_  
Printed Name & Title of Person Signing Above

Distribution:

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

## EXHIBIT "A"

### DESCRIPTION OF BUILDINGS

The project consists of three buildings. Each building contains one apartment ("unit"), consisting of one story or level. Unit 1 and Unit 3 are agricultural storage sheds constructed principally of steel. Unit 2 is a residential dwelling constructed principally of wood, masonry, plaster, glass and related building materials. None of the buildings has a basement.

EXHIBIT "B"

DESCRIPTION OF UNITS

Unit 1. Unit 1 is an agricultural storage shed, with a net floor area of approximately 80 square feet.

Unit 2. Unit 2 contains two bedrooms, three bathrooms, a living room, a den, a kitchen, a laundry room, a pantry, closets, a lanai, a garage/workshop and other improvements. Unit 2 has a net living floor area of approximately 2,088 square feet, a lanai floor area of approximately 1,178 square feet and a garage/workshop floor area of approximately 672 square feet.

Unit 3. Unit 3 is an agricultural storage shed, with a net floor area of approximately 80 square feet.

**NOTE:** The approximate net floor areas of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within its perimeter walls, whether load-bearing or non-load-bearing.

THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY. DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR UNIT.

EXHIBIT "C"

ALTERATION OF PROJECT

Section M of the Declaration provides, in part, as follows:

**M. ALTERATION OF PROJECT.**

1. **By Association.** Repair, reconstruction, restoration, replacement of the project or any building or other structure or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the association or any unit owner only pursuant to an amendment of this Declaration. Except as expressly provided in Section M.2(a) or (b) below or otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of one hundred percent (100%) of the unit owners, and in accordance with complete plans and specifications therefor first approved in writing by the board. If required by the Act, promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the association shall duly record and file of record such amendment together with a complete set of floor plans of the project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. **By Unit Owner.**

(a) Each unit owner shall have the right at such owner's sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owners of the other units or any other persons or entity (except the holders of first mortgage liens affecting the unit to be altered, if the lienholders so require), to construct, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the unit or the improvements to or in such owner's unit or portions thereof or upon and within the private yard area appurtenant to such owner's unit (collectively, the foregoing are referred to in this subsection M.2 as "alterations"). Each unit owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map and to do such other things as may be reasonably necessary or convenient to accomplish any such alterations, including, without limitation, applying for, processing and receiving all necessary governmental and quasi-governmental permits and approvals for such alterations. If required by the Act, promptly upon completion of such alterations the owner of the altered unit shall duly record an amendment to this Declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. If required by the Act, the board shall be deemed to approve of all such alterations. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered unit a power of attorney to execute an amendment to the Declaration for the purpose of describing the alterations to such unit in the Declaration, and for the purpose of applying for, processing and receiving necessary governmental and quasi-governmental permits and approvals for such alterations, so that the owner of the altered unit shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the Declaration, and to apply, process and receive such permits and approvals. This power of attorney shall be deemed coupled with each owner's interest in the unit (including the common interest) and shall be irrevocable.

(b) Any alterations to a unit pursuant to this Section M.2 shall be subject to the following conditions:

(i) All building plans for any such alterations and subsequent use of the unit shall conform with State and County of Hawaii land use, building and/or zoning laws and other applicable State and County of Hawaii statutes, ordinances and regulations;

(ii) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit closer than five feet from any boundary limits of the private yard area appurtenant to such unit;

(iii) All such alterations shall be at the sole expense of the unit owner making the alterations and shall be completed within one year of the commencement thereof and in a manner that will not unreasonably interfere with use and enjoyment of the other units or the private yard area appurtenant to the other units;

(iv) The owner of the altered unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the unit affected by such alteration for

electricity, sewer and other utilities and services and, when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements 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, nor shall it unreasonably interfere with use and enjoyment of the other units or the private yard area appurtenant to the other units; and

(v) 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 Section M.2 and any lease of a unit shall reserve to all unit owners the rights set forth herein.

