

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Royal Kolea Cove, Inc.

Address c/o JGL Enterprises, Inc. 900 Fort Street, Suite 1560, Honolulu, HI 96813

Project Name(*): Kolea Cove at Pearl Harbor (Phase I)

Address: c/o JGL Enterprises, Inc. 900 Fort Street, Suite 1560, Honolulu, HI 96813

Registration No. 4087

Effective date: January 13, 1999

Expiration date: February 13, 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: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

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

SUPPLEMENTARY: This report updates information contained in the:
(pink)
 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: Royal Kolea Cove, Inc. Phone: (808) 524-4065
Name c/o JGL Enterprises, Inc. (Business)
900 Fort Street, Suite 1560
Business Address
Honolulu, Hawaii 96813

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

Antonio Agozzino: President, Treasurer, Director
Rocchetta Agozzino: Vice President, Secretary, Director

Real Estate Broker: Heneliaka Realty, Inc. (808) 524-4065
Phone: _____
Name (Business)
900 Fort Street, Suite 1560
Business Address
Honolulu, Hawaii 96813

Escrow: Island Title Corporation (808) 531-0261
Phone: _____
Name (Business)
1132 Bishop Street #400
Business Address
Honolulu, Hawaii 96813

General Contractor: Obayashi Hawaii Corporation (808) 593-0000
Phone: _____
Name (Business)
725 Kapiolani Blvd., 4th Floor
Business Address
Honolulu, Hawaii 96813

Condominium Managing Agent: To be determined later Phone: _____
Name (Business)

Business Address

Attorney for Developer: Koshiba, Agana & Kubota (808) 523-3900
Phone: _____
Name (Business)
1001 Bishop Street, Pauahi Tower #2600
Business Address
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. _____
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

N/A

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

The Condominium Map for this condominium project is:

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

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

N/A

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

The Bylaws for this condominium are:

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

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

N/A

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>65%</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:

To merge Kolea Cove 1, 2, 3 and 4 into one (1) project.

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: Waipio Point Access Road Tax Map Key (TMK): (1) 9-4-08:23
Waipanu, Hawaii 96797
 Address TMK is expected to change because County has not yet assigned street numbers

Land Area: 18.9 square feet acre(s) Zoning: A-2

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:

- [X] Pets: Two (2) household pets
- [X] Number of Occupants: reasonable number
- [X] Other: see article V, section 7 of proposed Bylaws and section 9 of proposed Declaration
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: No Stairways: No Trash Chutes: No

<u>Apr. 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>C</u>	<u>60</u>	<u>3/2</u>	<u>995</u>	<u>81</u>	<u>Lanai</u>
<u>CE</u>	<u>18</u>	<u>3/2</u>	<u>1000</u>	<u>81</u>	<u>Lanai</u>
<u>D</u>	<u>30</u>	<u>2/2</u>	<u>765</u>	<u>79</u>	<u>Lanai</u>
<u>DE</u>	<u>6</u>	<u>2/2</u>	<u>775</u>	<u>79</u>	<u>Lanai</u>

Total Number of Apartments: 114

*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:

All walls, ceilings, floors, slabs, foundations, doors and door frames, windows and window frames, supporting beams and fixtures and all ducts and pumps, pipes, conduits, wires and other utility lines running through such apartments which do not serve or are not utilized by any other apartment.

Permitted Alterations to Apartments:

With the consent of the Board, all apartment owners may make alterations to their respective apartments at their sole cost and expense. See section 17 of the proposed Declaration.

7. Parking Stalls:

Total Parking Stalls: 233

	<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>228</u>					<u>228</u>
Guest		<u>5</u>					<u>5</u>
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	<u>233</u>		<u>0</u>		<u>0</u>		<u>233</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	x	_____	_____
Structures	x	_____	_____
Lot	x	_____	_____

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit A _____.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit A.

as follows:

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

described in Exhibit A.

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 B describes the encumbrances against the title contained in the title report dated October 30, 199
and issued by Island 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: The execution, delivery and recordation of the Apartment Deed shall constitute the assignment by Developer to Buyer of any and all warranties given the Developer by the General Contractor for the Project and by any sub-contractors or material men, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) YEAR AFTER "substantial completion" of the Apartment as that term is defined in the construction contract for the project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents.