EXHIBIT "D"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Common Elements:

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the condominium declaration, in fee simple.
2. All sewer lines, drainage facilities, electrical equipment, wiring, pipes and other central and appurtenant facilities and installations over, under and across the project which serve more than one unit for services such as power, light, water, gas, telephone, sewer and radio and television signal distribution, if any.
3. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Limited Common Elements:

The units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. **PRIVATE YARD AREA.** Certain land area ("private yard area") of the project, located as shown on the Condominium Map and designated thereon as limited common element, is appurtenant to and for the exclusive use of each unit as designated on the Condominium Map.

<u>Unit No.</u>	<u>Private Yard Area (approx. land area)</u>
1	5.2884 acres
2	5.2883 acres
3	5.2883 acres

**NOTE: The boundaries of the private yard area appurtenant to each unit, as shown on the Condominium Map, do not represent County-approved subdivided lots. Such boundaries serve only to delineate the limited common element private yard area appurtenant to each unit.**

**The "common access area," as defined in Section G.5 of the Declaration, shall be available for use by the owner(s) of such units as set forth in Section G.5 of the Declaration.**

2. **PORTIONS OF WATER SYSTEM.** With respect to the water system serving the project, any portion of that system that serves just one unit is a limited common element appurtenant to the unit so served.

EXHIBIT "E"  
COMMON INTEREST

<u>Unit No.</u>	<u>Undivided Common Interest</u>
1	33-1/3%
2	33-1/3%
3	33-1/3%

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing and tax liens that may exist, reference is made to the Director of Finance, County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Elevation Agreement dated February 19, 1991, by and between KARL KRIEG, MARGUERITE KRIEG, ALEX KRIEG and ERIC KRIEG and the DEPARTMENT OF WATER SUPPLY, COUNTY OF HAWAII, recorded as Document No. 91-073792.
4. Grant of easement in favor of Hawaii Electric Light Company, Inc. and GTE Hawaiian Telephone Company Incorporated, dated October 18, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-026891.
5. Grant of Easement dated June 17, 1992, by and between Alex Krieg, unmarried, Eric Krieg and Donna Jo Krieg, husband and wife, and Karl Krieg and Marguerite Krieg, husband and wife, as Grantor, and Mark A. Racine and Bethany Racine, husband and wife, as Grantee, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-132656.
6. Declaration of Condominium Property Regime of "The Krieg Condominium", dated July 16, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-028131, as amended and restated by that certain Amended and Restated Declaration of Condominium Property Regime of "The Krieg Condominium", dated August 27, 1998, recorded as aforesaid as Document No. 98-170740, and as further amended and/or restated from time to time, and Condominium Map No. 1814, as amended from time to time.
7. Bylaws of the Association of Apartment Owners of "The Krieg Condominium", dated July 16, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-028132, as amended and restated by that certain Amended and Restated Bylaws of the Association of Apartment Owners of "The Krieg Condominium", dated August 27, 1998, recorded as aforesaid as Document No. 98-170741, and as further amended and/or restated from time to time.
8. Any adverse claim or boundary dispute which may exist or arise by reason of the failure of the together with a non-exclusive easement twelve feet wide for ingress and egress purposes over and across that certain strip of land running alongside the north boundary of Grant 991 in Kalaoa 4th, North Kona, Island and County of Hawaii, State of Hawaii, Tax Keys 7-3-4-8 and 7-3-4-15 to locate with certainty the boundaries of the premises described in Grant dated August 13, 1954, recorded in Liber 2867 at Page 462.
9. Farm Dwelling Agreement between Karl Krieg and the Planning Department of the County of Hawaii, dated January 26, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-168767.
10. Apartment Deed, dated October 27, 1993 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-184675, conveying, among other things, Unit 1 of "The Krieg Condominium" (the "Project") and an undivided 33 1/3% interest in the common elements of the Project to Alex Krieg.  
  
Unit 1 of the Project is affected by that certain Mortgage, Security Agreement and Financing Statement, dated December 9, 1994 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-207068 and in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2204951.
11. Apartment Deed, dated October 27, 1993 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-184674, conveying, among other things, Unit 2 of "The Krieg Condominium" (the "Project") and an undivided 33-1/3% interest in the common elements of the Project to Karl Krieg and Marguerite Krieg.
12. Apartment Deed, dated October 27, 1993 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-184673, conveying, among other things, Unit 3 of "The Krieg Condominium" (the "Project") and an undivided 33-1/3% interest in the common elements of the Project to Eric Krieg and Donna Jo Krieg.