2. Appliances: Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the apartment.

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

Construction will start in February of 1999 and barring unforeseen events, is expected to be completed by March 2000.

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):

The project will consist of four phases.

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: to be determined later

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "C" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. Utility Charges for Apartments:

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

- None Electricity (Common Elements only Common Elements & Apartments)
- Gas (Common Elements only Common Elements & Apartments)
- Water Sewer Television Cable
- Other refuse collection.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit D contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 11, 1998
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

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

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

This Public Report is a part of Registration No. 4087 filed with the Real Estate Commission on September 17, 1998.

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C. Additional Information Not Covered Above

Construction and Adjacent Properties:

Persons acquiring interest in the Project acknowledges, accepts and agrees the construction and sales activity by the Declarant on Adjoining Parcels and the ultimate occupation and use of the structures thereon may involve the use of Reserved Easements and Rights of Way abutting the Project. After such person has taken occupancy in the Project, that such activity or activities may temporarily or permanently result in noise, dust, dirt, vibration or other nuisances to such party, as well as the diminution or elimination of views, light, air or access. Persons acquiring interests in the Project waves any rights, claims or actions against Declarant, contractors, subcontractors and their respective agents and employees as a result of such activity or activities and the resultant effect of such activity or activities.

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.

ROYAL KOLEA COVE, INC.
ROCCHETTA AGOZZINO

Printed Name of Developer

By: R. Agazzino Date DEC. 8, 1998
Duly Authorized Signatory

ROCCHETTA AGOZZINO, VICE-PRESIDENT, ROYAL SYSTEMS

Printed Name & Title of Person Signing Above

HAWAII, INC.

Distribution:

Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu

EXHIBIT A

(Description of Common Elements, Limited Common Elements, Common Interest & Parking Assignment)

Common Elements.

All portions of the Project other than the apartments and all other common elements mentioned in the Condominium Property Regime Act which are actually included in the Project, including specifically without limitation:

- a. The Land in fee simple.
- b. The driveways and areas located within the Project as outlined on Sheet No. 1 of the Condominium Map.
- c. Foundations; structural and/or load-bearing portions of the exterior and interior walls, floors and ceilings; roofs; and crawlspaces and attacs of the structures in which Apartments are located.
- d. Structures, portions of structures and other areas which are not part of one or more Apartments.
- e. All sewer lines, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and across the Project which serve more than one apartment for services such as, but not limited to, electricity, water, gas, sewer, telephone, radio, television and cable television signal distribution.
- f. All areas, structures or facilities of the Project, within or outside of each building, which are for common use or which serve more than one apartment or which are located outside the Apartment(s) which they serve, such as electrical , machine, mechanical and equipment rooms and the equipment and facilities therein, surveillance system and facilities, if any, walkways and common ways, common stairs, planters, landscaping, yards, fences, walls, retaining walls, refuse collection areas, parking areas and structures and the parking stalls therein, whether appurtenant to an Apartment, unassigned, or designated for guests or employees.
- g. Any and all other apparatus and installations of common use and all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.
- h. The limited common elements described below.

Limited Common Elements.

- a. Common elements of the Project which are rationally related to less than all of the Apartments shall be limited to the use of such Apartments.
- b. The mailbox corresponding to the apartment number of each apartment.
- c. Parking stalls appurtenant to each apartment as set forth in Exhibit B to the Declaration.
- d. The yard, walls, fences and landscaping appurtenant to each ground floor apartment as shown on the plot plan of the proposed Condominium Map is a limited common area for the ground floor apartment to which the respective yard is appurtenant.
- e. Each patio and lanai, the exterior storage space located thereon, and the railing enclosing the same, appurtenant to each Apartment is a Limited Common Element for the Apartment to which the respective patio, lanai and/or railing is appurtenant.

Percentage of Undivided Interest. Each apartment shall have appurtenant thereto an undivided interest in the common elements of the Project as shown in the following pages from Exhibit B of the proposed Declaration.

EXHIBIT B

(Project Phase Summary)

Kolea Cove at Pearl Harbor is a residential townhome community on _____ acres of fee simple land located in _____. The project is planned to be broken into 4 phases as follows:

	<u># Townhomes</u>	<u>Estimated Ground Breaking</u>	<u>Estimated Completion of Buildout</u>
Phase I	114	April 1999	December 2000
Phase II	78	September 2000	December 2001
Phase III	102	January 2002	December 2003
Phase IV	<u>78</u>	January 2004	December 2005
Total	372		

* This is a tentative timetable and will be adjusted accordingly for market conditions.

Common usages between the phases may include roads, recreational areas, sidewalks and guest stalls.

The following is a summary of Section 15.05 of the proposed Declaration:

(a) Declarant shall have the right at its sole discretion, at any time prior to ten (10) years from the date of recordation of this Declaration, to develop, construct and add to the Project approximately two hundred fifty-eight (258) additional apartments, together with supporting and servicing common elements, in the area designated as "Kolea Cove at Pearl Harbor (Phase II)," "Kolea Cove at Pearl Harbor (Phase III)," and "Kolea Cove at Pearl Harbor (Phase IV)" on the site plan of the Condominium File Plan (which Apartments and Common Elements are hereinafter referred to as the "Additional Apartments"). Declarant is the owner of the land upon which the Additional Apartments will be developed.

(b) Declarant reserves the right to merge Kolea Cove at Pearl Harbor (Phase II), Kolea Cove at Pearl Harbor (Phase III) and/or Kolea Cove at Pearl Harbor (Phase IV) into the Project.

(c) Declarant may obtain from the Real Estate Commission of the State of Hawaii a Supplementary Public Report and/or a Certificate of Merger describing the changes made in the Project.

(d) Upon completion of the merger, all of the Apartments shall have the right to use the Common Elements in all of the projects as they exist at the time of merger to the same extent as though the merged projects had been developed as one project.

(e) In connection with, and to the extent necessary for the creation of the Additional Apartments and common elements, Declarant shall have the right to remove, amend or add common elements and parking stalls, except those stalls already conveyed to an apartment owner; to enter upon the Project premises with employees, agents and contractors for purposes of constructing and completing the Additional Apartments and common elements according to plans and specifications approved by the City and County of Honolulu; to connect the Additional Apartments and common elements to utilities; to file amendments to the Declaration; to amend any instruments of conveyance of an apartment to conform to the Declaration, as amended; and to sell Additional Apartments.

(f) Subject to the prior written consent of any mortgagee and lienholder who may have an interest in the Project, Declarant shall have the right to execute, acknowledge and deliver instruments necessary or appropriate to carry out the provisions and exercise the rights, powers and privileges granted under this paragraph. By accepting or acquiring any right, title or interest in the Project, each apartment owner agrees to join in, consent to, or execute all instruments or documents necessary or desirable to effect the purpose and intent of this paragraph.

(g) The rights reserved to Declarant are subject to the following terms and conditions:

(1) Construction shall be in accordance with the complete plans and specifications prepared by a licensed architect;

(2) The design and exterior finishes of the structures shall be generally consistent with the design and exterior finishes of the existing apartments.

(3) No plans and specifications shall require the alteration or demolition of any existing apartments or limited common elements, except that Declarant shall have the right to utilize, relocate and realign existing, and/or to develop additional, central and appurtenant installations for services to the Additional Apartments for electricity, water, air conditioning and other utilities and services and to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable; provided that the same shall not cause any interruption, other than a temporary interruption in the service of such utilities to any other part of the Project.

(4) Construction shall be at Declarant's expense and shall be completed within three (3) years of commencement, subject to delays beyond the control of Declarant;

(5) The offering and sale of any such Additional Apartments shall be in compliance with applicable provisions of the Condominium Property Act; and

(6) Declarant shall not encumber the Project as a whole or the individual apartments no longer owned by Declarant in connection with the financing of such construction, provided that Declarant may assign, by way of security, its interest in said Additional Apartments.