EXHIBIT "G"

ESTIMATED MAINTENANCE FEES

The regular maintenance and repair of each unit and appurtenant limited common elements shall be the sole responsibility of each respective unit owner. Section 514A-86, Hawaii Revised Statutes, requires that the association purchase fire insurance to cover the improvements portion of the project. The Developer anticipates that the association will elect to require each owner to obtain separate fire insurance and liability policies for his respective unit pursuant to Article 7 of the Bylaws. As such, premiums for such policies will be the individual responsibility of each unit owner.

Expenses relating to the maintenance and/or repair of the "common access area," as shown on the Condominium Map and described in the Declaration, shall be common expenses to be shared equally by all unit owners; provided, however, that if damage to the "common access area" is caused by the negligence of any unit owner or such owner's invitees or guests, then all costs for the repair of such damage shall be charged to and the liability of such unit.

EXHIBIT "H"

SUMMARY OF  
CONDOMINIUM DEPOSIT RECEIPT AND SALES CONTRACT

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

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- (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 a unit.
- (f) That the unit 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 unit, the Project or anything installed or contained in the unit or the Project.
- (h) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (i) That the purchaser will not receive interest on deposits made under the Sales Contract.

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

EXHIBIT "I"

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.



EXHIBIT "J"

DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAII

25 AUPUNI STREET • HILO, HAWAII 96720  
TELEPHONE (808) 961-8660 • FAX (808) 961-8657

December 21, 1998

Mr. Calvin Kimura, Supervising Executive Officer  
State of Hawaii  
Department of Commerce and Consumer Affairs  
Professional and Vocational Licensing Division  
Real Estate Branch  
250 South King Street, Room 702  
Honolulu, HI 96813

WATER AVAILABILITY AND REQUIREMENTS  
CONDOMINIUM PROPERTY REGIME (CPR) PROJECT: THE KRIEG CONDOMINIUM  
TAX MAP KEY 7-3-002:025

This letter is to inform your office and the applicant of the availability and requirements for water service for the subject project.

In accordance with our present water availability guidelines, water is not available for the 3-lot partitioning. The parcel is not within our service limits but is serviced with a 5/8-inch meter that is predicated upon an elevation agreement with this Department. This meter is restricted to servicing only one dwelling at a maximum daily amount of 600 gallons.

However, since the applicant is proposing to eventually construct two additional dwellings through the CPR procedure, the Department hereby informs all affected parties in this application that the following must be disclosed to the public:

1. The applicant and/or their successors/assigns apply for the installation, by the Department, for a 1-inch meter to service the three dwellings.
2. Payment of the following charges:
  - a. facilities charge, which is subject to change, of \$8,438.00,
  - b. capital assessment fee of \$1,000.00, and
  - c. credit deposit (if not an existing customer) of \$50.00.

*Water brings progress...*

Mr. Calvin Kimura, Supervising Executive Officer

Page 2

December 21, 1998

3. Submittal of construction plans by a professional engineer, licensed in the State of Hawaii, for the installation of a 1-inch meter and the cutting/plugging of the existing 1-inch lateral for the 5/8-inch meter.
4. Submittal of a schematic diagram by a professional engineer, licensed in the State of Hawaii, for the consumer water system to include tanks, waterlines, and booster pumps.

Failure to comply with these conditions would be in violation of our policies and Rules and Regulations. As such, the applicant would be subject to its penalties that could include, but not limited to, the discontinuation of service as stipulated in Section 3-11 (2) (c) of the Rules and Regulations.

If you have any questions, please contact our Water Resources and Planning Branch at 961-8660.



Milton D. Pavao, P.E.  
Manager

GGA:gms

copy - Customer Service Sections (Hilo, Waimea, Kona, Ka'u)  
Mr. David F. Andrews, Case Bigelow & Lombardi, A Law Corporation ✓  
Mr. Karl Krieg, Ms. Marguerite Krieg, Mr. Eric Krieg, Mr. Alex Krieg, and  
Ms. Donna Krieg