* Please as to see Section 15.05 of the Declaration if you wish more information.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
3 101	\$217.55	\$2,610.61
3 102	\$216.56	\$2,598.69
3 103	\$217.55	\$2,610.61
3 104	\$216.56	\$2,598.69
3 105	\$217.55	\$2,610.61
3 106	\$216.56	\$2,598.69
3 107	\$217.55	\$2,610.61
3 108	\$216.56	\$2,598.69
3 103	\$217.55	\$2,610.61
3 110	\$217.55	\$2,610.61
3 201	\$217.55	\$2,610.61
3 202	\$217.55	\$2,610.61
3 203	\$217.55	\$2,610.61
3 204	\$216.56	\$2,598.69
3 205	\$217.55	\$2,610.61
3 206	\$216.56	\$2,598.69
3 207	\$217.55	\$2,610.61
3 208	\$216.56	\$2,598.69
3 209	\$217.55	\$2,610.61
3 210	\$217.55	\$2,610.61
3 301	\$217.55	\$2,610.61
3 302	\$216.56	\$2,598.69
3 303	\$217.55	\$2,610.61
3 304	\$216.56	\$2,598.69
3 305	\$217.55	\$2,610.61
3 306	\$216.56	\$2,598.69
3 307	\$217.55	\$2,610.61
3 308	\$216.56	\$2,598.69
3 309	\$217.55	\$2,610.61
3 310	\$217.55	\$2,610.61
6 101	\$171.86	\$2,062.38
6 102	\$169.86	\$2,038.26
6 103	\$171.86	\$2,062.38
6 104	\$169.86	\$2,038.26
6 105	\$171.86	\$2,062.38
6 106	\$169.86	\$2,038.26
6 107	\$171.86	\$2,062.38
6 108	\$169.86	\$2,038.26
6 109	\$171.86	\$2,062.38
6 110	\$169.86	\$2,038.26

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

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
6 111	\$171.86	\$2,062.38
6 112	\$171.86	\$2,062.38
6 201	\$171.86	\$2,062.38
6 202	\$169.86	\$2,038.26
6 203	\$171.86	\$2,062.38
6 204	\$169.86	\$2,038.26
6 205	\$171.86	\$2,062.38
6 206	\$169.86	\$2,038.26
6 207	\$171.86	\$2,062.38
6 208	\$169.86	\$2,038.26
6 209	\$171.86	\$2,062.38
6 210	\$169.86	\$2,038.26
6 211	\$171.86	\$2,062.38
6 212	\$171.86	\$2,062.38
6 301	\$171.86	\$2,062.38
6 302	\$169.86	\$2,038.26
6 303	\$171.86	\$2,062.38
6 304	\$169.86	\$2,038.26
6 305	\$171.86	\$2,062.38
6 306	\$169.86	\$2,038.26
6 307	\$171.86	\$2,062.38
6 308	\$169.86	\$2,038.26
6 309	\$171.86	\$2,062.38
6 310	\$169.86	\$2,038.26
6 311	\$171.86	\$2,062.38
6 312	\$171.86	\$2,062.38
7 101	\$217.55	\$2,610.61
7 102	\$216.56	\$2,598.69
7 103	\$217.55	\$2,610.61
7 104	\$216.56	\$2,598.69
7 105	\$217.55	\$2,610.61
7 106	\$216.56	\$2,598.69
7 107	\$217.55	\$2,610.61
7 108	\$217.55	\$2,610.61
7 201	\$217.55	\$2,610.61
7 202	\$216.56	\$2,598.69
7 203	\$217.55	\$2,610.61
7 204	\$216.56	\$2,598.69
7 205	\$217.55	\$2,610.61
7 206	\$216.56	\$2,598.69
7 207	\$217.55	\$2,610.61
7 208	\$217.55	\$2,610.61

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

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
7 301	\$217.55	\$2,610.61
7 302	\$216.56	\$2,598.69
7 303	\$217.55	\$2,610.61
7 304	\$216.56	\$2,598.69
7 305	\$217.55	\$2,610.61
7 306	\$216.56	\$2,598.69
7 307	\$217.55	\$2,610.61
7 308	\$217.55	\$2,610.61
8 101	\$217.55	\$2,610.61
8 102	\$216.56	\$2,598.69
8 103	\$217.55	\$2,610.61
8 104	\$216.56	\$2,598.69
8 105	\$217.55	\$2,610.61
8 106	\$216.56	\$2,598.69
8 107	\$217.55	\$2,610.61
8 108	\$217.55	\$2,610.61
8 201	\$217.55	\$2,610.61
8 202	\$216.56	\$2,598.69
8 203	\$217.55	\$2,610.61
8 204	\$216.56	\$2,598.69
8 205	\$217.55	\$2,610.61
8 206	\$216.56	\$2,598.69
8 207	\$217.55	\$2,610.61
8 208	\$217.55	\$2,610.61
8 301	\$217.55	\$2,610.61
8 302	\$216.56	\$2,598.69
8 303	\$217.55	\$2,610.61
8 304	\$216.56	\$2,598.69
8 305	\$217.55	\$2,610.61
8 306	\$216.56	\$2,598.69
8 307	\$217.55	\$2,610.61
8 308	\$217.55	\$2,610.61

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

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Type A (common interest .009419)	\$217.55	\$2,610.60
Type B (common interest .009376)	\$216.56	\$2,598.72
Type C (common interest .007441)	\$171.86	\$2,062.32
Type D (common interest .007354)	\$169.86	\$2,038.32

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

KOLEA COVE

(Phase 1, 114 units)

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12 months =</u>	<u>Yearly Total</u>
Utilities and Services		
Electricity (common area only)	150	1,800
Refuse	2,781	33,372
Water/Sewer	8,470	101,640
Maintenance, Repairs and Supplies		
Buildings	120	1,440
Grounds	2,375	28,500
Management		
Management Fee	1,193	14,316
Payroll and Payroll Taxes	5,273	63,276
Office Expenses	160	1,920
Insurance	1,688	20,256
Reserves (*)	750	9000
Taxes and Government Assessments	20	240
Audit Fees	117	1400
Other		
TOTAL	23,097	277,164

I, Kerry Gorse, as agent for/and/or employed by Chaney Brooks and Company, the condominium managing agent/developer for the _____ 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.

Kerry Gorse
Signature

10/23/98
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.

EXHIBIT D

(Summary of Sales Contract)

The form of the Sales Contract, filed with the Commission, provides for, among other things, a description of the apartment to be sold, the purchase price, the time, manner and place of payment, the Purchaser's obligations regarding mortgage financing, Developer's warranties and disclaimers regarding the construction, fixtures and appliances, and the remedies of Seller and of Purchaser in the event of a default under the Contract.

Among other provisions, the specimen Sales Contract provides:

1. The Sales Contract contains restrictions on selling or assigning the Sales Contract.
2. Seller has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's apartment.
3. The Sales Contract is subject to the provisions of the Declaration, Bylaws, and other condominium documents.
4. The purchase of the apartment in the Project is subject to ongoing sales activity by the Developer with respect to completing the sales of the Project.
5. The Project under the Sales Contract means not only Kolea Cove at Pearl Harbor (Phase I) but also Kolea Cove at Pearl Harbor (Phase II), Kolea Cove at Pearl Harbor (Phase III) and Kolea Cove at Pearl Harbor (Phase IV) as shown on the Condominium Map.

IF A FINAL PUBLIC REPORT HAS NOT BEEN ISSUED, THE SALES CONTRACT WILL OPERATE AS A RESERVATION IN FAVOR OF PURCHASER TO PURCHASE ITS APARTMENT ON THE TERMS AND CONDITIONS CONTAINED IN THE SALES CONTRACT, BUT WILL NOT CONSTITUTE EITHER AN OBLIGATION OF PURCHASER TO PURCHASE OR AN OBLIGATION OF SELLER TO SELL.

It is incumbent on the Purchaser that he read the full text of the Sales Contract.

EXHIBIT E

(Summary of Proposed Escrow Agreement)

A copy of the proposed Escrow Agreement between Island Title Corporation, as Escrow, and the Developer, dated April 14, 1998 is attached and will provide for the deposit of Purchaser's funds pursuant to the Sales Contract and will also provide for the retention or disbursement of the funds. The Escrow Agreement will provide in part that any interest earned on money on deposit belongs to the Developer. In the event that the Sales Contract or Chapter 514A, Hawaii Revised Statutes, as amended, entitles a Purchaser to a refund of Purchaser's deposits held by Escrow, then Escrow, upon instruction from the Developer, will refund Purchaser's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

Under the proposed Escrow Agreement, no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes, as amended.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care. Please ask to see a copy.